

# Executive

## Value for Money Review of Land Charges

16 March 2009

### Report of Strategic Director Customer Service and Resources

#### PURPOSE OF REPORT

To consider the findings of the Land Charges Value for Money (VFM) Review report and the recommendations arising from the report

This report is public

#### Recommendations

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The Executive is recommended to:

- (1) Endorse the overall conclusion of the review that the service is high cost and has low performance in terms of its productivity, but is high quality in terms of its search turnaround times.
- (2) Agree that further improvements in value for money be sought and approve the following recommendations to achieve this;
  - a) Reduce staffing levels by 37hrs per week to eliminate surplus capacity and generate savings of £22,650. This will bring employee hours per thousand population more into line with the average authority. These savings have already been identified and accommodated in the 2009/10 budget.
  - b) Further reduce the capacity within the service by 15hrs per week in recognition of the continuing fall in demand due to the economic slowdown, but re-invest these hours in improving the council's digital records to improve future productivity by allocating them to the council's GIS team. Monitor work volumes and review this arrangement after 6 months in order to maximise possible savings (should search volumes continue to fall) and ensure continuity of the service (should search volumes increase).
  - c) Recalculate the contributions paid to other services through internal recharges so that these are based on a cost per search rather than a fixed overhead. This would produce savings of £24,865 for the service in 2009/10, although these costs would be transferred elsewhere in the council.
  - d) Ascertain the true costs of the service (in anticipation of likely legislative changes allowing cost recovery charging) by carry out a zero based

budget analysis of support costs to remove any overhead cost loading on the service. This is to take place in autumn 2009 as part of the routine budget revision process.

- e) Raise the standard search fee from £80 to £120 (around the average for other Oxfordshire authorities) to raise additional income of £55,000 per annum. This may carry a risk of further reducing demand for searches, although reduced fees have not been shown to have any demonstrable influence on demand.
- f) If legislation is introduced to allow it, raise the fee for personal searches to at least £25. This would raise additional income of around £30,000 per annum.
- g) Implement the TLC ICT system to improve the automation of electronically held information for searches
- h) Move appointments bookings and advance payments for searches to the Customer Contact centre to provide a common standard of customer service to callers and to remove unproductive administrative work from the land charges team
- i) Develop and introduce an online booking and payments system for appointments to complement the telephone service and further reduce administrative work
- j) Discontinue using Land Charges staff team to deal with personal search appointments in the mornings, transferring this work to reception staff (this has already been agreed and is being undertaken as an early outcome of this review).

## **Executive Summary**

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### **Introduction**

- 1.1 This review forms part of the Value for Money programme of reviews, which aims to cover all services within the council and improve the value of services offered to residents of Cherwell.
- 1.2 Land Charges was selected as part of this programme given the recent shift in its financial position. Previously it was a source of income for the council but is now operating at a net cost to the authority. The small size and scope of the service made it a good candidate for a short, focused review to report quickly and within the financial year.
- 1.3 The overall conclusion of the review work is that the service is high cost with low levels of performance in terms of its productivity. It is high quality in terms of quick turnaround times for the searches made.

### **Proposals**

- 1.4 To adopt the recommendations of the Review in full.

## Conclusion

- 1.5 Improvements identified from the review will combine to reduce its cost base, improve productivity and customer service, and maximise the use of ICT in delivering the service;

## Background Information

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### Overview of the Area

- 2.1 Each local authority has a duty to maintain an accurate Local Land Charges Register for its own administrative area. A principal purpose of the Register is to protect buyers of land and property and help ensure that they are not caught unawares by obligations that are enforceable against successive owners. Information is provided to these buyers through searches of the register for relevant 'charges', which are restrictions/prohibitions or financial charges on the land or property that are binding on successive owners or occupiers.
- 2.2 The environment in which Land Charges operates has shifted significantly. Cherwell has seen its volume of searches fall by 18% in 2007/08, and a further 18% in 2008/09. The proportion of personal searches undertaken has increased from 26.6% in 2006/07 to 62.4%, although these have actually reduced in number by 15%.
- 2.3 The fall in official searches (for which the council sets a fee of £80) together with the rise in personal searches (for which there is a statutory fee of £11) have impacted on the level of income. This peaked in 2006/07 at £478,000 but since then it has declined dramatically, falling by 24% in 2007/08 and predicted to fall a further 44% in 2008/09. The budgeted income for 2009/10 is £166,000; 65% lower than that received in 2006/07.
- 2.4 Whereas the service represented a net income of £105,000 for the authority in 2006/07 it now represents a net cost. The degree of this turnaround is significant – in 2007/08 the service cost the authority £161,500 more than it did in 2006/07. Despite a 25.5% reduction in expenditure in 2008/09 predictions are that the service will represent a net cost of £110,000.
- 2.5 As the economic situation in the district continues to decline, the level of housing activity - and so the demand for land charge searches – will be further affected.

### VFM Review Findings

- 2.6 Appendix 1 contains the Executive Summary of the VFM review. Key findings from the review can be summarised as follows;
  - Cherwell's service is generally more expensive than other authorities. Employee costs per head of population were 18.5% above average or 111% per head more than the least expensive authorities.
  - Cherwell's level of staffing has not reduced in line with the reductions in demand for searches, leaving it with surplus capacity. As a result,

productivity was 30% lower than average or 103% lower than the best performers

- Historic recharge arrangements have made operating costs higher than necessary. 22% of total expenditure related to overpayment of other services for search work they carry out on behalf of the Land Charges team.
- The current ICT system used by the team is not efficient and is due to be de-supported by the software company in 2009/10. The effectiveness of the new ICT system is highly dependent on the quality and amount of digitised records.
- Cherwell had a low level of income in 2007/08 in comparison to benchmark authorities. Its standard search fee is set at £80; the lowest of all benchmark authorities. The highest fee set was by Ashford at £140
- Service quality is very high; the percentage of searches returned within 5 days (96%) was the 2nd highest of the benchmark authorities.

2.7 The review identified some quick win improvements that have already been implemented;

- Temporary staffing in the service has been reduced to better reflect the level of demand for searches and reduce unnecessary expenditure as soon as possible.
- Reception staff now deal with personal search appointments and payments in the mornings as well as the afternoons.

2.8 The review has identified a number of areas where improvements in the service can be made to ensure greater value for money;

- Further reducing staff levels in the service to reflect the reducing level of demand for searches, and for a limited period re-investing some extra capacity into the council's GIS team to improve digitised records which will benefit the service and the council more widely.
- Adjusting internal recharge arrangements to ensure that they better reflect the direct costs of the service, and the actual cost of search work carried out by other services on behalf of Land Charges.
- Increasing official search fees to match those of adjacent authorities and raise additional income.

### **VFM Review Recommendations**

2.9 The review recommendations for improving value for money in Land Charges are contained in pages 8 and 9 of Appendix 1. The key aspects of these are;

- Reduce costs in the service by reducing available staff hours by 37 per week, producing savings of £22,650 per annum. These savings have already been identified and accommodated in the 2009/10 budget.
- Adjust internal recharges so that Land Charges are only charged for the work actually carried out by other services. This will reduce expenditure

by £24,865 per annum although has no impact on the net costs of the authority it will result in additional cost allocations elsewhere.

- Increase the standard search fee from £80 to £120 to raise additional income of £55,000 per annum with effect from 1 April 2009
- If legislation is introduced to allow it, raise the fee for personal searches to at least £25. This would raise additional income of around £30,000 per annum.
- Move appointments bookings and advance payments for searches to the Customer Contact centre to provide a common standard of customer service to callers and to remove unproductive administrative work from the land charges team. Further develop this into an online booking and payments system.

## **Implications**

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**Financial:** The review has demonstrated that Land Charges is a high cost service. Potential savings of £132,515 have been identified by the review, £22,650 of which have already been built into the budget for 2009/10

Comments checked by Karen Curtin, Chief Accountant  
01295 221551

**Legal:** The council has a statutory obligation to provide this service and so must ensure that any changes are sustainable and do not inhibit the effective discharge of its duties. Providing incorrect information as part of a search of the register can leave the council open to be sued.

Comments checked by Liz Howlett, Head of Legal and Democratic Services 01295 221686

**Risk Management:** Reduced staffing levels may put the service at risk from reduced cover and maintaining a continuity of service.

Comments checked by Rosemary Watts, Risk Management and Insurance Officer 01295 221566

**Data Quality** Base financial data for comparison has been obtained through 2007/08 RO returns from comparator authorities. Data cleansing on Cherwell data has been undertaken to eliminate known anomalies (e.g. PRP buyout) and ensure better comparability. Other benchmarking data was obtained through questionnaires and discussions with comparator authorities. Data checks were carried out on any anomalous data to verify or correct.

Comments checked by Neil Lawrence, Project Manager, Improvement 01295 221801

## **Wards Affected**

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All

## Corporate Plan Themes

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**An Accessible, Value for Money Cherwell**

## Executive Portfolio

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**Councillor JJ Mcnamara  
Portfolio Holder for Resources**

## Document Information

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<b>Appendix No</b>	<b>Title</b>
Appendix 1	Value for Money Review of Land Charges: Executive Summary
<b>Background Papers</b>	
None	
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