

# **Strategic Policy and Resources Committee**

## **Land & Property Services and Belfast City Council Memorandum of Understanding Progress Indicators**

**Reporting Period - Quarter 1 2011/12**



**Land &  
Property  
Services.**

## PROGRESS INDICATOR DASHBOARD

PI #	Frequency	Progress Indicator	Actual	RAG	Page
MoU 1	Quarterly	Average time from the occupiable date to the creation of a valid rating assessment for new domestic properties	Data not available		N/A
MoU 2	Quarterly	Average time from the occupiable date to the creation of a valid rating assessment for new non-domestic properties, regardless of property status	Data not available		N/A
MoU 3	Quarterly	Collection performance excluding the Rating of Empty Homes	31.0%		4
MoU 4	Quarterly	Loss on vacant properties	- 7.09%		6
MoU 5	Annual	Average cost of collection per hereditament	£28.20		8
MoU 6	Quarterly	Conformance with the agreed APP / EPP timetables	0 days		9
MoU 7	Annual	Variation between Estimated Penny Product and Final Actual Penny Product	N/A		10
MoU 8	Annual	Change between the outstanding arrears at the end of the financial year as compared to the outstanding arrears at the end of the previous financial year	N/A		11
MoU 9	Quarterly	% Cash collected or discharged against the in-year Non Domestic Vacant Rating Assessments	44.6%		12

## SUMMARY ANALYSIS

### **BACKGROUND**

Managing performance is key to ensuring that Belfast City Council (BCC) provides the best quality service that it can to its citizens, whilst maintaining value for money. A vitally important part of our funding process, to enable us to provide the services, is the operation of the rating system, which is carried out on our behalf by Land & Property Services (LPS) – LPS also undertake this service for the other Councils throughout Northern Ireland.

Over the last year, BCC has worked closely with LPS to put in place an enhanced joint monitoring system, to support a culture of continuous improvement across the rate setting and collection process. The purpose of this Report is to record, analyse and convey relevant information to the Strategic Policy & Resources Committee in relation to current performance levels across a range of progress indicators.

### **EXPLANATION OF THE DATA**

#### Status

The RAG status colour coding refers to the current performance during the period against target. 'Green' is when performance is equal to or above target, 'Amber' is below target but within an appropriate tolerance level for each PI, 'Red' is below both the target and the agreed tolerance level whilst 'Grey' is shown when data has not been provided or for when targets have not been set.

#### Direction of Travel (DoT)

The Direction of Travel (DoT) colour coding compares performance against the same period the previous year, thereby removing impacts of seasonality etc. Where historic data is not available there is no colour code.

#### Benchmark

These figures are supplied by the Institute of Revenues, Rating and Valuation (IRRV) and they provide comparable details of average performance by Councils in GB. The source of the data is a mixture of the national PI's published by Department for Communities and Local Government (DCLG) and the basket of Local Authority data that IRRV has put together as being comparable to Belfast City Council. The benchmarking process is currently being refined and developed, to ensure it is comparing like with like. For this quarter, IRRV has provided a statement of the comparable GB figures; officials will shortly meet with IRRV to understand more detail of the figures they have provided, and to seek quarter by quarter data (rather than the once off figures quoted in this report). This will allow further transparency in the reporting of benchmarking data in future reports.

### **PERFORMANCE IN Q1 2011/12**

#### RAG Status

At the outset it should be noted that 4 of the progress indicators are reported upon quarterly (a 5<sup>th</sup> progress indicator 3.1 goes 'live' in Q3), and 3 of the remaining indicators are annual progress indicators and will be reported each year in the Q4 Report. LPS has written to Council officials concerning data robustness on the remaining 2 (concerning billing times) (See latter at Appendix 3); we will work with LPS officials to provide a report on these indicators for quarter 2.

For the 'live' progress indicators reported this period:

- 1 is performing at or beyond target (Green),
- 0 are below target but within the agreed tolerance levels (Amber)
- 1 below both the target and the tolerance level (Red).
- 6 are 'Grey' as targets have not been set or data is unavailable.
- 3 are annual indicators, so will not be reported on until Q4

### **PRIMARY ACTIONS FOR IMPROVEMENT**

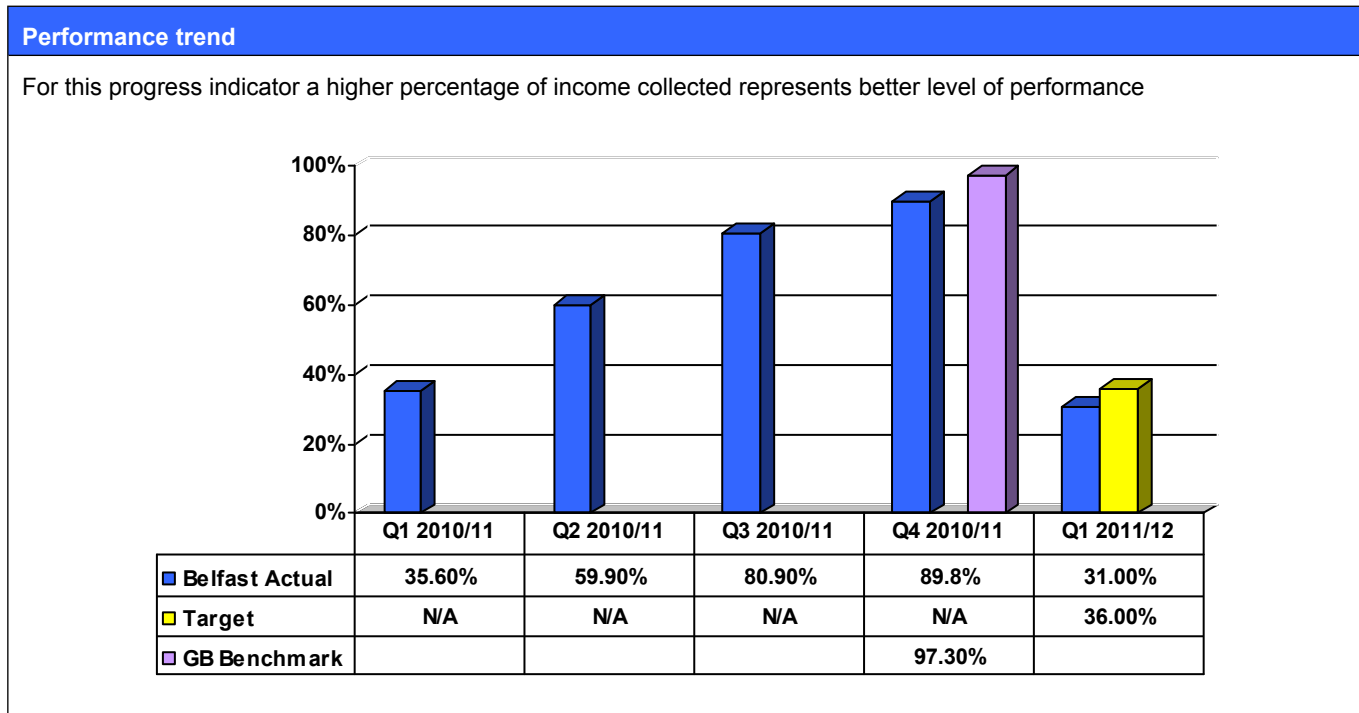
The key areas being worked on by BCC and LPS are to drive residual old work through to completion . The current work of completing older, complex cases, following the stabilisation of Northern Ireland's rating system following a period of profound reforms, is having the effect of increasing reported turn round times because of the statistical impact of these old cases. LPS is also in the process of implementing an end-to-end Service Delivery Model for its rating work, which will improve all elements of the work going forward, and build on all of the expertise and information in LPS.

In addition to this BCC is undertaking a piece of work to identify ways it can enhance the rate base. This will include targeting empty business premises in the city and see if there are ways to get them occupied.

### **ONGOING ACTIVITY**

- Finance and Building Control in BCC and LPS will continue to work to establish robust action plans to address shortfall in performance in areas highlighted above
- Two additional progress indicators are being developed to measure the time taken for notification of new street names and the time taken to respond to address queries.
- The Performance Team in BCC will continue to work with their contacts in IRRV to obtain further data and information relating to the benchmark figures, to ensure that the benchmarking process is robust and transparent

Measure						Collection performance excluding 'Rating of Empty Homes'		
<b>PI number</b>	MoU 3	<b>Frequency</b>	Quarterly	<b>Reporting method</b>	The figure reported each quarter is YTD at that time.			
<b>Performance</b>	31.0%	<b>Target</b>	Q1 36.0% Y/E 90.0%	<b>RAG Status</b>		<b>Direction of Travel</b>		



**Background**

This measure represents the collection performance during the year expressed as the total in year income collected as a percentage of the net debit raised in the year. PI is taken on a quarterly basis to monitor progress. The net debit is the sum due and collectable after the deduction of reliefs, rebates and allowances. This measure excludes the Rating of Empty Homes which comes into effect on 1 October 2011.

The measure is important to BCC as it is an indicator of how much of the in-year rates assessed that LPS collects. Comparison with GB needs to be considered in the context of different legislation and the significant reforms to the Northern Ireland rating system in recent years.

It should be noted that this PI is different from the LPS ministerial collection target, which is 96% and is based on the collection or discharge of all Northern Ireland assessments raised as at 30<sup>th</sup> April 2011.

- Analysis**
- The RAG status is Red as the score (31.0%) is lower than target (36.0%).
  - The collection performance during Q1 2011/12 is 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 payment of £5.8 million was received from an education public body in early July 2011, compared with late June last year. This has impacted the Q1 result.
  - Expressed in financial terms the amount of income collected during Q1 was £102.9 million as a proportion of the full year target of £331.9 million.
  - The Direction of Travel is Red as the percentage of income collected in Q1 2011/12 (31.0%) is lower than that recorded in Q1 2010/11 (35.6%), for the reasons of timing set out above.

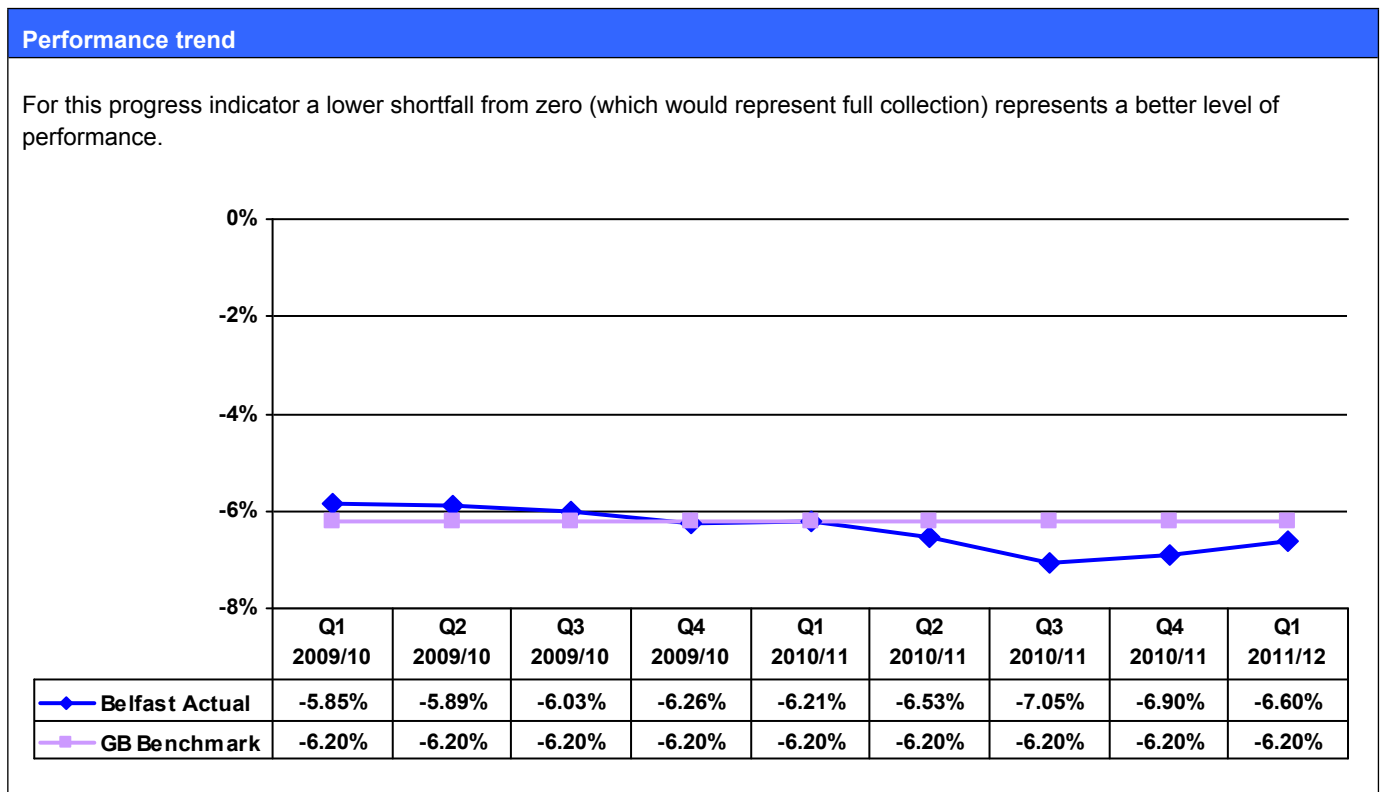
- IRRV advises that the equivalent 'year end' benchmark figure for Councils in GB is 97.1% (average of Council Tax and National Non Domestic Rate). IRRV advises that for benchmarking purposes it is not appropriate to compare LPS's performance during Q1-Q3 with Councils in GB as there is a discount for prompt payment in NI, hence only a year end (Q4) benchmark is appropriate.

#### Actions For Improvement

LPS will be undertaking the following improvement actions:

- Continuing to drive forward its work to improve collection and recovery, now that the period of profound rating reforms is largely over. This includes building on the work of the 2010-11 Debt Action Plan; reviewing and revising procedures and systems; and revising the LPS Collection & Recovery Strategy
- Implementing a revised Service Delivery Model which encompasses the end to end rating process, and one of the focuses of which is to ensure that all data required for billing is collected at as early a stage of the rating process as possible

Measure		Loss on vacant properties			
<b>PI number</b>	MoU 4	<b>Frequency</b>	Quarterly	<b>Reporting method</b>	The figure reported each quarter is YTD at that time.
<b>Performance</b>	- 6.60%	<b>Q1 Target</b>	No target set	<b>RAG Status</b>	
				<b>Direction of Travel</b>	



**Background**

This measure represents the cash value of rates not collected on all vacant properties (including those which have never been occupied) as a percentage of the gross rate income raised year to date.

The measure is important to BCC as it is an indicator of the level of losses incurred from vacancies as a percentage of the income raised year to date. The predominant factor in the measure is likely to be the state of the economy, which impacts the numbers of vacant properties.

**Analysis**

- The data provided is relevant in considering actions that Northern Ireland government (local and regional) can take to reduce the number of vacant properties. Anecdotal evidence around the city is that levels of vacant properties are growing, and this is borne out by the Belfast data reported for this PI.
- The measure reports a higher percentage shortfall than that recorded in Q1 2010/11. Expressed in financial terms the shortfall in rates not available for collection on vacant properties was £21.2 million. This indicates that the Direction of Travel is Red; the economic downturn and the corresponding increase in the number of businesses going into administration is likely to have had a significant impact on the vacancy loss.

## Actions For Improvement

Whilst recognising the dominant factor in this PI is the overall economic situation, LPS will be undertaking the following improvement actions:

- Once the Rating of Empty Homes is implemented, 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. This will include working with BCC Building Control staff to use BCC local knowledge to ensure that properties are correctly billed for vacant or occupied rates.

BCC will be undertaking the following actions:

The Council has also commissioned a piece of work to help identify ways, in partnership with others, that it can help enhance the rate base. As part of this exercise BCC's Economic Development Section intends to target empty premises in the city to identify ways to get businesses to occupy them. This is dependent on receiving data on the location of empty non domestic premises; LPS is currently clarifying legal advice that data protection legislation does not allow the Agency to share the information with BCC.

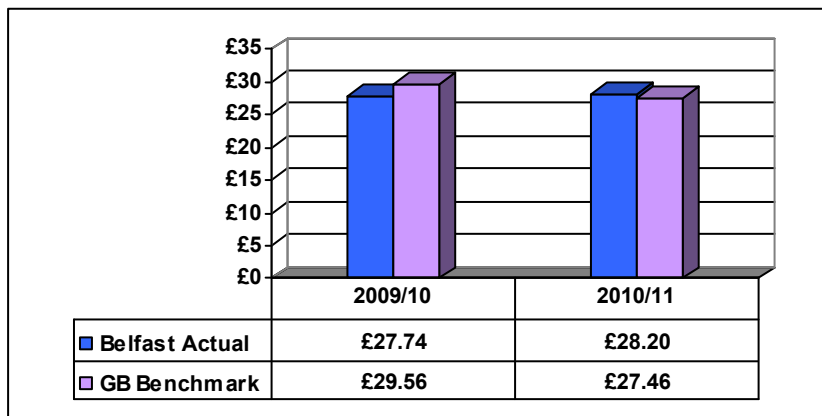
Working with IRRV to access quarter by quarter benchmark figures, which will allow trends in Belfast and GB to be compared.



Measure		Average cost of collection per hereditament					
PI number	MoU 5	Frequency	Annual	Reporting method	The figure reported is for the full year.		
Performance	Annual Figure	2010/11 target	No target set	RAG Status		Direction of Travel	

### Performance trend

For this progress indicator a lower cost represents a better level of performance



### Background

This measure is the cost of collection per property in accordance with the statutory definition i.e. properties on the Valuation List. The measure is therefore the total costs for collection divided by the total number of hereditaments. NOTE - the term 'hereditament' is defined as property which is or may become liable to a rate, being a unit of such property which is, or would fall to be, shown as a separate item in a valuation list..

The measure is important to BCC as the cost of collection is met by every ratepayer because it is deducted from the overall levy.

### Analysis

- The cost of collection increased by 1.6% between 2009-10 and 2010-11.
- Many of the costs incurred by LPS are determined externally to the Agency, including decisions on reforms to the rating system which require work to implement and operate them; and civil service pay rises. LPS continues to clear backlogs of work that accumulated during the period of profound rating reforms, and this also impacts the staff required (and therefore costs).
- The IRRV have advised that the average cost of collection in GB Councils dropped from £29.56 to £27.46. Over the same period they rose in LPS from £27.74 to £28.20. This is, however, a difficult area in which to make comparisons, because of different legal systems, different pension scheme arrangements and so on.
- The increased cost of £0.46 in LPS equates to a rise of 1.66%.

### Actions For Improvement

LPS will be undertaking the following improvement actions:

- To continue the work to clear backlogs, and return to steady state operation
- Implementing a revised Service Delivery Model which encompasses the end to end rating process, and drives improvements to all of the individual elements of the process

Measure						Conformance with the agreed APP / EPP timetables						
<b>PI number</b>	MoU 6	<b>Frequency</b>	Quarterly	<b>Reporting method</b>	The figure reported each quarter is specific to the 3 month period.							
<b>Performance</b>	0 days	<b>Q1 Target</b>	0 days i.e. on time	<b>RAG Status</b>		<b>Direction of Travel</b>						

Performance trend						
For this progress indicator a negative figure represents the number of days behind the timescale whilst a positive figure would mean that LPS were ahead of schedule.						
		<b>Q1 2010/11</b>	<b>Q2 2010/11</b>	<b>Q3 2010/11</b>	<b>Q4 2010/11</b>	<b>Q1 2011/12</b>
<b>Belfast Actual</b>		0	0	-1	0	0
<b>Target</b>		0	0	0	0	0
<b>GB Benchmark</b>		0	0	0	0	0

Background
All EPP and in-year forecast APP advisory notifications are issued in line with an agreed timetable for the year. This measure reports performance for the delivery of the actual figures / results against the agreed timetable (this includes the in-year APPs) i.e. zero day's variance represents delivery of all data on schedule.
This measure is important to BCC as the timely and accurate delivery of the figures is a major factor in fixing budgets and striking the rate.

Analysis
The RAG status is Green as the advisory notification was issued in line with the agreed timetable.
IRRV advise that the benchmark within GB is zero days i.e. all delivered within timescale.
The Direction of Travel is Green as Q1 performance in both years was in line with the agreed timescale.
This measure reports LPS's performance for the delivery of the actual figures / results against the agreed timetable, and this is important to inform BCC's budgeting process and to strike a District Rate for the incoming year.
It is also important to note that LPS is on target to conform with the agreed APP / EPP timetable and the first quarter APP is due w/c 25 July 2011.

Actions For Improvement
As the target dates have been achieved no 'Actions for Improvement' are necessary.

Measure							
Variation between Estimated Penny Product and final Actual Penny Product							
<b>PI number</b>	MoU 7	<b>Frequency</b>	Annual	<b>Reporting method</b>	The figure reported is for the full year.		
<b>Performance</b>	Annual Figure	<b>2011/12 Target</b>	TBA	<b>RAG Status</b>		<b>Direction of Travel</b>	

**Performance trend**

For this progress indicator a better level of performance is shown by a smaller variance to target.

**Background**

This progress indicator records the variance between the Estimated Penny Product (EPP) at the start of the year and final Actual Penny Product (APP) at the end of the year.

The measure is important to BCC as the EPP measures how much additional income an increase of one penny on the rates would raise. Any variation between the actual and the estimate affects the budget and expenditure relevant to that budget. If it is negative the sum has to be met from balances whereas if it is positive it means the rate levy was unnecessarily excessive. The measure therefore quantifies the accuracy, and hence, quality of the estimating process within LPS. When considering this variation, it must be remembered that the rate base of the city alters on a daily basis, as properties are completed, become derelict, or move into or out of use.

**Analysis**

- Progress against this indicator is an annual figure and therefore will not be reported until the end of the year
- At the end of Q1 LPS advised that they anticipate that there will be a shortfall of £161,000 in the final Actual Penny Product at the end of 2011/12. They will continue to review this projection at the end of each future interim quarter.
- LPS analysis of 2010-11 data identified a number of key issues impacting on the outturn for Belfast. These included the number of properties removed from the Valuation List. There is also the growing number of vacant properties in and around the city adding to losses in those sectors, businesses going into administration / bankruptcy arising from the economic downturn and the ensuing need to increase write-offs.
- IRRV advise that the equivalent figure for Councils in GB is in a range of minus 0.3% to plus 1.8% (this is for the Council Tax Base) with an average of plus 0.52%.

**Actions For Improvement**

LPS will be undertaking the following improvement actions:

- Continuing to work with Councils to improve the robustness of the estimating and monitoring process. A meeting of the Penny Product Working Group on 1 September 2011 confirmed that it was content with the process used to produce the Q1 2011-12 figures; asked for the addition of some small further amounts of supporting information; and agreed the timetable and process for the 2012-13 estimating process

Measure							
Change between the outstanding arrears at the end of the financial year as compared to the outstanding arrears at the end of the previous financial year							
PI number	MoU 8	Frequency	Annual	Reporting method	The figure reported is for the full year.		
Performance	Annual Figure	2011/12 target	-4%	RAG Status		Direction of Travel	

**Performance trend**

For this progress indicator a lower figure represents a better level of performance – the target is to have a negative figure of 4%.

**Background**

This PI records the change between the outstanding arrears at the end of the financial year relative to the level of outstanding debt at the end of the previous financial year expressed as a percentage (increase or reduction as the case may be).

This measure is important to BCC as it gives an indication of the year on year collection performance and is a factor in estimating the potential level of debt that won't be recovered. The cost of bad debts is included in the rate levy and is therefore met by every individual ratepayer.

**Analysis**

- Progress against this indicator is an annual figure and therefore will not be reported until the end of the year
- However, LPS reduced the overall rating debt in the BCC area by 6.1% during 2010-11, despite a continuing downturn in the economic climate. This 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.
- IRRV advises that the GB benchmark figure is + 0.3% i.e. an increase in outstanding arrears of 0.3%.
- The level of rating debt for the BCC area at 31 March 2011 was £52.5m

**Actions For Improvement**

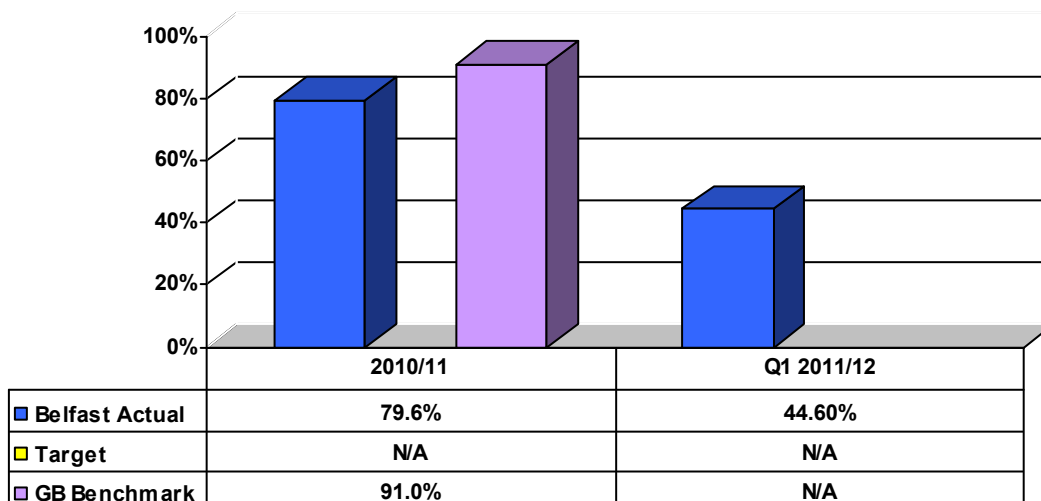
LPS will be undertaking the following improvement actions:

- Continuing to drive forward its work to improve collection and recovery, now that the period of profound rating reforms is largely over. This includes building on the work of the 2010-11 Debt Action Plan; reviewing and revising procedures and systems; and revising the LPS Collection & Recovery Strategy
- Implementing a revised Service Delivery Model which encompasses the end to end rating process, and one of the focuses of which is to ensure that all data required for billing is collected at as early a stage of the rating process as possible.

Measure % Cash collected or discharged against the in-year Non Domestic Vacant Rating Assessments						
<b>PI number</b>	MoU 9	<b>Frequency</b>	Quarterly	<b>Reporting method</b>	The figure reported each quarter is YTD at that time.	
<b>Performance</b>	44.6%	<b>2011/12 target</b>	80%	<b>RAG Status</b>		<b>Direction of Travel</b>

### Performance trend

For this progress indicator a higher figure represents a better level of performance.



### Background

This measure reports the percentage of cash collected or assessments discharged in year (i.e. excluding arrears) against current year Non Domestic Vacant Rating (NDVR) Assessments.

This measure is important to BCC as the levy on empty properties raises extra revenue which reduces the overall levy.

### Analysis

- There is no RAG status for this progress indicator i.e. it is shown as Grey, as whilst a 'Year End target of 80.0%' has been set there is no historic profiling data available to set targets for each interim quarterly period. This will be addressed for 2012/13.
- IRRV advises that the equivalent 'year end' figure for Councils in GB is 91.0%.
- The Direction of Travel is Grey as figures are not available for Q1-Q3 2010/11.
- The only target for 2011/12 is for Q4 as the first figure collected for this progress indicator was in Q4 2010/11 and hence there is no previous profiling data available to set interim targets for Q1 - Q3 2011/12. In future years we will endeavour to have targets set for each quarter.
- The first quarter performance reflects the fact that a number of non-domestic ratepayers will be paying by monthly instalments until year end.

## Actions For Improvement

LPS will be undertaking the following improvement actions:

- Continuing to drive forward its work to improve collection and recovery, now that the period of profound rating reforms is largely over. This includes building on the work of the 2010-11 Debt Action Plan; reviewing and revising procedures and systems; and revising the LPS Collection & Recovery Strategy
- Implementing a revised Service Delivery Model which encompasses the end to end rating process, and one of the focuses of which is to ensure that all data required for billing is collected at as early a stage of the rating process as possible.