

**NORTH LINCOLNSHIRE COUNCIL**

**POLICY AND FINANCE CABINET MEMBER**

**LOCAL LAND CHARGES CON 29R & O FEES**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To inform the Cabinet Member of HMRCs recent decision to designate the CON 29R & O elements of the local land charges fee structure subject to VAT at the standard rate of 20% from 1 February 2016.
- 1.2 To seek approval to the increase of the CON 29R & O fees from 1 February 2016 to accommodate this charge.
- 1.3 This decision is sought under urgency powers so as to ensure the council has a revised charging regime in place by 1 February 2016.

**2. BACKGROUND INFORMATION**

- 2.1 The Local Land Charges Unit within Legal Services is responsible for responding to requests for searches of the local land charges register (form LLC1) as well as other property related enquiries (form CON 29R & O) arising from information held by the council.
- 2.2 HMRC has recently confirmed that the CON 29R & O element of the searches will from 1 February 2016 be subject to VAT at the standard rate of 20%. The council reviews its charges for all local land charges searches in April of each year and the current charges for the CON 29R & O element are as follows:  
  
CON 29R = £25  
CON 29O (Optional Enquiries 4-22) = £10
- 2.3 Given the tight timescale, this report is presented as an urgent item so as to ensure the council has a revised charging regime in place by 1 February 2016.

### **3. OPTIONS FOR CONSIDERATION**

- 3.1 Option 1: To approve the increase in the current charges by 20% as detailed in paragraph 2.2 to account for the VAT element.
- 3.2 Option 2: Not to approve the increase in the current charges.

### **4. ANALYSIS OF OPTIONS**

- 4.1 Option 1: To approve the increase in the current charges by 20% will ensure that the cost is passed to the recipient of the service and not borne by the council.
- 4.2 Option 2: Not to approve the increase in the current charges would mean the current charge would remain in place but 20% would be accounted for as VAT, effectively meaning a 20% reduction in income retained by the council from these charges.

### **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

- 5.1 The contents of this report have been discussed with the relevant Finance Team and the appropriate adjustments have been made to ensure the recovery of the VAT element is actioned and receipted.
- 5.2 If option 1 is approved the CON 29R charge would increase from £25 to £30, with the charge for CON 290 (Optional Enquiries 4-22) increasing from £10 to £12 per question. (If all enquiries are selected on the CON 290 form, increasing from £180 to £216).
- 5.3 If option 2 is approved the income retained by the Council from these charges would be reduced by approximately £9580 per annum.
- 5.4 The annual review of Legal Services fees and charges, incorporating local land charges, is currently underway and will be presented to the Cabinet Member shortly. This will include a review of the base LLC1 and CON 29R & O fees.

### **6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

- 6.1 This report is in response to HMRCs decision to render the CON 29R & O search subject to VAT at the standard rate of 20% from 1 February 2016. No integrated impact assessment has been undertaken.

**7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

7.1 No conflicts of interest have been identified.

7.2 Although HMRC have only recently confirmed its decision to impose VAT from 1 February 2016, the proposal has been the subject of widespread discussion within the local search industry, including private search companies and legal practitioners.

**8. RECOMMENDATIONS**

8.1 That Option 1 is approved and the current charges are adjusted and in place by 1 February 2016.

DIRECTOR OF POLICY AND RESOURCES

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**Background Papers used in the preparation of this report - None**