

From the Office of the
Minister for Finance & Personnel



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Dear Ian

2 March 2011

Thank you for your letter of 14 February 2011 in response to our meeting on 8 February. I know that the meeting followed a period of intense activity in LPS and the City Council, allowing you to strike a rate on 14 February.

I recognise the significant amount of effort by both the Council and LPS in building a strong working relationship, including through the agreement of a Memorandum of Understanding. I am advised that a suite of Key Performance Indicators to monitor performance against the Memorandum will be agreed in the coming weeks, and that these will be benchmarked against other collection authorities. This strikes me as being a robust method to monitor and improve performance and progress and I know that LPS and the Department are committed to playing their full part in this process.

In your letter, you raise the issue of the oversight role for councils of the work of LPS, recognising the key linkages between the organisations. My understanding is that the Strategic Steering Group (SSG) was formed to fulfil this role and that a revised set of terms of reference for the group are nearing completion in discussion between SOLACE, NILGA and LPS. I believe that the SSG, with its broad membership and sub-groups covering particular matters, can fulfil the roles that you suggest, and therefore welcome the recent collective activity to sharpen the SSG's work.

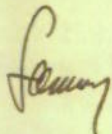
One of the sub-groups of the SSG is the Penny Product Working Group (PPWG) which includes representatives of councils (including Belfast), DOE Local Government Division, Rating Policy Division and LPS. I am advised that the group met on 24 February to discuss a range of matters including the significant shifts in the Actual Penny Product figures for a number of councils between September and December 2010.

As I indicated at our meeting, LPS has completed an initial review of the issues, and made a number of recommendations for improvement, including the use of economists in the process to model macro-economic trends, and the retiming of the third quarter figures so that they are available before Christmas. I understand that Finance Officers, at the PPWG meeting, undertook to agree a preliminary list of data councils require from LPS, with what frequency, to allow councils to understand and challenge the various penny product figures. The PPWG also considered how the group itself could perform a more effective role, and to that end agreed that it needs to consider carefully its meeting schedule and agendas through the year, so that it provides the key forum for agreeing assumptions, models and figures through the penny product cycle. It will therefore play a key role in ensuring that councils and LPS gain confidence in the process – confidence that I recognise has been shaken in the last month.

In light of those discussions, I understand that the general feeling of the meeting was that an external review would at this stage be premature, but I will ensure that we are positioned to carry out a short review early in the next financial year. In addition, the PPWG meeting in early June should review the quarterly figures over the last two years against end of year figures, and consider lessons to be learned from this, alongside agreeing the revised process for the EPP process which will be run in the autumn of 2011.

I hope that this reply covers the various issues that you have raised and assure you of my commitment to ensuring that the rating system in Northern Ireland runs as effectively as possible for all of its stakeholders. The likely lack of growth in the rate base in the short term will put additional pressures on the penny product process, and it is therefore both appropriate and necessary that the improvement process continues.

Yours sincerely



SAMMY WILSON MP MLA