EXPLANATORY MEMORANDUM TO

THE LAND REGISTRY TRADING FUND (REVOCATION) ORDER 2020

2020 No. 118

1. Introduction

1.1 This explanatory memorandum has been prepared by HM Land Registry and is laid before the House of Commons by Command of Her Majesty.

2. Purpose of the instrument

2.1 This instrument revokes the Land Registry Trading Fund Order 1993, the Land Registry Trading Fund (Additional Assets) Order 1996, the Land Registry Trading Fund (Extension and Amendment) Order 2003 and the Land Registry Trading Fund (Extension and Amendment) Order 2018 and thereby brings the trading fund status of HM Land Registry to an end.

3. Matters of special interest to Parliament

Matters of special interest to the Select Committee on Statutory Instruments

3.1 None.

Matters relevant to Standing Orders Nos 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

3.2 As the instrument is subject to negative resolution procedure there are no matters relevant to the Standing Orders Nos 83P or 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

4. Extent and Territorial Application

4.1 The extent of this instrument is the whole of the United Kingdom.

4.2 The territorial application of this instrument is the same as the Orders it revokes.

5. European Convention on Human Rights

5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

6. Legislative Context

6.1 The Government Trading Funds Act 1973 established a framework within which trading funds may be established by Order. A trading fund is a means of financing revenue-generating operations of a government department. Income from charges made for the provision of goods and services is retained and used to meet the fund's expenditure.

6.2 The Land Registry Trading Fund Order 1993 established a trading fund for the operations of HM Land Registry. There were three later Orders. An Order (made in 1996) introduced additional assets to the fund and the further Orders (made in 2003 and 2018) extended and amended the funded operations.

6.3 This instrument revokes the 1993 Order and the three later Orders. As a result of the revocation, the trading fund for the operations of HM Land Registry ceases to exist and HM Land Registry's assets and liabilities are no longer appropriated to a trading fund.

7. Policy background

What is being done and why?

7.1 The House of Commons formally approved the Clear Line of Sight reforms, including the consolidation proposals, through a vote in the House on 5th July 2010 (Hansard Volume 513 No. 26 p. 85-108). Through this, an undertaking was given to Parliament that from 1 April 2011 departmental Estimates and accounts would include Non-Departmental Public Bodies and other bodies classified to central government by the Office for National Statistics.

7.2 The Clear Line of Sight arrangements apply to all central government bodies, aligning budgets, Estimates and accounts. Once a government body is classified to central government, the Clear Line of Sight arrangements require that that body is included in the Estimates and annual resource accounts process.

7.3 HM Land Registry was established as a trading fund by the Land Registry Trading Fund Order 1993 and was classified by the Office for National Statistics as a public (non financial) corporation. In 2018, the Office for National Statistics undertook a review of the sector classification of HM Land Registry, at the request of Eurostat, the Statistical Office of the European Union, and in accordance with the provisions of the European System of Account 2010. The outcome of the Office for National Statistics review was that HM Land Registry should be classified as part of central government. HM Land Registry's new classification means its trading fund status is incompatible with the Clear Line of Sight arrangements that are in place with Parliament.

7.4 Revocation of trading fund status will bring HM Land Registry within Estimates and accounts, which is consistent with the Clear Line of Sight arrangements.

7.5 HM Treasury has approved the consequential revocation of the trading fund.

7.6 This instrument closes the trading fund.

7.7 HM Land Registry will remain a non-ministerial government department.

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

9.1 Consolidation is not a relevant issue for this Order.

10. Consultation outcome

10.1 The revocation of trading fund status is a one-off change to an internal government accounting device. This instrument will not affect the costs incurred by business. In these circumstances it has not been thought necessary to undertake consultation.

11. Guidance

11.1 There is no need for guidance on this change, as the revocation of the trading fund is a one-off change in internal Government accounting for the operations of HM Land Registry.

12. Impact

12.1 There is no, or no significant, impact on business, charities or voluntary bodies.

12.2 There is no, or no significant, impact on the public sector.

12.3 An Impact Assessment has not been prepared for this instrument because trading funds are a means of financing the revenue generating operations of a government department. It is an accounting/administrative change within government and the operations of HM Land Registry will be unaffected.

13. Regulating small business

13.1 The legislation does not apply to activities that are undertaken by small businesses.

14. Monitoring & review

14.1 This is a one-off change in internal government accounting for these operations, so there is no need for ongoing monitoring and review

15. Contact

15.1 Sushma Acharya at HM Land Registry, direct telephone number 0300 006 7046, email sushma.acharya@landregistry.gov.uk, can answer any queries regarding the instrument.

15.2 Colin Oakley, Head of Central Legal Services at HM Land Registry can confirm that this Explanatory Memorandum meets the required standard.

15.3 Nadhim Zahawi, Parliamentary Under Secretary of State, Minister for Business and Industry at the Department for Business, Energy and Industrial Strategy can confirm that this Explanatory Memorandum meets the required standard.