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**Councillor Ian Crozier
Chairman
Strategic Policy & Resources Committee
Belfast City Council
City Hall
BELFAST
BT1 5GS**

Your Ref:

Our Ref:

Date: 23 December 2010

Dear Councillor Crozier

BELFAST CITY COUNCIL RATES

Thank-you for your letter of 10 December 2010. I am pleased that you expressed your appreciation for both the information we have provided and the collaborative approach taken. We look forward to continuing to work in partnership with the Council, and thank you for your support and assistance.

LPS realises the reliance of councils on the rates collected by LPS, and we are working towards maximising collection and minimising losses for all 26 district councils and the regional rate. As you may know, we have put a number of measures in place to improve our collection and recovery processes in the last number of years, including:

- Vacancy inspection exercises with councils;
- A debt recovery plan;
- The establishment of a Central Investigation Team to improve billing information; review of debt recovery processes by IRRV;
- An occupancy management strategy;
- New domestic vacancy procedures; and
- Improvements in data matching processes with councils and utility providers.

In your letter you have asked for some specific information, and I have set this out in the attachment to this letter.

You also invited me to attend the February 2011 meeting of the Strategic Policy and Resources Committee, and before doing so, to discuss the information provided with Council officials. I understand that this meeting has now been arranged for the 18th February 2011.

I am very happy to meet with officials before the Committee meeting, and, once you have had a chance to consider the information provided in this letter, please contact my office to arrange a suitable date and time.

In the meantime, if you require any further information, or clarification of the information provided, please contact me.

Yours sincerely

A handwritten signature in black ink that reads "John Wilkinson". The signature is written in a cursive style with a large, looping initial "J".

JOHN WILKINSON

INFORMATION RELATING TO BELFAST CITY COUNCIL

- a. **The number and value of properties which have been valued but for which a rates bill has not been raised, and the actions being taken to get these bills issued.**

There are five main categories of properties for which bills are not issued. These are:

- Vacant properties;
- NIHE properties in receipt of Housing Benefits;
- De-rated properties which, following application, qualify for an exemption;
- New properties on the valuation list; and
- Properties with billing queries.

An analysis of the billing arrangements for Belfast City Council valued properties is set out below. This shows that:

- The total number of new properties not billed is 658, which is 0.45% of the total valued properties.
- There are 973 properties with billing queries, representing 0.66% of the total valued properties.

Belfast City Council – Analysis of billing arrangements for valued properties by sector

	Domestic		Non-domestic	
	Number	%	Number	%
Vacant properties	7,118	5.4	1,625	10.4
NIHE Properties	7,169	5.4	1	-
De-rated properties	59	0.1	1,688	10.8
New properties	415	0.3	243	1.5
Properties with billing queries	728	0.5	245	1.6
Billed properties	116,494	88.3	11,830	75.7
Total	131,983	100	15,632	100

The Gross Rate Income (GRI) value of properties associated with new property listings is £3.6 million, and the GRI value of properties with billing queries on valued properties is £1.3 million.

LPS is working in two strands to get bills issued for new properties that have been valued but not yet billed. The first is to action within two weeks all completed Certificates of Revision that are received in weekly files from the valuation side of the business. The second strand actions historic Certificates of Revision that require further investigation - these cases, in general, do not have sufficient information to produce a rate bill. We have set up a dedicated Central Investigation Team to trace ownership details, effective dates (start date of bill), liability, and so on, with a view to progressing these cases through to the billing stage.

b. Details of the current level of rates arrears along with an age profile of the debt

The level of prior year debt has reduced significantly in-year for Belfast City Council. The Council was furnished with a prior year debt balance of £42.5 million as at 26th July 2010, and this has now reduced by 36.5% to £27,014,047 as at 19th December 2010; £ 16,056,494 (59%) of which is in recovery. We have plans in place to address all outstanding debt. An aged profile of the Belfast City Council debt as at 19th December 2010, is set out below.

Belfast City Council – Aged Rating Debt Analysis

Rating Year	Aged Debt (£)
2009-10	13,127,190
2008-09	6,735,489
2007-08	3,571,152
2006-07	2,219,322
2005-06	1,248,807
Prior to 2005-06	112,086
Total	27,014,046

c. Details of the steps being taken to recover the latest arrears

Reversing the recent growth in the ratepayer debt figure is the key strategic priority at this time for LPS. Levels of ratepayer debt have increased since 2004. This time frame is closely related to the impact of significant reforms to the rating system and associated IT replacement projects, and more

recently to the general economic decline, which has increased the number of bankruptcies and liquidations, and the difficulties in payment generally for both domestic and non-domestic ratepayers in paying their rates.

In dealing with these issues, we work closely with those in financial difficulty and, where possible, agree payment over an extended period rather than move to bankruptcy or enforcing debt through the legal system. While this approach maintains contact with the ratepayer and provides a certain level of collection, it also affects the overall level of ratepayer debt outstanding at any time.

LPS pursues unpaid rates through legal recovery processes, leading to lodging of the debt with the Enforcement of Judgements Office. Portions of prior year debt are already fully enforced with the Enforcement of Judgements Office, or are the subject of agreed extended payment arrangements. Other portions are debts that require further investigation to ensure that the right rate bill is served on the right person at the right address, with court action following non-payment. LPS is actively tackling key backlogs, which revolve around cases where data needs to be validated/edited before billing and recovery action can be concluded. Solid progress is being made in this regard.

Alongside progressing short-term actions, LPS is actively considering issues such as the cost effectiveness of appropriate involvement of private sector debt collection agencies in the recovery of rate payer debt, and the appropriate resourcing (in terms both of numbers and of skills) for debt recovery work within LPS. Close partnership with many other organisations, not least the Enforcement of Judgements Office, is also essential.

Reducing the level of ratepayer debt is challenging work, given the unprecedented economic decline and the complexity of some of the cases being tackled. LPS constantly has to strike a balance between giving people time to pay, and pursuing recovery of money (which can often lead to bankruptcy). The current economic situation has put financial strain on all ratepayers, and therefore debt needs to be vigorously pursued while at the same time ensuring that ratepayers are aware of rate reliefs and entitlement to support.

LPS continues to provide updates on this crucial work to councils through the Penny Product Working Group and Strategic Steering Group.

d. Details of the improvements being made to the management of vacant properties

Occupancy and ownership management, which includes the management of vacant properties, has been reviewed within LPS and, as a result, the Central Investigation Team (CIT) has been established with key areas of focus, as follows:

- Gathering ratepayer billing information for new and existing domestic and non domestic properties at the earliest point in the valuation and billing cycle.
- Investigating bills which have been returned by Royal Mail.
- Locating ratepayers who have moved but still have debt on their property.
- Gathering ownership details in preparation for the introduction of the Rating of Empty Homes.

LPS and councils have been discussing a range of areas for partnership working including property addressing, commencement occupiable and completion lists, property details and occupancy information. LPS has also been working with NIE on agreeing data sharing arrangements to support the billing process. Following a successful pilot exercise involving two postal districts, a further seven postal districts are now being processed.

e. Details of progress in getting bills raised as part of the vacant property exercise being completed in conjunction with the Building Control service

Belfast City Council piloted the first exercise in LPS/Council Vacancy Management by inspecting many properties in Belfast which were recorded in the billing system as vacant. The principle was taken forward with other councils and as a result of this, two project phases involving 25 councils were implemented, and rate bills totalling £38 million have been issued. Details of the Belfast billing statistics are set out below.

Phase 1	£8,257,682.27	total bills generated
Phase 2	<u>£2,778,588.89</u>	total bills generated
Total:	£11,036,271.16	

f. Details of the systems, processes and resources being put in place to ensure that the introduction of vacant domestic property rating will be effectively implemented by October 2011

In preparation for the introduction of Rating of Empty Homes on 1 October 2011 a dedicated project team has been established within LPS. This team is responsible for the development and implementation of the new systems and processes required to effectively administer the scheme. A project plan has been developed covering policy, legislation, business processes, IT systems, management Information, resources, and communication and publicity.

Progress against the plan is on track. The policy and business processes have been developed, and the specification for enhancements for the IT

system has been signed off with development due to commence in the New Year. Gathering ownership details for domestic properties has been incorporated into the business as usual processes and, in addition, arrangements are in place to gather owner details from other sources. A range of communication and publicity activities is due to commence in January 2011.

g. Details of applications for NDVR exclusions and the potential liability to the council

There are currently 16 outstanding exclusion applications for Belfast City Council. If successful, these will reduce the Non Domestic Vacant Rating (NDVR) 50% loss by £131k, and will increase the NDVR exclusion liability by £262k.