

# **e-conveyancing**

## **The Strategy for the Implementation of e-Conveyancing in England and Wales**

An e-conveyancing programme management paper

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## 1. Introduction

### 1.1 Purpose and Benefits of the e-Conveyancing Strategy

1.1.1 This strategy for the implementation of e-conveyancing in England and Wales:

- presents a long-term *vision*<sup>1</sup> for the future of *conveyancing* in England and Wales;
- describes the main areas of activity that will be undertaken to realise the *vision* – the *themes*<sup>2</sup> of the strategy;
- outlines the structure of services that will be developed to meet the requirements for e-conveyancing;
- sets out the organisational and management framework and governance mechanisms under which the facilities and services for e-conveyancing will be developed, introduced and operated; and
- provides a framework within which Land Registry, *stakeholders* and suppliers can identify, prioritise and implement specific developments that will meet the objectives of the *programme*.

1.1.2 Consultation with stakeholders will be continual and the strategy will be maintained and updated as the *programme* progresses.

1.1.3 Through the publication and maintenance of the strategy for e-conveyancing, Land Registry aims to:

- establish a *vision* for e-conveyancing that is shared with *stakeholders*;
- provide a long-term focus for all the parties involved in *conveyancing* activities;
- facilitate planning activities within and outside Land Registry;
- provide a basis for monitoring of progress towards the realisation of the e-conveyancing *vision*.

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<sup>1</sup> The *vision*, and all other italicised terms throughout this document, are defined in the glossary at annex A. See also Section 3.1.

<sup>2</sup> The *Strategic themes* are described in Section 3.5.

## **1.2 Status of the e-Conveyancing Strategy**

- 1.2.1 This strategy has been prepared by Land Registry, which has been tasked by the government with leading the *programme*. It follows a major consultation exercise, during which conveyancers, lending institutions and other *stakeholders* were consulted about the future of *conveyancing* in England and Wales.
- 1.2.2 Ultimately, responsibility for the *programme* rests with the Secretary of State for Constitutional Affairs and his Ministers. Although they have approved the publication of this strategy and endorsed the overall *vision*, their approval of relevant developments will be obtained at other key stages of the *programme*. The intention is that Ministerial approval of the proposed service requirements specification and procurement strategy will be sought before April 2004.

## **1.3 Scope of the e-Conveyancing Strategy**

- 1.3.1 Using the opportunities provided by electronic technologies, the *programme* will help to achieve the Government's objective of improving the national systems for buying, selling and registration of land and property, for the benefit of all involved. It is a *programme* of work that aims to bring about the greatest step forward in the field of *conveyancing* since the introduction of Land Registration in 1862.
- 1.3.2 Over the next five to ten years, the e-conveyancing *programme* is intended to re-engineer radically the *conveyancing* process in England and Wales. This will reduce delays, complications and anxieties and increase efficiency and communication in the property-buying process.
- 1.3.3 The strategy includes all the activities that will be needed to:
- specify what is needed to achieve the Government's e-conveyancing *vision* in England and Wales;
  - ensure the successful phased introduction of the new services;
  - ensure that *stakeholders* participate in its introduction;
  - ensure that legal obligations are met throughout the *programme*;
  - ensure that the technical solutions envisaged are viable and will be successfully developed, implemented and operated; and
  - successfully acquire and manage the necessary resources, services and expertise.

## **1.4 Structure of the Strategy Document**

1.4.1 The strategy has four parts:

- Part 1 – the introduction;
- Part 2 describes the organisational and business background to the development of e-conveyancing.
- Part 3 describes the *vision* for e-conveyancing and the *themes* of the strategy.
- Part 4 describes management framework for the *programme*.

1.4.2 A glossary of terms is included at annex A. Terms described in the glossary are italicised in the text of this document.

## **2. Business and Organisational Background**

### **2.1 Background in Government**

#### Land Registration for the Twenty-First Century

- 2.1.1 As countries throughout the world feel the impact and benefit of electronic commerce, there is a general feeling that *conveyancing* must move with the times, and governments, particularly in Europe, Canada and Australasia, are investigating proposals for electronic systems of land transfer.
- 2.1.2 Ideas for re-engineering the *conveyancing* process in England and Wales have been developing over a number of years. In 1998, preliminary proposals were set out in the joint report by the Law Commission and Land Registry entitled “*Land Registration for the Twenty-First Century*” (Cm 4027). Since then, a series of consultations with *stakeholders* by government has enabled further development of these ideas.

#### Legislation

- 2.1.3 The Land Registration Bill received Royal Assent on 26 February 2002 and the new *Land Registration Act 2002* contains legislative provisions to enable the implementation of e-conveyancing in the form envisaged. The Act is expected to come into force on 13 October 2003.
- 2.1.4 The Finance Bill, published on 16 April 2003, sets out the framework for *Stamp Duty Land Tax*, which will be introduced on 1 December 2003 to replace the existing stamp duty regime on UK land and buildings. It builds on measures introduced in the Finance Act 2002 to tackle avoidance of stamp duty on certain property transactions, and paves the way for stamp duty to be processed simultaneously with land registration. The full reform package will be implemented on 1 December 2003 for all land transactions completed on or after that date, unless they relate to certain *contracts* entered into before Royal Assent. The Government has also announced that consultation will continue on certain key aspects of the regime. Any changes arising from the consultation may be enacted either on implementation of the new regime or in the Finance Act 2004.

### **2.2 Business Environment and Stakeholders**

- 2.2.1 At the same time, the business environment generally has been experiencing a steady move towards electronic commerce. Citizens expect to be able to deal on-line with government and business; they also expect services to be faster and more reliable, and businesses and government services are responding to this

demand. Lenders, conveyancers and estate agents are all developing on-line services that exploit the opportunities of the new technologies.

2.2.2 The task of re-engineering the *conveyancing* system in England and Wales is an ambitious undertaking. Nevertheless, feedback from respondents to the recent consultation exercise has confirmed the widespread appetite that exists amongst *stakeholders* of all types.

2.2.3 The *stakeholder* community includes:

- Home owners (buyers and sellers);
- Property owning organisations (companies, utilities, pension funds, property developers);
- Lenders – banks and building societies;
- Conveyancers (solicitors, licensed conveyancers and *DIY conveyancers*);
- Estate agents, surveyors and removals firms;
- Suppliers to the *conveyancing* industry – existing and potential;
- Central Government departments and agencies, including Land Registry;
- Local Government.

### **2.3 Business Issues and Implications for the Development of e-Conveyancing**

2.3.1 The *conveyancing* process in England and Wales has evolved over many years. Compared with systems in other countries, it has substantial strengths but it also has its weaknesses. The e-conveyancing *programme* aims to preserve the strengths and address the weaknesses.

2.3.2 The major strengths of the *conveyancing* system in England and Wales are:

- its long established procedures, which are widely accepted and used;
- the practice of pre-*contract* searches, which can highlight issues at an early stage and help to avoid unforeseen problems in purchases;
- the tradition of *chains* of transactions with same-day *completions*, which helps to avoid the risks and costs inherent when purchases and dependent sales are not simultaneous;
- the certainty and security provided by Land Registration and the state backed guarantee, including the Land Registry *Official Search* system, that provides protection against competing *applications*; and
- its relative lower cost compared with many overseas systems.

2.3.3 The main weaknesses in the existing system, which the introduction of e-conveyancing aims to address, are:

- the long timescale between “*handshake*” (when an offer is informally accepted) and *completion* (when the new homeowner receives the keys). Currently the timescale is an average of 13 weeks;
- the lack of transparency and attendant problems in the chain in terms of delay and uncertainty;
- the awkwardness and diseconomies in the financial settlements at exchange of *contracts* and at *completion*;
- the potential for poor *conveyancing* standards to be adopted – with the present paper-based systems, around 50% of all *applications* lodged with Land Registry prove to be defective, and around a third are not properly protected by an *Official Search*. The present system is also vulnerable to certain types of fraud, particularly impersonation;
- the time gap between *completion* and registration – since title does not pass until registration, any bankruptcy of the seller or any other competing interests identified during this time-gap can result in a significant loss for the buyer; and
- the uncertainty, risks and anxiety for buyers and sellers that all these factors give rise to.

## **2.4 Current Systems and Future Developments**

### The Emerging Picture

- 2.4.1 Electronic business and the internet are transforming economies and societies across the world. The *conveyancing* sector of England and Wales, like countless areas of economic activity elsewhere, is involved in the on-going process of change and is already taking advantage of opportunities flowing from these changes. The spread of information and communication technology into homes and offices is affecting the way all *stakeholders* in the *conveyancing* process communicate with each other and the ways in which they process and store data. E-mail is now commonplace and often the norm for business to business and customer/client to business. Lenders, conveyancers and government departments alike are already taking advantage of the cost saving benefits arising from electronic storage as opposed to traditional paper based record keeping.
- 2.4.2 The remainder of this section outlines some of these developments from the perspective of some key stakeholders. These demonstrate that in many senses e-conveyancing is already with us. They provide the backdrop from which the e-conveyancing *programme* has arisen and from which it can continue to develop, on an incremental basis, until the e-conveyancing *vision* is fully realised.

### Home Owners (Buyers and Sellers)

- 2.4.3 Citizens generally are becoming more familiar with electronic communications technology and are increasingly choosing to carry out their business online. The Land Registration Act preserves the citizen's right to act for themselves in conveyancing transactions and the e-conveyancing system will therefore accommodate their requirements.

### Lenders

- 2.4.4 Lenders are increasingly marketing their mortgage products, communicating with their customers, conducting their valuations and providing their mortgage offers online.

### Conveyancers

- 2.4.5 Conveyancers too are increasingly making use of the internet to market and to provide their services to clients. The use of case management software is commonplace and specialist online *conveyancing* services are now available that give clients online access to their cases, keeping them up to date with progress.

### Estate Agents

- 2.4.6 It is now more commonplace for estate agents to use web technology to market properties for sale, including on-line auctions and sales by tender.

### Suppliers to the Conveyancing Industry

#### Property Search Services

- 2.4.7 *The National Land Information Service* (NLIS) and others are delivering and developing electronic search services. NLIS is intended, ultimately, to provide a 'one stop electronic shop' for conveyancers to obtain land and property data, using licensed channel providers. These services may assist in the preparation of *Home Information Packs*.

#### IT/IS Suppliers

- 2.4.8 To achieve its full potential, a future e-conveyancing system must integrate with software applications commonly used by lenders, conveyancers and property professionals.
- 2.4.9 Responses to the recent consultation exercise indicated that 55% of respondents already use some form of practice management or case management system and

that there is a wide choice of products available to practitioners. Other types of software in common use include accounting software, fee earner software and document creation and retrieval software.

2.4.10 Land Registry is working with representative bodies of software suppliers and developers, including:

- The Legal Software Suppliers Association (LSSA) - the UK industry body for legal systems developers and vendors. It has 18 members who supply software to the *conveyancing* community. It aims to set and maintain professional standards within the industry and its latest initiative is to create common *XML* standards to enable compatibility between different software products.
- The Information Systems Common Exchange Standard (*PISCES*) – a non-profit making company that has developed a standard set of definitions and rules to facilitate automatic data transfer between software packages used regularly by the real estate market. It is not itself a piece of software but allows software providers to prepare solutions within their own packages for transfer of data to and from their databases.

## Central Government

### Land Registry systems

2.4.11 Land Registry currently operates one of the largest databases of property information in the world. The 19 million registered titles within England and Wales are held electronically and updated by Land Registry staff. *Land Registry Direct* allows a range of services to be carried out from PCs in practitioners' own offices within a secure *extranet*. And in March 2003, Land Registry launched Land Register Online, its first internet based online service for the general public to access information from the Land Register.

2.4.12 Current Land Registry developments include:

- *electronic lodgement* – of *applications* which require Land Registry forms and the submission of *deeds* to Land Registry; and
- *electronic registration* – providing a machine to machine, lender to Land Registry, facility for discharging registered charges and, in time, the registration of new charges.

### Home Information Packs

2.4.13 The Government intends to re-introduce, during this Parliament, the legislation which will require *Home Information Packs* to be prepared at the time a property is first put on the market. The intention is to remove the delays incurred at the start of the *conveyancing* process. It is likely that *Home Information Pack* data will, in part, be assembled using the *National Land Information Service (NLIS)*.

2.4.14 The Office of the Deputy Prime Minister published a draft Housing Bill and two consultation papers in March 2003 dealing with the content of the *Home Information Pack* and its application. It is possible that this could be developed as an electronic information pack, which could have synergies with the e-conveyancing *programme* if, for example, conveyancers could use it to populate their case management systems and to produce electronic draft *contracts* and transfers.

### **Stamp Duty Land Tax**

2.4.15 The reform set out in the Finance Bill on 16 April 2003 introduces new processes for reporting the details of land transactions and for paying any tax due.

2.4.16 From 1 December 2003, when the new system starts, customers will no longer need to submit documents to the Inland Revenue for stamping. Instead they will have to notify liability to tax using the new land transaction return. As before, payment will be sent at the same time as the return.

2.4.17 In future, customers will receive a *Stamp Duty Land Tax* certificate which they or their agents will need to submit to land registries in order to register ownership of land or to record a *deed*, as appropriate. If no tax is payable, they will need to produce a statement saying so. In the longer term, the introduction of e-conveyancing should allow stamp duty to be processed simultaneously with registration.

### **3. e-conveyancing Strategy**

#### **3.1 The Vision for e-conveyancing**

##### **Purpose**

- 3.1.1 The purpose of the *vision* statement is to describe the intended outcome of the e-conveyancing *programme* and the routes to its realisation. It defines what to expect from the transformation of *conveyancing* processes in England and Wales, in terms of future business capability and also in terms of future performance and service improvements. Achieving these changes is the end goal of the *programme*.

##### **Intended Outcome**

- 3.1.2 “Easier *conveyancing* for all” is the essence of the *e-conveyancing* vision. Specifically, this will involve re-engineering the system of conveyancing in England and Wales, with the aim of:
- reducing delays;
  - saving time and money;
  - bringing greater transparency and certainty; and
  - reducing anxiety for people buying and selling property.

##### **The Six Main Features of the Vision**

- 3.1.3 To achieve this aim, the *conveyancing* system for the future is expected to have six main features:
- paperless communication;
  - no “*registration gap*”;
  - chain transparency;
  - connection between all parties;
  - high level security; and
  - automatic, simultaneous payments.

These features of the *vision* are in differing degrees interdependent, although they may be introduced incrementally. They are described more fully below.

##### **A paperless system**

- 3.1.4 All communication between practitioners, lenders, Land Registry and other organisations involved in the *conveyancing* process will be capable of being electronic, as will all exchanges of formal documentation. Electronic communication between the professionals and the buyers and sellers may also be the norm. But it may not be possible to abolish paper totally. Some people, for

example, may not be connected to the internet and communication using paper and the post will continue to be needed.

### **No registration gap**

- 3.1.5 *Completion* and registration will be simultaneous, bringing greater certainty and making information on the land register up to date. This will be achieved in part by a system of validation of documents during the *conveyancing* process, which will ensure that, on *completion*, all documentation is in order and the vast majority of transactions will lead to immediate update of the register. This will lead to significant benefits for *conveyancing* professionals, the property buying public and Land Registry, who all suffer under the present system in which *requisitions* and uncertainty often persist long after *completion*. Complete closure of the gap will depend on the development of an automatic, simultaneous payments system.

### **Chain transparency**

- 3.1.6 About 70%<sup>3</sup> of all of the 1 to 1.5 million residential purchases are believed to be part of a chain. The proposed electronic system will seek to make each transaction in a chain *transparent* through the development of a chain matrix. This will allow authorised persons instant access to the progress of each chain transaction and will facilitate a simpler, more co-ordinated exchange of *contracts* and *completion*. For buyers and sellers, this should mean better information, greater certainty and less stress.

### **Connection between practitioners and Land Registry**

- 3.1.7 An electronic network will connect all parties involved in the *conveyancing* process. Information will flow both ways. Practitioners will be able to view the developing state of the register of the property that is the subject of the transaction. At the same time, Land Registry will be able to cross check and validate transaction details as they are submitted.

### **High level security**

- 3.1.8 Full use of an electronic system will depend upon the system being sufficiently secure and reliable. There are concerns amongst many *stakeholders* about security in an electronic system. Electronic systems raise security issues that are very different from traditional paper systems. But technology also offers new ways of protecting the security and integrity of data and transactions, which are

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<sup>3</sup> Key Research on Easier Home Buying and Selling, Office of the Deputy Prime Minister, updated 4 December 2000.

expected to be more secure than the traditional paper system. The *programme* will adopt levels of security that match the needs of *stakeholders*.

### **Automatic, simultaneous payments**

- 3.1.9 Instant *Electronic Funds Transfer* (EFT) will support a system of e-conveyancing by improving the financial aspects of a property transaction at exchange and *completion*. It is a challenging but essential feature of the *vision* if the full benefit of an electronic system is to be realised. It will enable the whole nexus of payments associated with a property transaction to be agreed in advance and then settled electronically and with immediate effect at the time when all the funding is confirmed as being available and the transaction is completed.

## **3.2 The Re-engineered Conveyancing Process**

- 3.2.1 While the detail of the infrastructure that will underpin the *vision* remains subject to further research and consultation, the re-engineered process is expected to incorporate the following new features:
- At the time the seller's conveyancer uses the e-conveyancing service to transmit the draft *contract* from his case management system to the buyer's conveyancer, automatic validation checks would compare *contract* data with Land Registry data and electronic messages would indicate any discrepancies. At this time, a new *notional register* would be built on the system indicating, as each document is prepared, what the new register would look like.
  - Conveyancers would also record on the system the stage reached on each transaction. This would enable the conveyancers and Land Registry to see the progress of all the transactions linked together in a *chain*. *Chains* would thus become transparent. The conveyancer's task in synchronising exchange and *completion* dates should be simplified, with any blockage points being immediately identifiable to facilitate enquiries.
  - There would also be a facility for conveyancers to view Land Registry's *Day List* prior to exchange of *contracts*, in order to ascertain whether or not there is a pending *application* which may adversely affect the transaction – for example a bankruptcy notice.
  - At the *contract* stage, there would be an electronic equivalent of the present exchange of *contracts*. *Contracts* would be exchanged electronically when buyer's and seller's conveyancers had signalled that agreement had been reached and *contracts* had been signed and released for electronic exchange. The system would provide for automatic exchange of *contracts* relating to all transactions in a property *chain*. For this and other purposes, conveyancers might need to have *electronic signatures* and authentication from a

recognised *Certification Authority*. Buyers and sellers might need to empower conveyancers to sign by written authority.

- A substantive register entry would be made to note the *contract*; the Register would automatically be frozen and would provide a priority period for the ensuing registration on *completion*. Provision to extend the priority period may be necessary for delayed *completion*.
- During this period the draft electronic transfer and any draft electronic charges will be agreed and finalised. These documents will then be signed electronically in anticipation of *completion* just as they are in the existing paper system. Shortly before *completion* the parties to the transaction (and all parties in the *chain*) would signal their readiness to complete in accordance with the terms of the *contract*. They will do so probably by using an extension of the *chain* matrix, which will indicate first that all necessary documentation is signed and secondly that all the financial arrangements are in place.
- Registration would take place with *completion*. The changes signalled in the *notional register* would be verified and the new edition of the register would be finalised on the system.
- All financial obligations, including *Stamp Duty Land Tax* and Land Registry fees as well as payments between buyers, sellers, lenders and conveyancers, would be settled through an *Electronic Funds Transfer* system. With the help of the e-technologies, the amounts of *Stamp Duty Land Tax* and Land Registry fees would be correct in virtually all cases. This would contrast with the present high incidence of errors.
- *Post-completion* – It is envisaged that no further action would be needed for transfers relating to registered land. When the purchase of unregistered land is included in a chain of transactions, it will only be possible to achieve simultaneous *completion* and conditional registration for that transaction. The reason for this is that the unregistered title needs to be examined by Land Registry.

### **3.3 Scope of the Programme**

3.3.1 The e-conveyancing *programme* will therefore build on the existing developments outlined in section 2, and will provide whatever else is necessary to enable the whole legal process from *handshake* to *completion* and registration to be performed electronically. This will include:

- improving the co-ordination of pre-*contract* work, particularly when *chains* are involved;
- providing a better process for exchange of *contracts*;

- improving the co-ordination of *pre-completion* work;
- providing a better process for *completion* and registration; and
- the *conveyancing* of commercial as well as domestic property.

3.3.2 The *programme* does not include other related initiatives, which have been and continue to be developed elsewhere, such as:

- the *Home Information Packs* initiative;
- *Stamp Duty* modernisation;
- property marketing and associated services carried out by estate agents;
- the marketing of mortgages or other forms of secured credit; and
- electronic searching facilities (whether through *NLIS* or otherwise).

### **3.4 Service Structure for e-Conveyancing**

3.4.1 Three distinct areas of service delivery, all of which could lead to requirements for procurement of services or supplies have been identified:

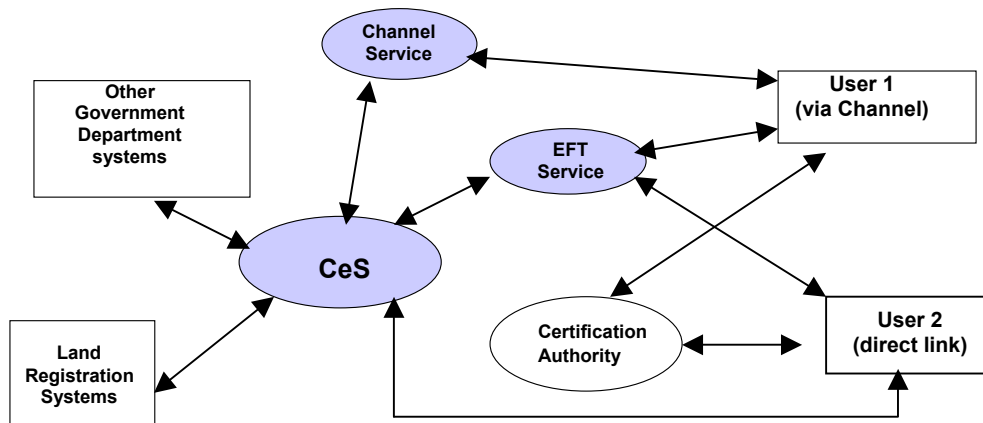
- A Central e-Conveyancing Service (CeS). This will be controlled by Land Registry;
- An *EFT* service, probably operated by the private sector;
- *Channel Services*, or other means of providing an interface between users and the CeS. Channels may be operated by the private sector and are likely to offer value-added services.

3.4.2 The e-conveyancing service may also include links to:

- one or more *Certification Authorities*, including the services of the *Government Gateway*;
- Government Departments (Inland Revenue Stamp Office, Valuation Office Agency, Companies House) and other major users.

3.4.3 A possible service structure is illustrated below:

### A possible service structure for e-conveyancing



## 3.5 Themes of the Strategy

3.5.1 The *vision* for e-conveyancing, and the six main features of the re-engineered system described above, set out the long-term aims of the *programme*. Land Registry management and the *stakeholders* will need to maintain a continuing high-level focus on the development and progression of the *programme* and the realisation of the *vision*. The strategy therefore identifies a number of *strategic themes*, which between them encompass the most critical areas of achievement required to deliver the *vision*.

### Business Requirements

- 3.5.2 This *theme* covers the definition and maintenance of requirements for all aspects of the e-conveyancing development, and for monitoring the achievement of the *programme vision* and the delivery of benefits. It includes the continuing assurance of the business, commercial and financial viability of the development and subsequent operations.
- 3.5.3 The new *conveyancing* systems and processes must inter-operate smoothly with business operations and services outside the direct control of the *programme*. Participation in the *programme* must represent a sound commercial proposition to any suppliers and service providers involved in its development and delivery.
- 3.5.4 This *theme* is important because we must ensure that the new e-conveyancing process and supporting systems will successfully meet the business requirements of Land Registry and other *stakeholders*, and will be successful financially and commercially.

## Business Change

- 3.5.5 This *theme* covers the work required within Land Registry and in all *stakeholder* organisations, to manage successfully the changes in organisational culture and capability, business structure and operations, needed for the realisation of the e-conveyancing *vision*. It includes the planning and management of the transition to the desired future in a controlled manner, through the phased introduction of elements of the complete *vision*.
- 3.5.6 Unless all the organisations involved are committed to the necessary changes, and co-operate in the overall change process, the *programme* will fail. The change will not be a one-off big-bang affair but must be modular and incremental, and the phasing of the introduction of services and facilities must be carefully planned and co-ordinated to meet the requirements of *stakeholders*.
- 3.5.7 This *theme* is important because we must ensure the effective phased introduction of e-conveyancing, and the successful re-engineering of all relevant business processes within Land Registry and in the wider *conveyancing* community.

## Stakeholder Relationship Management and Governance

- 3.5.8 This *theme* has two main aspects. First it covers the more formal aspects of relationships between Land Registry and other bodies through *Network Access Agreements*, licences, service agreements and other formal instruments. Secondly, it covers the activities that Land Registry must undertake, in its role as manager of the *programme*:
- to maintain contact with and involvement of *stakeholders*; and
  - to ensure that they have "bought in" to the *vision* and continue to co-operate in its implementation and in the achievement of all the necessary business change.
- 3.5.9 The *conveyancing* business involves many organisations with a variety of roles. *Stakeholders* must be kept informed of developments and given opportunities to input their requirements and concerns to Land Registry. Their continuing support will be important. Land Registry must also manage structured relationships with external bodies:
- to involve them as necessary in decisions on the design, development and operation of the new services;
  - to enable Land Registry to meet its legal obligations; and
  - to ensure that the necessary external services and facilities are available as required.

3.5.10 This theme also covers the work that will be necessary within Land Registry and elsewhere to ensure that:-

- all the statutory rules, which will be required in order to permit the lawful operation of an electronic conveyancing system, are in place at the appropriate time, and;
- the system, as it is developed, is legally fit for purpose.

3.5.11 The *theme* is important because we must ensure that *stakeholders* in e-conveyancing will co-operate on its introduction and operation, and that all formal and informal relationships are managed successfully.

### Technical

3.5.12 This *theme* covers all technology aspects of the *programme* including:

- the specification, design, development and implementation of all new and modified IS/IT-based systems and services - whether under the direct control of Land Registry, contracted out or managed by *stakeholders*; and
- the establishment and operation of a *programme* authority for all technical issues in the *programme*.

3.5.13 The *programme* has a major IS/IT component. The successful development and operation of new and modified IS/IT-based systems and services will be at the heart of the achievement of the *vision*. The IS/IT systems and services involved will include those developed especially for e-conveyancing, and those currently in use which will require modification. The relevant systems and services may be within the scope of the *programme*, elsewhere within Land Registry, under the control of external contractors and service providers, or within *stakeholder* organisations. All such systems and services must be integrated into a coherent technical structure that will support the objectives of the *programme*, and must therefore be subject to the technical requirements and constraints to be laid down by the *programme*.

3.5.14 The *theme* is important because we must ensure that the technical solutions envisaged will be viable and will be successfully developed, implemented and operated.

### Sourcing and Procurement

3.5.15 This *theme* covers any requirements of the *programme* for the acquisition of external products, services or resources. It includes all the activities relating to procurement processes and the subsequent management of the contracts and relationships established by the procurements.

- 3.5.16 It will be necessary to procure external contractors for the development and delivery of at least some of the services currently identified in the service structure. Any procurement exercises must be conducted with due propriety and with a high expectation of a successful outcome; the choice(s) of supplier or service provider will be critical factors in the overall success of the *programme*.
- 3.5.17 This *theme* is important because we must ensure that all necessary internal resources, and external provision of services and expertise, will be successfully acquired and managed.

### IT Service Delivery

- 3.5.18 This *theme* covers the planning, implementation, entry into service and operation of the various services that will make up the overall e-conveyancing service. It covers the services to be directly managed by Land Registry and all the external services that will contribute to the overall service.
- 3.5.19 The various services involved, as described in Section 3.4 above, will be delivered and used by a variety of organisations, and management of all the services will need to be co-ordinated to provide a seamless service to the end user. If the e-conveyancing service is not acceptable to the user at the point of service delivery, the whole service will be deemed a failure.
- 3.5.20 This theme is important because we must ensure that all the services making up e-conveyancing will be successfully introduced and delivered operationally to the *conveyancing* community.

## 4. Realisation of the Strategy

### 4.1 Management of the Strategy – the e-conveyancing Programme

#### Role of Land Registry

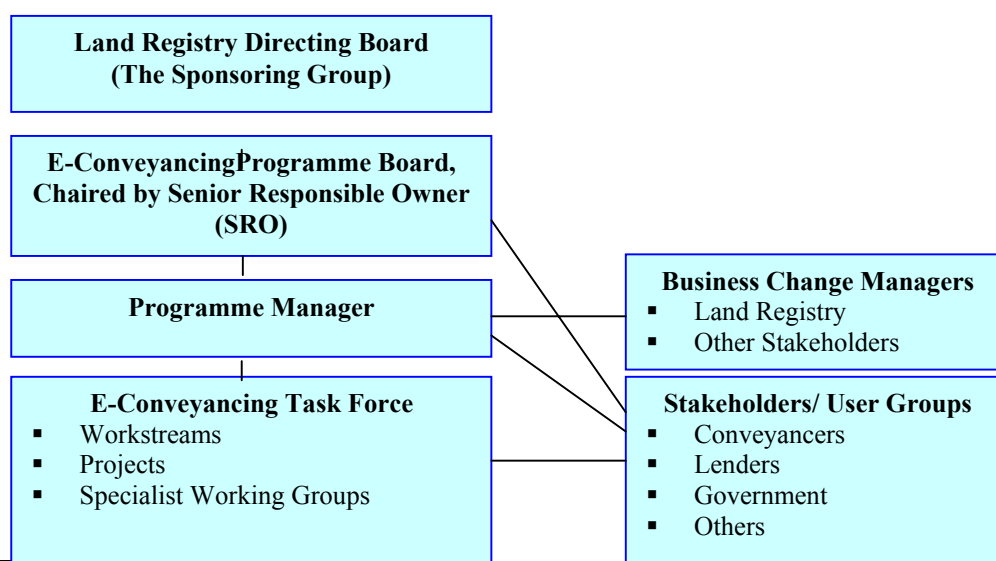
4.1.1 The interim report of the 2002 consultation exercise, “e-Conveyancing – A Land Registry Consultation Report”, was submitted to Ministers in February 2003. In a statement in the House of Lords on 17 March 2003, Baroness Scotland of Asthal QC, Parliamentary Secretary at the former Lord Chancellor’s Department<sup>4</sup>, acknowledged the contents of the report and asked Land Registry to continue to take the *programme* of work forward.

4.1.2 Ultimate responsibility for the e-conveyancing *programme* lies with the Secretary of State for Constitutional Affairs and his Ministers. Interdepartmental co-ordination at Ministerial level is carried out through the Ministerial Task force on Home Buying and Selling. The next major step will be to prepare and submit to Ministers for their approval, the proposed service requirements specification and procurement strategy, with an updated business case.

#### Management Structure of the Programme

4.1.3 The management structure is designed to ensure that the needs of *stakeholders* are met. Details of its composition are contained in annex D.

#### Management Structure



<sup>4</sup> On 12 June 2003, the Department for Constitutional Affairs was created, incorporating most of the responsibilities of the former Lord Chancellor's Department.

## Co-ordination with Stakeholders

- 4.1.4 *Stakeholders* will be involved and consulted on all key issues in the *programme* using a number of mechanisms, including presentations and demonstrations, focus groups, special meetings and forums.
- 4.1.5 *Stakeholder* forums involving parties inside and outside of Government will be launched in 2003. As well as providing an opportunity for further face to face contact following the publication of the consultation report, the aim of the forums will be to highlight issues revealed by the report and to enable discussion on future solutions/action.

## 4.2 *Timescales*

- 4.2.1 E-Conveyancing has already started. Land Registry is progressing a tranche of projects called 'e-lodgement' that will enable conveyancers to lodge some types of application electronically and so become familiar in dealing with Land Registry online. Since February 2002, practitioners have been able to lodge electronically, applications for simple updates to the register. A pilot will be launched to extend the service to include the electronic delivery of applications that require Land Registry forms during 2004.
- 4.2.2 A project is in progress to provide a facility for lenders to signal a change to the register when a mortgage is discharged, electronically, machine to machine, lender to Land Registry. Following successful electronic validation, an immediate change will be made to the register. This will be extended to enable lenders to register new mortgages and to update existing details such as proprietors' names and addresses. These projects will be piloted during 2003 and 2004.
- 4.2.3 Therefore the e-Conveyancing programme has an incremental structure. It is being developed and delivered through a portfolio of activities and *projects*, amounting to a series of service improvements that will eventually build up to realise the full e-conveyancing *vision*. The aim is to stage a pilot implementation of the full set of services as soon as possible but this is unlikely to be before the end of 2005 at the earliest. A *stakeholder*-wide implementation programme could then take a further five years to complete. Initially, use of the e-conveyancing services will be voluntary but there may come a point when use of the service by everyone in the *conveyancing* process will be overwhelmingly in the public interest. Powers have therefore been granted in the *Land Registration Act 2002* to make e-conveyancing compulsory at some time in the future.

4.2.4 The incremental approach will enable the *vision* to be achieved with the on-going involvement of the *conveyancing* community. Annex C contains a timeline that reflects current expectations on the future timescale of the *programme*.

### **4.3 Procedures and Standards**

4.3.1 The e-conveyancing *programme* is being managed in accordance with Office of Government Commerce (OGC) best practice, embodied in the OGC guide “Managing Successful Programmes” and all *projects* within the *programme* are being managed using *PRINCE2* methodology.

4.3.2 Full advantage is being taken of the OGC Gateway Review process to help ensure the successful achievement of *programme* objectives.

## **ANNEX A – GLOSSARY**

### **Application**

A request for the use of a Land Registry service.

### **Business Change Manager**

The role responsible for enabling the organisation to realise the benefits delivered by the *programme*.

### **Certification Authority**

Sometimes also known as Trusted Third Parties, these are organisations that provide *Digital Certificates* offering proof of electronic identity.

### **Chain**

A string of property transactions that are dependent upon each other and must usually be completed at the same time.

### **Channel Services**

Channels are services that carry transactions between the activities of people and business that need to interact with government, and the relevant functions of government (local or central). (Office of the e-Envoy framework policy – Channels for Electronic Service Delivery)

### **Charge Certificate**

The official document issued by Land Registry to a mortgage lender after it has registered a mortgage on a property.

### **Completion**

The point in time when the act of completing a property transaction takes place, when the seller delivers the property to the buyer and the buyer pays the balance of the consideration due to the seller.

### **Contract**

Binding agreement made between vendor and purchaser that commits the parties to proceeding.

### **Conveyancing**

The legal process of creating or dealing with an interest in land, that is a right of ownership in or over land, such as a freehold or leasehold.

### **Day List**

Land Registry's database of pending *applications*.

### **Dealing**

Any application for registration of a transfer, mortgage or other interest in land lodged against the whole of a registered title.

### **Deed**

A document that is signed and witnessed in accordance with requirements laid down in section one of the Law of Property (Miscellaneous Provisions) Act 1989, and that describes itself as a deed. The Law of Property Act 1925 stipulates that conveyances, transfers, mortgages and *leases* for terms of more than three years must be made by deed.

### **Digital Certificates**

A digital certificate uses *Public Key Infrastructure* technology to offer proof of electronic identity. It can be obtained from a range of *Certification Authorities*.

### **Direct Access**

A private subscriber service for Land Registry credit account holders that provides instant access to the computerised Land Register. Facilities are available to view computerised registers on screen, view details of pending applications and searches, order *Official Copies* and lodge *Official Searches*. See also *Land Registry Direct* below.

### **DIY Conveyancer**

A private individual who opts to carry out their own *conveyancing* rather than employing an intermediary, such as a solicitor or licensed conveyancer. Land Registry will provide appropriate assistance to such persons to enable them to use the *Land Registry Network*.

### **Electronic Funds Transfer (EFT)**

An electronic system of money transfer which will enable the instantaneous electronic settlement of payments due on exchange of *contracts* and *completion* between all parties in a *conveyancing* transaction. This facility may also be used to collect Land Registry fees, Inland Revenue *Stamp Duty Land Tax* and professional fees and disbursements.

### **Electronic Lodgement**

This is an early initiative in the *programme* that will lay much of the groundwork for the full system by dealing with issues such as electronic forms and *electronic signatures*. It will enable forms and deeds to be sent to Land Registry electronically.

### **Electronic Registration**

This is term used for a series of projects that aim to introduce electronic discharges, electronic charges and electronic register updates using direct links, machine to machine, lenders to Land Registry.

### **Electronic signature**

An electronic signature is made by encrypting a *digital certificate* or other data using a *private key*. The recipient of an electronically signed document verifies the signature using the *public key*, which is publicly available from the *Certification Authority*.

### **Encryption**

The process of hiding the contents of a message.

### **Extranet**

The extension of an organisation's Intranet out onto the Internet, for example to allow selected customers, suppliers and mobile workers to access the organisation's private data and applications via the Web.

### **Government Gateway**

The centralised registration service for e-government services in the UK.

### **Handshake**

The informal agreement to the sale and purchase of a property prior to detailed *contract* negotiation and exchange of *contracts*.

### **Home Information Pack**

The pack, formerly “seller’s pack”, is another key government reform to make it easier for people buying and selling homes in England and Wales. Legislation to introduce the pack was published as part of the draft Housing Bill published on 31 March 2003 for consultation. The legislation will require home owners or their selling agents to have a *Home Information Pack* when marketing homes for sale and to make a copy of the pack available to prospective buyers on request. In addition to a report on the condition of the property, the *Home Information Pack* is expected to contain relevant property information such as local searches and *Official Copies*.

### **Land Registration Act 2002**

The Act received Royal Assent on 26 February 2002 and creates a framework for a system that will enable the electronic creation and transfer of interests in registered land. The Act also empowers the Lord Chancellor to make e-conveyancing compulsory as and when he considers it appropriate.

### **Land Registration for the 21st Century (No. 254 and 271)**

A joint consultative report (254) published in 1998 by the Law Commission and Land Registry setting out proposals for the agenda for the transition to a fully electronic system of *conveyancing*. A further report (271) in July 2001 set out recommendations for the terms and objectives of the Land Registration Bill (see *Land Registration Act*).

### **Land Registry Direct**

A web-browser version of *Direct Access* that enables additional services to be provided electronically, including online viewing of title plans. The service was launched in June 2000.

### **Land Registry Network**

The electronic network that will connect all parties involved in the *conveyancing* process to Land Registry.

### **Lease**

A contract whereby a landlord grants exclusive possession of land to a tenant for a definite period of time usually in return for a rent.

### **National Land Information Service (NLIS)**

NLIS was developed in the 1990s by a consortium of public sector bodies led by Land Registry as a potential “one stop electronic shop” for land and property information. It is now an IT solution owned by the Local Government Information House (a wholly owned subsidiary of the Improvement and Development Agency for local government – IDeA) and is operated by its private sector partners as a commercial search service. It provides an electronic link, via a central hub, to different data providers, including Land Registry, Ordnance Survey, local authorities, the Coal Authority and Environment Agency.

### **Network Access Agreement**

Solicitors and licensed conveyancers who wish to conduct *conveyancing* electronically, and others who wish to participate in the system, will be required to enter into network access agreements with Land Registry, confirming that they will do so in accordance with the network transaction rules.

### **Notional register**

A notional register prepared by Land Registry from information supplied on the e-conveyancing system prior to exchange of *contracts*. It will show what the new register will look like if the transaction were to proceed to exchange of *contracts* and *completion*.

### **Official Copy**

An official copy of the register, title plan and, if requested, any *deeds* referred to on the register.

### **Official Search of part**

A search of part of a registered title which also secures priority for the impending transactions.

### **Official Search of whole**

A search of the whole of a registered title which also secures priority for the impending transactions.

### **PISCES**

The Property Information Systems Common Exchange Standard is a set of definitions and rules that facilitate the automated transfer of data between types of software commonly used in a property transaction.

### **PRINCE2**

A *project* management method providing a process-based framework for setting up and controlling *projects*. PRINCE2 has defined interfaces to *Programme Management*. (Office of Government Commerce guide: Managing Successful Programmes)

### **Private key**

Asymmetrical *encryption* requires the use of two keys to code and decode communications. The sender retains access to their own unique private key, but makes a *public key* available to anyone with whom they wish to communicate.

### **Programme**

The portfolio of *projects* that are selected or commissioned, planned and managed in a co-ordinated way and which together achieve a set of defined business objectives. (Office of Government Commerce)

### **Programme Board**

A steering committee representing the role of *Programme Director* where a single individual is not sufficiently empowered to direct the *programme*. (Office of Government Commerce guide: Managing Successful Programmes)

### **Programme Director**

Role responsible for the overall success of the *programme*. The Programme Director provides strategic direction and executive decision making for the *programme*, and for managing relations with internal and external *stakeholders*. (Office of Government Commerce guide: Managing Successful Programmes)

### **Programme Management**

The co-ordinated management of a portfolio of *projects* that change organisation to achieve benefits that are of strategic importance. (Office of Government Commerce)

### **Programme Manager**

The role responsible for day-to-day management of the *programme* according to the *programme* plan. (Office of Government Commerce)

### **Project**

PRINCE2 defines a project as a management environment that is created for the purpose of delivering one or more business products according to a specified Business Case. (Office of Government Commerce)

### **Public key**

Asymmetrical *encryption* requires the use of two keys to code and decode communications. The sender retains access to their own unique *private key*, but makes a public key available to anyone with whom they wish to communicate.

### **Public Key Infrastructure (PKI)**

A comprehensive infrastructure that provides the four principal security functions necessary for commercial electronic communication:

- Confidentiality - to keep data private.
- Authentication - to prove the identity of an individual or organisation.
- Non-repudiation - to ensure that data cannot be disowned.
- Integrity - to prove that data has not been altered since it was sent.

PKI allows users to exchange data securely and privately through the use of a public and *private key* pair, created by a *Certification Authority*. The *Certification Authority* also creates a *digital certificate*, which identifies an individual or organisation and includes a *public key*. Whereas the *public key* is widely available, the *private key* is kept secret and only known and used by the person to whom it is issued.

### **Real Time Priority**

Real time priority occurs when an application is given priority from the date and time that its details are entered on Land Registry's database of pending applications, or *Day List*.

### **Registration Authority**

A trust service provider who verifies the identity of an individual.

### **Registration gap**

The delay between *completion* of a property transaction and its registration at Land Registry.

### **Requisition**

A request by Land Registry for additional information to be supplied by the applicant to deal with a defect in their application that is preventing its registration being completed.

### **Sponsoring Group**

The group of senior executives involved in a *programme*. The sponsoring group may include executives from different organisations.

### **Stakeholder**

An individual or group of individuals such as employees, directors, shareholders, service providers, consultants, external organisations who have an interest in the *programme* whether through their involvement with the *programme* or because they will be impacted by its outcome.

### **Stamp Duty Land Tax**

Stamp Duty Land Tax, introduced by the Finance Bill 2003, replaces the previous stamp duty regime on UK land and buildings, which was dependant upon the existence of documents in paper form. The new regime is a tax on land transactions, including electronic transactions.

### **Strategic Themes**

Strategic themes are the areas of business activity in which the organisation needs to engage to meet the challenges posed by strategic issues. (Office of Government Commerce guide: How to Manage Business and IT Strategies)

### **Strategic Vision**

The strategic vision describes the desired future, in broad terms, which will be the intended outcome of the changes undertaken by the organisation. (Office of Government Commerce guide: How to Manage Business and IT Strategies)

### **Theme**

See *Strategic Themes*.

### **Vision**

See *Strategic Vision*.

## **XML**

XML (eXtensible Mark-up Language) is a widely used system for defining complex data structures in such a way that it becomes easier to manage and exchange between applications.

## **ANNEX B – BIBLIOGRAPHY**

***Land Registration for the Twenty First Century – A Consultation Document***  
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***Land Registry Quinquennial Review*** (June 2001)

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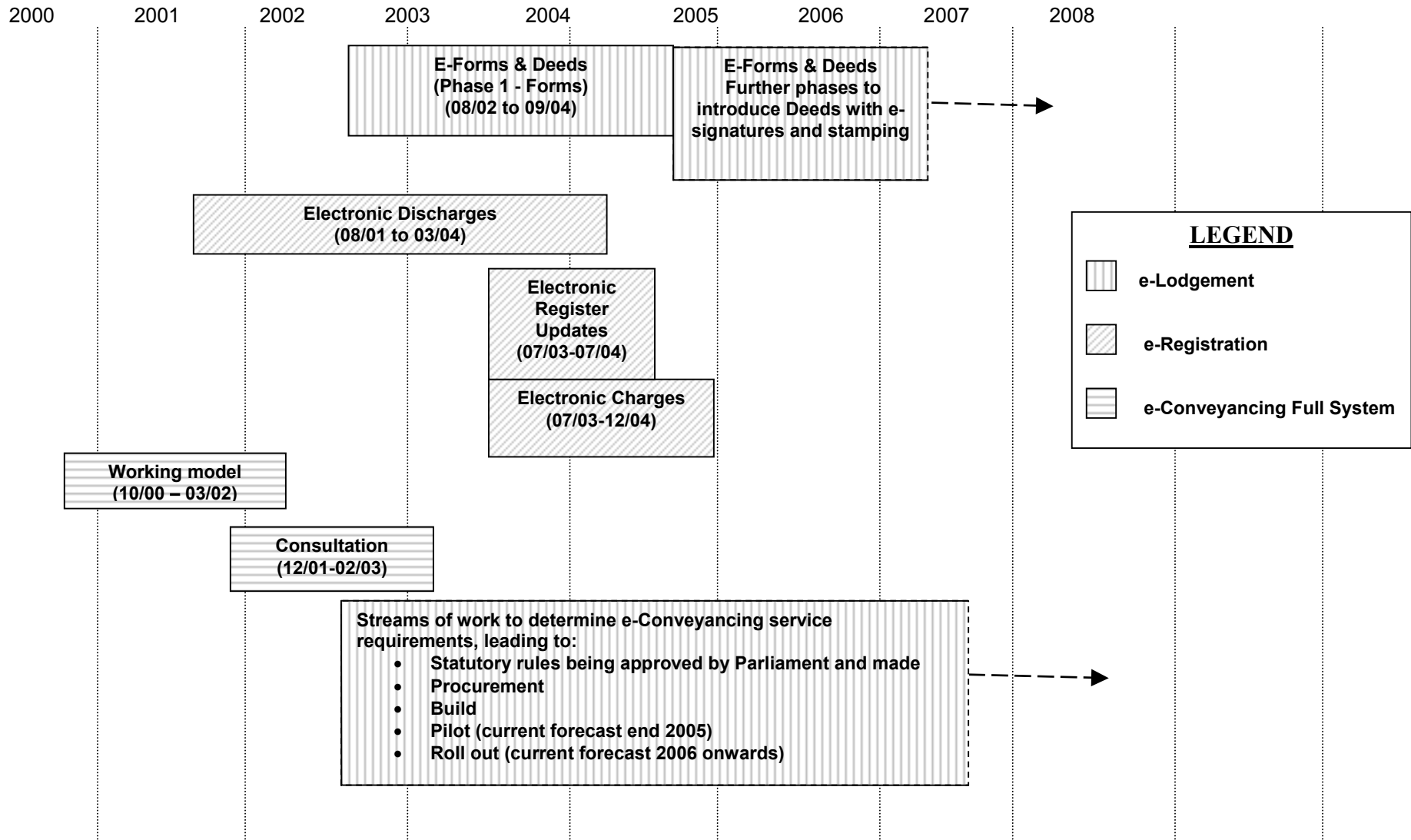
***Land Registration Act 2002*** (March 2002)

***Land Registry 10 year Strategic Plan*** (May 2002)

***E-Conveyancing – A Land Registry Consultation*** (May 2002)

***E-Conveyancing – A Land Registry Consultation Report*** (March 2003)

**ANNEX C – TIMELINE**



## **ANNEX D – PROGRAMME BOARD COMPOSITION**

The *Programme Board* is the steering committee, responsible for the overall strategic direction. It is chaired by the *Senior Responsible Owner*, who has overall responsibility, leadership and authority for the *programme*. It comprises:

- **Ted Beardsall** – The *Senior Responsible Owner* – Director for Business Development and Deputy Chief Executive, Land Registry
- **Andrew Frazer** – Department for Constitutional Affairs
- **Jan Smith** – Non-Executive Director, Land Registry
- **Joe Timothy** – Director of Legal Services, Land Registry
- **Heather Jackson** – Director of Finance, Land Registry
- **Andy Howarth** – *Business Change Manager* – Director of Operations, Land Registry
- **Ian Johnson** – *Business Change Manager* – Director of Information Systems, Land Registry
- **Ian Goodall** – *Programme Manager* – Director for e-Conveyancing, Land Registry
- **Bob Assirati** – Strategic Advisor – Executive Director, IT Directorate, Office of Government Commerce.

The *Programme Manager* is the head of the Land Registry Task Force set up to develop and deliver the *programme* and to ensure cohesion across all aspects of business activity. He is responsible for delivering the new system through the management of the portfolio of workstreams and *projects*. The *Programme Manager* reports to the *SRO* and the *Programme Board*.

The *programme's Sponsoring Group* is Land Registry's Chief Executive and his Directing Board, which has been tasked by the government with leading the *programme*.