



Local Land Charges Fees Amendments Proposed in the Constitutional Reform Bill

The Council of Property Search Organisations (CoPSO) is the trade association for the property search industry. Members provide a broad range of property information reports including local, environmental, drainage and water data and produced over 1.3m search reports in 2003. CoPSO strongly believes that local authorities should not be allowed to set their own fees for local land charge services until they have produced robust evidence that they will deliver a more cost-effective and efficient local land charges service and the OFT has completed its Market Study of the search industry.

Local Authorities: failure to improve service delivery

1. While it is clear that certain industries have been able to meet the challenge of applying the principle of cost recovery and at the same time providing customers with reasonably priced, consumer friendly and timely reports (for example, the Coal Authority and the regional water companies), **no** evidence has been produced to demonstrate that local authorities are committed to following this approach.

2. By way of example, under the National Land Information Service (NLIS) introduced in 2001 (via which local authorities provide local searches direct to conveyancers via an electronic hub system), only about 80 of the 400+ local authorities have taken the initiative to introduce fully electronic systems. This leaves the NLIS initiative as a largely paper-based service, perpetuating the existing delays to conveyancing transactions for homebuyers. Local authorities also appear to be on course to systematically fail to meet the Government's target of providing full electronic service delivery by the end of this year.

3. Allowing local authorities to set their own search fees without requiring them to significantly improve the way in which they deliver the service, provides absolutely no impetus for authorities to change their existing procedures. It also offers no baseline for service standards against which regulators can determine whether a fair charge has been levied. Some local authorities are currently taking up to 8 weeks to produce a local land charges search and there is no central performance indicator governing service delivery.

4. A prime example of where allowing local authorities to set their own fees can clearly fail to benefit the consumer arises with local authority search fees. A full local search (separate from a local land charges search) is carried out in every home buying transaction and local authority fees can vary between £70 and £220. This position is completely incongruous taking into account that all local authorities adopt the same standard form and are required to provide exactly the

same information. The consumer has no option but to pay as the search is compulsory if they require a mortgage.

5. The Government's intention is to encourage local authorities to introduce differential pricing to reflect the lower cost of electronic services. This approach has already been adopted by some local authorities under the NLIS scheme, but in practice these reduced fees are rarely passed on to the consumer who invariably ends up having to pay more than the original fee once an array of additional charges are applied.

Personal Searches

6. The Bill specifically excludes any deregulation of fee setting for personal searches and CoPSO strongly supports this approach. In the mid to late 1990s, personal searches accounted for around 5% of all local searches but in recent years this has grown to approximately 35%-40%. This rapid growth in personal searches has come about for three distinct reasons:

- **Service** – personal search companies compete with both one another and the local authorities to provide their customers with a comprehensive service for all necessary searches that enables them to make informed decisions.
- **Speed of Delivery** - personal searches can be significantly quicker compared to the time taken by local authorities to carry out searches.
- **IT Solutions** – many personal search companies offer online access and ordering facilities and promote the delivery of a broad range of property information reports by email.

7. Personal searches play an important role in providing the consumer with an efficient homebuying process. Any move to allow local authorities increased powers over fee setting for access to publicly-held information would be a retrograde step and place control with a monopoly provider which has taken no initiative to progress. There is already widespread abuse by local authorities in both severely restricting access to public data and in levying additional charges, which has acted as a catalyst for the OFT undertaking a Market Study of the search sector.

Office of Fair Trading Market Study

8. The OFT's Market Study of the search industry is due to report in Summer 2005. The Government has taken the view that it will await the outcome of the OFT's Study before taking any further action to review the prescribed fee for personal searches. To ensure that an equitable approach is adopted, any changes to allow local authorities to set their own local land charge fees should **not** be implemented until the OFT has reported. This would allow appropriate consideration of the OFT's findings and any recommendations put forward on local authorities' existing pricing procedures for local searches.

Contact Details: Council of Property Search Organisations

29 Harley Street
London W1G 9QR
Tel: 020 7927 6836
Fax: 020 7637 0419

Website: www.copso.org.uk

Fiona Hoyle (Chairman) 07941 237 497

February 2005