



Belfast City Council

Report to:	Special Policy and Resources Committee
Subject:	Cost of collecting rates
Date:	17 October 2008
Reporting Officer:	Trevor Salmon, Director of Corporate Services
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Relevant Background Information				
<p>Members are aware that the rates are collected by LPS and not the Council. The cost of collecting the rates is charged to the Council as part of the actual PRP final calculation. As LPS collects the rates for all district councils in Northern Ireland, the cost of collection is apportioned between all the local authorities. This apportionment is done on the basis of value of properties (NAV / capital value) in a district council area.</p> <p>The following three tables show the cost of collection that has been apportioned to ratepayers in Belfast over the past three years.</p>				
Table 1 - Overall				
	Total cost of collection	Belfast Apportionment	%age	Increase
2004/05	£10,234,272	£2,495,617	24.38%	
2005/06	£10,413,797	£2,512,236	24.12%	£16,619
2006/07	£11,251,000	£2,685,313	23.87%	£173,077
Table 2 - Domestic				
	Total cost of collection	Belfast Apportionment	%age	Increase
2004/05	£5,221,719	£774,413	14.83%	
2005/06	£5,262,432	£775,079	14.84%	£666.00
2006/07	£5,680,976	£834,318	14.69%	£59,239

Table 3 - Non Domestic

	Total cost of collection	Belfast Apportionment	%age	Increase
2004/05	£5,012,523	£1,721,204	34.33%	
2005/06	£5,151,365	£1,737,157	33.72%	£15,953
2006/07	£5,570,024	£1,850,995	33.23%	£113,838

As can be seen from the tables, ratepayers in Belfast bear a considerable proportion of the total cost of collection particularly in relation to non-domestic properties.

Key Issues

The IRRV, in their report, argue that NAV / capital value is not a good basis for apportioning the cost of collection across local authorities. They argue that a fairer basis would be the number of rateable properties because this is the main driver of the key costs of billing, collection and enforcement.

Table 4 below compares the cost of collection to Belfast using the two apportionment models. As can be seen from the table using the number of properties as the apportionment basis, for the 2006/07 figures, would lead to a reduction of £492,480 in the cost of collection for Belfast. Members should note however that the total cost of collection would not change and that the £492,480 saving for Belfast would lead to an increase in the cost of collection for other local authorities.

Table 4 - Comparison

2006/07	Present Apportionment	%age of Total	Apportionment based on Hereditaments	%age of Total	Difference
	£	%	£	%	£
Domestic	834,318	14.69%	988,607	17.40%	+154,289
Non-Domestic	1,850,995	33.23%	1,204,226	21.62%	- 646,769
Total	2,685,313	23.87%	2,192,833	19.49%	-492,480

Recommendations

The Committee is requested to consider whether the Council should make representations to the Minister to have the Rates Regulations (NI) 2007 amended so that the apportionment of the gross cost of collection is based on the number of rateable hereditaments as reflected in the valuation lists as at 31 March of each financial year.