



## Belfast City Council

<b>Report to:</b>	Strategic Policy and Resources Committee
<b>Subject:</b>	LPS/ BCC MOU Quarter 1 Performance Report
<b>Date:</b>	23 September 2011
<b>Reporting Officer:</b>	Ronan Cregan, Director of Finance and Resources, Ext 6083
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### 1 Relevant Background Information

- 1.1 Land & Property Services (LPS) is an executive agency within the Department of Finance and Personnel. It is responsible for maintaining the valuation list of all properties in NI and the billing and collection of rate bills.
- 1.2 The Council receives 74% of its income from the rate. The performance of the rating system is therefore critical to the financial performance of the Council. For this reason at the Strategic Policy and Resources Committee meeting on 18<sup>th</sup> March 2011, Members agreed a suite of progress indicators which would be used to monitor the performance of both the council and LPS in various areas of rating activity. These indicators relate directly to the Memorandum of Understanding (MOU) between LPS and Belfast City Council and the Committee also agreed that quarterly performance reports on the progress of the indicators should be presented to the Committee.
- 1.3 At their meeting the Committee were also advised that in order to make the performance information more useful and help identify areas for improvement that the Institute of Revenues, Rating and Valuation (IRRV) would provide benchmark information from GB authorities to use for comparison purposes. Paragraph 2.3 (below) provides information on progress to date on benchmarking activity.
- 1.4 The information from quarter 1 of this year has now been collated from data supplied both by LPS and the Council's Building Control Service. In addition the IRRV produced benchmark data based on a selection of GB Local Authorities that have similar population and property counts to Belfast. These Councils are then analysed against the Nobel indicators and the GB Deprivation Analysis to make sure they are as close a match as possible. A list of these Councils is provided at

## **2 Summary of Performance**

2.1 The quarter 1 performance report is attached at Appendix II and provides full details of each indicator including definition, data, benchmark information, analysis and actions for improvement. A summary of the key issues is outlined below.

2.2 A number of the indicators are reported on annually and are therefore not included in this quarter's report. In addition, a number of the indicators continue to be refined to ensure that they are defined and reported on in a manner that supports analysis and improvement.

2.3 In the coming months, BCC and LPS officials will meet with IRRV to ensure that the benchmark information is as close as like-to-like as the different situations in Northern Ireland and Great Britain allow. The discussions will allow us to ensure that the benchmarking process is robust and transparent.

### **2.4 The time taken to process the information required to issue a rates bill**

LPS has written to council officials (Appendix III) to highlight issues with the original data they had provided for the two indicators relating to this area. They have now requested that this data is withdrawn from the quarter 1 report.

### **2.5 The collection of rates**

In quarter 1 the LPS collected 31% of the rate compared to a target of 36%. This is a lower than the same period last year, principally due to the payment of rates by a number of Belfast based public bodies in early July 2011, rather than late June, for example assessments of £5.8 million was received from an education public body in early July 2011, compared with late June last year. Taking these timing differences into account, year on year performance is broadly comparable.

### **2.6 The loss on vacant properties**

6.6% or £21.2 million of potential rate for Belfast is lost due to the amount of vacant properties which are entitled to a reduction (up to 100%) on their rate bill. The measure reports a higher percentage shortfall than that recorded in Q1 2010/11. The key reason for this is the economic downturn which has increased levels of vacancies across the city.

### **2.7 The Cost of Collecting the Rates**

Average cost of collection rose from £27.74 in 2009 /10 to £28.20 in 2010/11 which is a rise of 1.66%. The GB benchmark shows a reduction in cost over the same period from £29.56 to £27.46. Because of the particular difficulties in comparing GB and Northern Ireland figures on this indicator, this will be a particular focus of discussions with IRRV.

### **2.8 Debt Collection**

The level of rating debt for the BCC area at 31 March 2011 was £52.5m which shows a reduction of 6.1% during 2010-11. This is despite a continuing downturn in the economic climate and was achieved by the following :

- The implementation of an LPS Debt Action Plan;
- The promotion of rating support benefits.

- An increased level of court processes
- The agreement of payment arrangements with ratepayers experiencing payment difficulties

The Committee should note that the rating debt impacts on the Council when LPS decide to write off debt. This is still an area of concern to the Council and Members may wish to gain assurances from LPS on the recovery of the outstanding £52.5m.

### **2.9 Adherence to agreed timetables for sharing information**

The Council and LPS continue to have a pro active working relationship and information relating to the EPP is consistently provided to the agreed timetable

### **2.10 LPS Forecast Information**

At the end of Q1 LPS advised that they now anticipate that there will be a shortfall of £161,000 in the final Actual Penny Product. Committee will be aware how important the accuracy of this figure is in the rate setting process and the issues that arose last year due to the late notification of a significant change to this figure. BCC and LPS will continue to review this projection as per the agreed timetable and officers will continue to update Members on any variations.

## **3 Summary of Improvement Actions and Next Steps**

3.1 Officers from the Council and LPS met to discuss the first quarter report and have summarised a number of improvement actions which are included in the report. In particular the following areas have been agreed as priorities.

- **Reducing the loss on vacant properties**

- The Council has commissioned a piece of work to help identify ways, in partnership with others, that it can help enhance the rate base. This scope of this work will cover
  - Changes to rating policy
  - The management of vacant properties and
  - The introduction of business incentives
- Once the Rating of Empty Homes is implemented, LPS will be turning its attention to ensuring that records of non-domestic vacant properties and exclusions from Non-Domestic Vacant Rating are fully up to date, and all appropriate assessments raised.
- The Council's Building Control Service intend to continue to inspect vacant properties to see if they are in fact occupied and should be paying the full rate.

- **Cost of collection**

LPS will continue with work to clear backlogs and implement a revised service delivery model which encompasses the end to end rating process, and drives improvements to all elements of the process.

- **Debt Management**

LPS will build on the work of the 2110-11 Debt Action Plan; reviewing and revising procedures and systems and revising the LPS Collection and Recovery Strategy.

3.2 Members should note that the Budget and Transformation Panel have requested that officers from the LPS attend its meeting in October. The outcome of this meeting will be reported to this Committee.

#### **4.0 Recommendations**

4.1 Members are asked to note the content of the report including the quarter 1 data and the actions for improvement

#### **Documents Attached**

**Appendix 1 – Benchmark Councils**

**Appendix II – Quarter 1 LPS / BCC MOU Performance Report**

**Appendix III – Letter from LPS**