

Home Builders Federation (HBF)

Submission to Department for Business, Innovation and Skills (BIS)

‘Consultation on moving Land Registry operations to the private sector’

The Home Builders Federation (HBF) is the principal trade association representing the interests of private home builders in England and Wales. Our membership, which includes companies ranging from major national firms, through regional companies to smaller local firms, is responsible for more than 80% of new home production.

Overall conclusion

The Legal Directors of HBF’s larger members, who have been consulted in preparing this submission, are very strongly opposed to the changes proposed in the consultation.

General introductory comments

The Land Registry (LR) is not just another public service. Secure title to land and property is absolutely fundamental to the successful functioning of our market economy. Therefore the LR has a uniquely important economic role, unlike other public services.

Its smooth functioning is critical to the housing market, and so to the achievement of the Government’s 1m housing target and increase in home ownership. Any threat to its operation must be taken extremely seriously. The government’s commitment to build 1m new homes by 2020 will need a fully functioning and effective Land Registry to administer the new titles.

The consultation makes clear the Treasury’s motive for the proposals is overwhelmingly to generate a capital receipt, which we believe is a seriously short-sighted view, especially as any problems arising from the proposed changes could have very serious economic consequences for the housing market, housebuilding industry and the wider economy.

There was overwhelming opposition to the previous proposals (January 2014), as there is to the current proposals. Yet the wording of much of the latest consultation suggests the Government has already made up its mind. Any proposed changes to the operation of the LR should be judged on their own merits and benefits, not as a minor part of the Government’s public asset disposal plans.

The LR is a monopoly, and would remain so in the private sector. The industry’s experience with monopolies – local planning authorities, county Highways Departments, private water & sewerage companies – is that they are highly inefficient, even when regulated (e.g. Ofwat), and that their objectives and working practices are not aligned with those of the industry and Government. The three monopolies noted above present serious obstacles to housing delivery, both speed and numbers.

The safeguards proposed in the consultation will require an elaborate additional set of institutions which will be required simply because the operation of the LR has been transferred to the private sector, with no guarantee that they will be effective. It would be far better to work within the public sector to focus on any desired improvements to the LR’s operation. In this context, we would ask if there is any evidence that the Land Registry is not functioning adequately. If it ain’t broke, don’t fix it.

We highlight the views above with a quote from one of HBF’s major members:

The service delivery of the Land Registry functions is critical to the effective conduct of business of all parties dealing with property related matters and in particular to house builders.

We have not the least doubt that the proposed privatisation would result in a significantly less effective, less secure and slower service and also in progressively increasing fees. We have no confidence that any OCLR fee-setting would mitigate fee increases by a private company.

The reliable and secure transactional and other work currently undertaken by the Land Registry would, in our opinion, be put at serious risk by the proposals and this could be damaging to the house building sector, and thus to the economy.

