



## Belfast City Council

<b>Report to:</b>	Health and Environmental Services Committee
<b>Subject:</b>	<b>Involvement of Council staff in Vacant Property Rating Project</b>
<b>Date:</b>	4 <sup>th</sup> August, 2010
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### Relevant Background Information

The District Rate accounts for 74% of the Council's total income. It is therefore the most important source of income to support our annual expenditure. For several years the Council has been working in partnership with Land & Property Services (LPS) to ensure the billing and collection of all rates that are due.

This has been specifically in relation to providing information through our:

- building regulations applications to facilitate early and accurate valuations
- sharing address data as new addresses are created
- promoting benefit and rate relief take up, and
- carrying out inspections of properties to confirm occupancy and collate ownership and occupant details

Members will be aware that this work has culminated in a Memorandum of Understanding (MoU) between LPS and the Council whereby both parties have agreed to work in partnership for mutual corporate interests on a series of issues. This MoU was discussed when LPS attended the Budget and Transformation Panel in March. One of the issues to be addressed is maximising the legitimate rateable income for the city.

Recently a Local Authorities/LPS Strategic Steering Group (SSG) was formed to ensure a more joined up approach across all 26 councils following the work carried out in Belfast. In addition to LPS that group has representation from the Society of Local Authority Chief Executives (SOLACE), the Northern Ireland Local Government Association (NILGA) and Northern Ireland Building Control (NIBC). Additionally, Ronan Cregan, the Council's Head of Finance and Performance, has been co-opted on to the group to provide specialised input in relation to local authority finance.

It is the responsibility of LPS to manage records of properties that are occupied and vacant throughout Northern Ireland. As requested through Committee, officers have sought assurances that LPS manage this more robustly than occurred during the period of rating reforms, when the Agency encountered difficulties in resourcing work to ascertain the

occupancy status of properties and collect full ratepayer information. Through the Local Authorities/LPS Strategic Steering Group (SSG), LPS has presented a Vacancy/Occupancy Strategy which involves, amongst other things, more robust measures in recording when a property becomes vacant and a plan to integrate new data sources such as utility company records. The strategy also involves councils playing a significant role, specifically in the sharing of data to support valuation of properties and issuing of rate bills based on timely and accurate information.

In 2007 and 2008, Council staff undertook, on behalf of LPS, occupancy inspections of properties which had been recorded as vacant or where there had been difficulties collecting ratepayer names and dates of occupation. LPS funded the exercise on the basis of £7 per completed inspection and occupancy report. In Belfast staff from the Building Control Service carried out in excess of 12,000 surveys realising that over 50% of the previously recorded vacant properties were in fact occupied and therefore were subsequently billed for rates. In 2009, we again undertook a much smaller survey of approximately 500 properties of high yielding rates for no recompense per survey but on the understanding that there is ultimately a financial return through the rates yield.

All of these exercises were considered extremely worthwhile and yielded significant income for the Council as reported through to the Strategic Policy and Resources Committee on a number of occasions. LPS are still in pursuit of some of the cases, where it proved impossible to collect all of the information required for billing, and these should still bring in additional income in both this and next financial year.

The Finance Minister for Northern Ireland, Mr Sammy Wilson MP, MLA, has announced that empty homes will be liable for rates from 1 October 2011. This is a rating initiative which has cross party support within the Assembly and the Council. During consultation on these proposals in 2008, the Council supported this amendment to the rating legislation. In preparation for the Rating of Empty Homes, LPS needs to gather ownership details of all vacant domestic properties.

### **Key Issues**

LPS estimates that there are currently in excess of 12,000 rateable domestic and non domestic properties in the Belfast City Council area the majority of which are registered as non rate paying. This includes newly valued properties for which bills have yet to be issued, properties exempt from rates and domestic vacant properties (non-domestic vacant properties are liable for 50% rating, unless exemptions apply).

The primary responsibility for managing vacancies is on LPS and the Agency is continuing to pursue a strategy as agreed at the SSG. However, in discussions with senior LPS officers, they have indicated that they would welcome assistance in reviewing entries on the vacant properties list, using the Council's local knowledge. This work is fully in line with the purpose and objectives of the MoU. To support targeted activity by the Council, LPS will:

- delegate authority to Council staff to act on behalf of LPS for the purposes of determining occupancy
- process all rates bills to final conclusion as far as is reasonably practical
- process all properties for which full billing details are provided by Council, in a timely manner, with particular reference to Penny Product cut off dates.

The projects of 2007, 2008 found that in excess of 40% of properties registered as vacant were in fact occupied. This was in significant part due to the lack of regular occupancy

inspections having been completed during the period of rating reform. Given the work already done, and the economic downturn (which has increased vacancy levels), the results of new exercises will be lower. However, returns in terms of rate income is likely to be many times greater than the effort expended – returns on the 2008 exercise were approaching a one hundred-fold return (therefore roughly a forty-fold return on the district rate income).

Given the quantity of the properties, timeframes and the restructuring and staff reductions in the Service, it will be impossible for all the properties to be visited during 2010, so prioritisation will be undertaken by the Council and LPS, based largely on rateable value but also taking account of factors such as the length of time since the vacancy was last checked. The Service will receive no payment from LPS for doing this work. However, it is anticipated that, as previously was the case, the rates gain for the Council will be significantly more than the resources required to do this work.

The rating of empty homes, when introduced, is anticipated to yield 10 million pounds in rates for Northern Ireland. Belfast is likely to receive a larger income than any other council, estimated to be between £300K-£500K for the financial year 2011/12. LPS has been working through the vacancy strategy to increase its data sources in preparation for the implementation of this legislation. By continuously assisting LPS in the collection of this data, it will be to the benefit of the council in terms of timely rate bills being reflected in the penny product, and reduced incidence of backdated bills causing problems for ratepayers.

This work will continue in the manner of previous agreements with LPS and will further assist in building a robust partnership with the aim of optimising the operation of an equitable and efficient rating system for all ratepayers.

LPS has previously provided all the requisite guidance on the information that they need to be collected and will provide the:

- necessary data sets which highlight the potential rate intake
- required delegated authority for council officers to act on its behalf should this work be approved.

This work will be kept under review so it does not detract from the core Service duties and so as to determine that there is always a net gain for the Council through the projected rates return.

## **Resource Implications**

### **Financial**

Based on our previous experience of actual versus listed occupation of properties, this work has always yielded increased income for the Council through additional rates collected. The Head of Finance and Performance has indicated that some of the additional finance collected through this project will be reallocated internally to the Service to cater for any additional expenditure. Any expenditure by the Service would be significantly outweighed by the additional potential generated rates income for the Council.

### **Human Resources**

There are no additional human resources implications in the proposed work as in the short term a risk based approach toward regulation work will be used to manage capacity. The Trade Unions were consulted and are satisfied that the work falls under the current job descriptions.

**Recommendation**

It is recommended that the Committee grants approval to carry out the vacant premises inspection work with LPS to influence the Penny Product figures, subject to a regular review and assessment to show that the returns warrant continuation of the surveys.

**Abbreviations**

<b>LPS</b>	Land & Property Services
<b>MoU.</b>	Memorandum of Understanding
<b>SSG.</b>	Strategic Steering Group
<b>SOLACE</b>	Society of Local Authority Chief Executives
<b>NILGA</b>	Northern Ireland Local Government Association
<b>NIBC</b>	Northern Ireland Building Control

**Decision Tracking**

The Head of Building Control will ensure that regular reviews of this work are carried out.