

**Land & Property Services
Trust Statement – Rate Levy
Accruals Account**

**ANNUAL REPORT AND ACCOUNTS
For the year ended 31 March 2023**

Land & Property Services Trust Statement – Rate Levy Accruals Account

ANNUAL REPORT AND ACCOUNTS For the year ended 31 March 2023

Presented to the House of Commons pursuant to Section 67A(2) of the Northern Ireland Act 1998

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Accounts Act (Northern Ireland) 2001
by the Department of Finance
on 15th November 2023

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LAND & PROPERTY SERVICES

Annual Report and Accounts for the year ended 31 March 2023

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DIRECTOR'S REVIEW

FOREWORD

Introduction

I am pleased to present the 2022/23 Land & Property Services (LPS) Annual Report and Trust Statement Accounts, also known as the LPS Rate Levy Accruals Account.

Firstly, I would like to thank everyone in LPS for their hard work and commitment during the past year. LPS staff have continued to deliver a high level of performance throughout all of its business areas. I would also like to thank our Trade Union colleagues for their constructive engagement during the year.

LPS has achieved, or substantially achieved, the majority of our 2022/23 business targets. However, there are some aspects I would particularly like to highlight as follows:

- Collecting 90.4% of the total collectable revenue raised. Although the target of 90.5% was not met, the environment for collection continued to be challenging due to the continuing impact of Covid 19 and the Cost of Living crisis;
- Positive Penny Product outturns for 10 of the 11 District Councils. This means that the district rate revenue raised during the year was greater than what was forecast during the rate setting process for all but one Council;
- Collecting £1.36 billion in rates revenue to support regional and local services;
- Completion of the transfer of Housing Benefit to the Northern Ireland Housing Executive which will give claimants a better customer experience; and
- Completing the 2023 Non-Domestic Revaluation for publication in April 2023.

Looking Ahead

Looking ahead, we have very substantial challenges to meet, including:

- Maintaining and maximising rate collection levels against a backdrop of rising prices while supporting ratepayers in a suitable and sustainable way; and
- Progressing the development of innovative and modern IT systems to deliver better customer experiences, drive efficiency and data driven decision making.



Neil Gibson
Accounting Officer
26th October 2023

PERFORMANCE AND ACCOUNTABILITY REPORT

DIRECTOR'S REPORT

Accounts Direction

These are the audited Accounts of LPS Rate Levy Accrual Account in respect of the collection of rates only, for the financial year ended 31st March 2023. The production of the Trust Statement was introduced in 2010/11 to comply with the Government Financial Reporting Manual. The Trust Statement shows the revenue collected by Land & Property Services for the Consolidated Fund and falls outside the boundary of the Department's Annual Report and Accounts. These Accounts have been prepared in accordance with the Department of Finance's Accounts Direction issued in compliance with the Government Resources and Accounts Act (Northern Ireland) 2001.

LPS Published its new LPS 2027 Strategy during the year.

LPS 2027: Our Vision is:

“to make a real and positive difference through Land and Property Services”.

To help us achieve this vision, LPS will focus on achieving three strategic goals:

- Designing quality land and property services for customers;
- Consistently delivering value across all that we do; and
- Creating the right environment for our people to succeed.

LPS 2027: Our Values

Our values set out the attitudes and behaviors that will help us to achieve our strategic goals and our vision.

They are a framework to guide and influence the words and actions of our people in their day-to-day work and we will work continuously to make these values real in the lives of our people.

People: We respect and value people

Responsibility: We make a difference

Collaboration: We achieve more together

Ambition: We strive for the best

LPS Management Board

During this reporting period, the Chief Executive was responsible to the Permanent Secretary for the management of LPS performance and operations. The Chief Executive was assisted in the stewardship of LPS by the Management Board. The Management Board meet on a monthly basis.

The Management Board directs the strategic management of LPS by reviewing its strategic options, setting its corporate direction, supporting the transformation plan, monitoring performance at corporate level and ensuring adequate governance controls.

The membership of LPS Management Board in 2022/23 is detailed below.

Ian Snowden	Chief Executive
Judith Andrews	Acting Chief Executive until July 2022
Angela McGrath	Director of Valuation/Commissioner of Valuation
Christine Farrell	Registrar of Titles
Jim Lennon	Chief Survey Officer/Director of Ordnance Survey (retired 31 March 2023)
Nigel McVittie	Director of Digital Transformation
Sharon Magee	Director of Rating Policy
Chris Rooney	Director of Revenues & Benefits

Business Performance and Risk Management

During 2022/23, business performance against key departmental targets was monitored by the Management Board on a monthly basis. Key Departmental targets for the rating service, associated risks and other risks were monitored by the LPS Management Board and the Departmental Audit and Risk Committee.

Within the context of implementing our strategic aims with regards to rate collection, two Corporate Targets were identified for the 2022/23 year. These were:

- to increase collection as percentage of Net Collectable Liability to 90.5%; and
- to achieve a Cost of Collection per hereditament of no more than £21.

Corporate Target 1: To achieve 90.5% collection

Year Ended	Target Collection	Actual Collection	Variance
	%	%	%
March 2023	90.5	90.4%	(0.1)

This target was not achieved. When the target was set, it was anticipated that LPS would resume legal recovery action for the first time since the 2019/20 financial year, however due to budgetary constraints this was not possible. LPS has secured a budget for legal recovery for 2023/24 and hope to initiate recovery action going forward.

Corporate Target 2: To achieve an average Cost of Collection of no more than £21

Year Ended	Target Cost	Actual Cost	Variance
	£	£	£
March 2023	21	21.94	(0.94)

Due to unforeseen inflation having an impact on LPS overheads, the average Cost of Collection target was missed.

Figure1: Trends in Ratepayer Debt

	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19
	£ million	£ million	£ million	£ million	£ million
Gross Assessments	1,606.72	1,564.50	1,541.40	1,554.50	1,512.20
Net Revenue Collectable	1,527.37	1,171.20	1,089.80	1,377.40	1,333.60
Ratepayer Debt	173.3	152.3	152.7	124.4	124.5
Debt written off	(12.1)	(16.7)	(5.1)	(14.5)	(15.9)
Impaired amount	(57.2)	(56.7)	(51.8)	(38.3)	(36.1)
Write off as a % of Gross Assessments	0.8%	1.1%	0.3%	0.9%	1.1%
Year End debt as a % of Gross Assessments	10.8%	9.7%	9.9%	8.0%	8.2%

*Note that the figures included in the table above are those from the Revenue & Benefit's system without the Year End accounting adjustments (eg accrued income & losses) and as such differ slightly from the figures in the Financial Statements.

Non-Domestic Vacancy Exemptions

There were 12,620 non-domestic properties registered as vacant on the LPS rating system at the beginning of the 2022/23 year (12,377 at the beginning of the 2020/21 year). These properties receive either 100% relief, 50% relief or are exempt from rates whilst vacant. In order to maximise the rate revenue and ensure the accuracy of discharge awarded, LPS established a programme of inspections of vacant non-domestic properties in partnership with local councils. During 2022/23 a total of 4,748 properties were inspected which equates to 37.7% of the vacancy list. Of properties inspected 640 were occupied which equated to 13.5% of total inspected properties (1,931 inspections, with 31 occupied or 1.61% during 2020/21). Note that during the 2022/23 year most of the inspections carried out were desktop inspections, although approximately 311 property visits were undertaken during the rating year. A desk inspection involves carrying out a detailed online search through social media, estate agent's website, google searches and matching to internal systems (e.g. Valuation's Assessment Office) and contacting a known owner or agent.

Outstanding Valuation Caseload

In the normal course of its business, LPS registers cases each day to revalue domestic and non-domestic properties, bring new properties into the Valuation List and to remove properties from the Valuation List. As such, the Valuation List tax base and, therefore the rate revenue figure in the financial statements, can never be absolutely complete. A model has been developed to quantify the estimated impact of this outstanding valuation caseload figure on the rate revenue. It is important to note that this model as developed assumes that all properties would be fully occupied from the beginning of the financial year and would not be

entitled to reliefs such as Industrial derating or Sport and Recreation relief. As such it is acknowledged that the model overstates the net rate revenue impact of in-hand casework.

The wider context of the work in hand at the end of 2022/23 is the delivery during that year of the Revaluation of almost 75,000 non-domestic properties, three years on from the previous revaluation in 2020. The Minister gave a commitment in 2021 to complete the first 3-yearly revaluation here, and it came effect on 1 April 2023.

In addition to completing the Revaluation, LPS delivered a 6.5% increase in domestic cases completed during the year, although there has also been a slight increase in domestic cases in hand at 31st March 2023 with cases rising from 16,485 to 17,263. Non-domestic case numbers completed in-year increased by 39%, and non-domestic in hand cases have decreased from 9,324 at 31st March 2022 to 8,102 at 31st March 2023.

Non-domestic challenge cases continue to be reviewed and considered. Challenges to the new 2023 Valuation List are now being received, with there being an expected peak of challenge cases from the new List in the first year following publication. Work across other domestic and non-domestic case types also continues, with priority given to the oldest cases in progress, and reducing the quantity and age profile of work in hand at year end. The age profile of new domestic properties has continued to improve and has decreased from 89 days to 77 days.

It must be noted also that the date of the valuation adjustment is reflected in the rate revenue when it is processed and as such no amount of revenue is lost.

Housing Benefit Fraud and Error

The NI Comptroller and Auditor General qualified her opinion on the 2021/22 LPS Trust Statement due to a limitation in audit scope over the regularity of housing benefit expenditure administered on behalf of the Department for Communities due to the material levels of fraud and error, and it is likely that this qualification will be retained for the 2022/23 Trust Statement. Responsibility for administration of HB transferred to the Northern Ireland Housing Executive (NIHE) from 1 June 2022, however the awards will continue to be shown as non-cash credits on rate accounts, and therefore the expenditure will still sit in the LPS Trust Statement.

Identifying Unknown Ratepayers

LPS participates in the National Fraud Initiative. Under the initiative LPS matches data with the Electoral Register to identify domestic properties where the owner or occupier is unknown to LPS but is recorded on the electoral register. LPS also makes use of tracing services to identify the owner or occupier of properties where this information is unknown to LPS. This enables more effective billing and collection of rates.

Accounts

The Accounts at the end of this report have been prepared in accordance with the Accounts Direction given by the Department of Finance (DoF), in accordance with Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

Localised Restrictions Support Scheme (LRSS)

The LRSS was introduced in October 2020 to administer a number of COVID-19 reactive business support schemes and was formally closed on 7 April 2021. A total of 24,322 applications were received and approximately £320m issued in grant payments. Of the total number of applications received, 92 cases were identified by LPS staff as potential fraud cases and referred to the Group Internal Audit & Fraud Investigation Services (GIAFIS) for further investigation. 17 cases have been closed and the PSNI are currently investigating all 75 remaining cases. Of these 75 cases under investigation, 35 resulted in payment (amounting to £522k) whereas nothing was paid in the other 40 applications.

Omicron Hospitality scheme

The Omicron Hospitality payment scheme was introduced in December 2021 to provide a one off grant payment to hotels, restaurants, cafés, coffee shops, bistros, snack bars, nightclubs, pubs, and social clubs as a result of the impact of COVID-19 on the hospitality industry. The scheme closed to new applicants in March 2022. The administration of the LRSS scheme and lessons learned were used in the development of the scheme and included the creation of mitigations. There were two application streams for the Omicron Hospitality payment. The first application scheme was for those with previous LRSS applications and was deemed lower risk. The second application scheme involved a more extensive application process and more detailed checks. The estimated level of potential fraud and error in the scheme is £221k.

Corporate Governance Report

The Chief Executive of LPS is responsible to the Permanent Secretary for the performance and operations in accordance with its Framework Document and its Operating Plan. The Chief Executive is responsible for the day-to-day management of LPS and makes periodic reports to the Permanent Secretary on performance and progress.

The Permanent Secretary of DoF provides support and guidance to the Chief Executive and advises on the strategic directions of LPS, the Corporate Business Plan, the organisation's Key Performance Targets and the resources needed to achieve them.

Business Planning

Our business planning cycle is a fundamental part of the work carried out by the Transformational and Organisational Services Directorate, which is responsible for developing and agreeing a timetable of business planning events culminating with the production of the forthcoming year's Business Plan.

Staff are involved in collating a wide range of information from across the Directorates. This includes drafting the content of the Business Plan and developing the organisation's Corporate and Directorate Plans.

Risk Management

The LPS Management Board is responsible for risk management and ensuring that an effective management process is in place and that it is regularly reviewed. The separate LPS Audit and Risk Committee (ARC) was discontinued, and its role was amalgamated with the Departmental ARC. Where the LPS Management Board deem it necessary, a risk can be

escalated to the Departmental Risk Register, which is regularly reviewed by the Departmental ARC.

The Management Board collectively agrees the risks to be included in the LPS Corporate Risk Register which sits in the LPS RAID Log.

The LPS Corporate Risk Register and RAID (Risks, Assumptions, Issues and Dependencies) log are created at the beginning of the financial year. The Risk Register and RAID Log document the risks to the delivery of LPS business objectives that have been identified by the Directors and Chief Executive. The Risk Register is collectively agreed by the Management Board in April. The Management Board assigns ownership of each risk and risk owners are requested to provide quarterly updates during the year.

Directors will assume responsibility for risks across their own Directorates, which may have a major impact upon the delivery of service or achievement of LPS objectives. Directors will assume responsibility for those risks which might impact on the delivery or timescale of their business activities. If any significant risks arise, the Director will raise these for consideration by Management Board. The guidance for escalation of risks is detailed in the LPS Risk Management Framework.

Reporting procedures for complaints

LPS has a comprehensive complaints process which follows the principles of effective complaint handling developed by The Northern Ireland Public Services Ombudsman. The process involves 2 stages of complaint.

All complaints received in LPS are registered and an acknowledgement letter is issued informing the customer that they can expect a reply within 10 working days. A comprehensive review of each case is carried out before the response is drafted and issued. If LPS is unable to reply within the original timeframe we will write to inform the customer. If the complainant remains unhappy following receipt of their Stage 1 reply they can choose to escalate the matter to the Chief Executive. This is the second stage of the process.

In total LPS received 605 complaints in the 2022/23 year compared to 737 complaints in the 2021/22 year. This equates to a 18% decrease in complaints received by LPS compared to 2021/22.

Employee Policies and Involvement

We recognise that our staff continue to be our most valuable asset. We are committed to DoF's policies on equal opportunity and responsibility for the employment and career development of all staff, regardless of gender, ethnic background or disability.

We seek to increase the potential of all our staff and operational managers through the implementation of our Human Resources and Training Strategy.

We continue to engage with our staff on a regular basis through team briefs, intranet, and management meetings. In addition, there were regular meetings between management and local employee representatives in line with our Whitley Constitution.

Equality of Opportunity

We follow the Northern Ireland Civil Service policy in that all eligible persons should have equal opportunity for employment and advancement on the basis of ability, qualifications and aptitude for work.

Employees with Disabilities

We follow the Northern Ireland Civil Service Code of Practice for the employment of people with disabilities. We aim to make sure that disability is not a bar to recruitment or advancement.

Health and Safety

LPS continues to pay special attention to the welfare of staff and customers, including matters relating to their health and safety.

LPS recognises the importance of a healthy and safe working environment and is committed to adhering to all existing legislation on health and safety. We continue to monitor and review existing policies to improve the health, safety and welfare of staff.

The LPS Health and Safety Committee is comprised of representatives from the Trade Union and Management and meets four times a year. The Committee advises the Management Board and as such, it is the responsibility of Management Board to consider the advice provided and to action as appropriate.

LPS follows the DoF 'Health & Safety at Work Policy Statement' which was made available to staff on 1 January 2016. The 'Lone Working Policy' was updated during 2016 and the revised version was agreed with TUS and made available to all staff. This document covers information and advice for LPS staff working in the field.

Political and Charitable Donations

LPS made no political or charitable donations during the year.

Auditors

The financial statements are audited by the Comptroller and Auditor General (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. All relevant information was made available to the Auditors. The Audit Certificate is reproduced on pages 16 - 21 and the C&AG's Report is reproduced at the end of these accounts.



Neil Gibson
Accounting Officer
26th October 2023

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, DoF has directed the Department to prepare for each financial year a Trust Statement (the statement) in the form and on the basis set out in the accounts direction. The Statement is prepared on an accruals basis and must give a true and fair view of the state of affairs of the LPS Rate Levy Accruals Account Trust Statement and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the DoF, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis;
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The DoF has appointed the Permanent Secretary as Accounting Officer of the Trust Statement. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Trust Statements' assets, are set out in Managing Public Money published by the Department of Finance.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Trust Statement auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

GOVERNANCE STATEMENT

LPS was formed as an Executive Agency in April 2007, initially from the merger of the former Rate Collection Agency and the Valuation and Lands Agency. This was followed in April 2008 by the addition of the Land Registers of Northern Ireland and Ordnance Survey of Northern Ireland. In February 2013 the then Minister for Finance and Personnel (now DoF) announced that LPS would cease to be an Executive Agency of the Department from 1 April 2013. From this date, LPS has continued its branding and delivered the same services, but as a business group within the department. The Permanent Secretary of DoF is the Accounting Officer. He is responsible for the organisation's performance and operates in accordance with the LPS Framework document and its Business Plan.

The Chief Executive of LPS has, however, responsibility for the overall day-to-day leadership and management of LPS, making regular reports to the Permanent Secretary on performance and progress. LPS Management Board is responsible for the strategic direction of the

organisation by reviewing its strategic direction, monitoring performance at corporate level and ensuring that adequate governance controls are in place.

During 2022/23 LPS recorded a total of 24 data incidents. Of these incidents, 20 were reported as data breaches, all of which were minor. No breaches were reported to the Information Commissioner's Office.

The Governance Statement sets out how LPS has monitored and evaluated the effectiveness of its governance arrangements.

Context

LPS is part of DoF. The overall aim of DoF is "to help the Executive secure the most appropriate and effective use of resources and services for the benefit of the community". The work LPS does makes a significant and positive difference to the everyday lives of all the citizens in Northern Ireland. LPS provide and support important public services by:

- collecting over £1 billion in rates for the NI Executive and District Councils to fund important public services provided by central and local government;
- providing mapping services which are used widely across the public and private sectors informing policy development and enhancing service delivery;
- administering various rate related reliefs including Rate Rebate, Low Income Rate Relief, Lone Pensioners Allowance, Disabled Pensioners Allowance and a number of business related reliefs to help those in need pay their rates and provide assistance to business;
- monitoring domestic and non-domestic Valuation Lists;
- providing a registration service for recording legal interests in land and providing land information for conveyancing purposes; and
- delivering property valuations, estate management and property data services to the public sector.

Financial Management

Financial Management requires the LPS Board to play a significant part in the effective monitoring and management of the organisation's financial performance. LPS regularly reviews actual income and expenditure against budget to form the basis of collective Board decisions about the allocation and use of resources to ensure that the LPS financial management target of avoiding overspend and managing under spend within a tolerance of 1.5% is met.

The LPS Finance Business Partnering Team of the Departmental Finance Division provides a monthly support function to the LPS Management Board by issuing monthly financial management reports to the Board, and providing advice and recommendations in the allocation of resources. LPS Directorates are responsible for managing their budgets and reviewing actual and forecast information and analysis of variance against budgets. This enables the LPS Board to assess the extent to which corrective action is needed to address the organisation's financial position.

The information provided by the LPS Finance Business Partnering Team is in the form of monthly LPS Management Accounts to each Directorate and LPS management members to

show the spend against budget for the period and year, variances to date, and total budget for the year. The LPS Management Board is also supplied with a monthly finance report which provides high level finance information on spend against budget, and highlights areas of concern. LPS Management Board is satisfied with the quarterly financial report which is used to note strategic decisions on priority spend.

Risk and Control Framework

Risk management within LPS continues to be an integral part of our business planning process. This includes identification of risk, assignment of ownership, presentation of the risk, mitigation, management, evaluation and review.

The LPS Risk Register is an integral part of LPS Risk Management policy and approach. The Risk Register records the status of each high level risk and the actions being taken to address the risk.

The R&B Project has completed the Analysis phase and progressed to Design and Development stage, however the status of the Revenues & Benefits Implementation Project was raised to Red in August 2023, following a delay in the delivery of milestones. As a result, the Supplier is due to provide a Rectification Plan by 22nd November 2023.

The Project status currently remains Red.

The Management Board ensures the risk management and internal control are regularly reviewed and reported on in the following manner;

- all business areas use predetermined weightings and a standardised approach to risk assessment;
- key risks identified at organisational level are documented on Risk Registers and are reviewed on a formal basis by the Management Board at least four times during the course of a year;
- by escalating any risk to the Departmental ARC where it is considered necessary by Management Board;
- Directors complete Stewardship Statements at the end of each financial year. Mid-year reports are the vehicle for ensuring the continued maintenance of registers during the year;
- adherence to the Department's 'Whistle Blowing' policy;
- the Management Board receives periodic reports concerning internal control. The appropriate steps have been taken to manage risks in significant areas of responsibility and to monitor progress reports on key projects; and
- key projects are managed within a programme environment. Each project is owned by the appropriate member of the Management Board and managed within the Prince2 project structure by a project manager who has been trained in this and risk analysis. The Gateway Review process has been implemented for priority projects.

The main risks associated with LPS are around not achieving the two key targets referred to in the Director's Report.

Organisation Performance

The LPS Business Plan 2022/23 sets out the targets and objectives for the year against which performance is reported and monitored. Progress has been reported monthly to the Board, as part of the Corporate Performance using a Red/Amber/Green status assessment of each target and narrative on the actions taken to deliver the expected outcomes. In September 2022 LPS published its five year strategy to 2027.

Progress against Key Departmental targets is also reported on a quarterly basis to DoF.

Level of Assurance

The Accounting Officer has responsibility for ensuring that a robust risk management system is in place, so that risks faced by LPS are identified and managed accordingly. The Accounting Officer is also responsible for reviewing the effectiveness of the system of internal control. The review is informed by the work of DoF's Internal Audit and Board members who have responsibility for ensuring that the controls and actions recommended are implemented. One Internal Audit report was issued during the reporting period relating to Revenues and Benefits which received a Satisfactory level of assurance. This report contained one category 3 recommendation which has been accepted by management and action is currently being taken to rectify the issue.

Fraud Prevention and Assurance

LPS takes a zero tolerance approach to fraud and will report instances of fraud to the PSNI, if necessary. LPS also participates fully in the National Fraud Initiative by investigating matches in relation to payroll, pensions, trade creditors, rates and Housing Benefit data. The National Fraud Initiative (NFI) is run in two year cycles. The NFI matches for the 2022/23 year were released to LPS for potential review. LPS is currently reviewing the cases identified with no findings to report at this time.

In June 2022 the administration of Housing Benefit for Owner Occupiers transferred from LPS to the Northern Ireland Housing Executive (NIHE). NIHE is a National Fraud Initiative participant and aims to maintain the integrity and security of the HB scheme continually reducing fraud and error levels. The overriding principle for the delivery of HB service is to pay the right person, the right money, at the right time. To do this NIHE utilises a variety of sources, including, Automated Transfer to Local Authority Systems (ALTAS), Verified Earnings and Pension (VEP), Risk Based Data Cleansing Exercises, Interventions, Nation Fraud Initiative (NFI), Identifying Duplicate HB Claims. The VEP service enables DWP to share HMRC Real Time Information (RTI) data with NIHE. HB staff use the RTI data to assess the customer's entitlement. Having up to date earnings and/or pension information available when assessing HB helps ensure the correct information is used and helps prevent fraud and error from entering the system from the outset. SAU Official Error reports are reviewed by the NIHE HB Audit, Risk & Assurance Manager and shared with HB Compliance Support Officers. This helps to influence the formation of processes, policies, training and procedures to promote good practice and mitigate against the risks of fraud and error.

Whistle blowing arrangements are in place and can be used to raise concerns about alleged impropriety, wrongdoing, corruption, fraud or malpractice.

Rate Rebate Fraud and Error

The Rate Relief Regulations (Northern Ireland) 2017 came into operation on 27 September 2017 aligning with the introduction of Universal Credit (UC) and sets the policy for LPS to administer a Rate Rebate Scheme for claimants in receipt of UC.

The regulations provide that the Rate Rebate Scheme is only available to claimants in receipt of UC. Those entitled to Rate Rebate receive a credit to the Rate Account to offset rating liability. The only exception to this is in respect to claimants who live in Housing Executive or Housing Association properties. Awards in these cases are made by a monthly payment to the Social Landlord through DoF Account NI. The total value of credits applied to rate accounts is shown in the LPS Trust Statement, while the full value of the credits and the payments to Housing Executive and Housing Association claimants is shown in The Departmental Resource Accounts. The fraud and error figures below refer to the estimation associated with the whole value of Rate Rebate (i.e. credits and payments).

Potential for customer fraud and customer error is minimised due to the policy requirement that awards are based on UC entitlement. LPS make use of the Department for Work and Pensions (DWP) Customer Information Services to verify claimant details. LPS is aware of the potential risk for fraud and error within UC and has reported this to DfC. LPS attends the UC Programme Board and UC Risk Review Board to ensure continued awareness of the consequential outcomes stakeholders face due to UC being a gateway for fraud and error to enter LPS systems. Internal Audit carried out a review of Rate Rebate Central Unit during the 2019/20 year and awarded a satisfactory audit opinion.

LPS has developed a robust process to assess the accuracy of rate rebate claims. During the year ended 31 March 2023, LPS estimates that a total of £402k of rate rebate was paid in error due to official error (£83k underpayments and £319k overpayments). To ascertain the level of customer fraud and error, LPS used as a proxy the percentage of customer fraud and error found in Universal Credit estimated by SAU. This has given rise to an estimate of £2,273k (£1,920k customer fraud overpayments, £22k customer fraud underpayments, £177k customer error overpayments and £154k customer error underpayments). The total level of fraud and error in rate rebate is estimated to be £2,675k. Note that these estimated value of fraud and error figures are associated with the full amount of the expenditure as disclosed in the DoF Resource Accounts ([DoF Annual Report and Accounts | Department of Finance \(finance-ni.gov.uk\)](https://www.finance-ni.gov.uk))

The SAU has started assessing the rate rebate caseload for financial accuracy (i.e. official error) and issued its first report in early 2023. The SAU is also developing its methodology for assessing rate rebate for customer fraud and error and should be in a position to report results in the Autumn of 2023. This will form the basis of the fraud and error estimation for the 2023/24 Financial Statement.

Housing Benefit Fraud and Error

LPS administered Housing Benefit (HB) for Owner Occupiers on behalf of DfC during the year. The HB awards takes the form of a non-cash credit to the relevant rate account, and is shown in the LPS Trust Statement of Rate Levy (the expenditure is not shown in the DoF accounts). LPS administered a total of £30 million of HB during 2022-23. Responsibility for administration of HB transferred to the Northern Ireland Housing Executive (NIHE) from 1 June 2022, however the awards will continue to be shown as non-cash credits on rate accounts, and therefore the expenditure will still sit in the LPS Trust Statement.

Levels of fraud and error in Housing Benefit for owner occupiers are reported by the Standards Assurance Unit (SAU) within the Department for Communities (DfC). The SAU issued two reports, being 'Housing Benefit Review (Customer Error and Customer Fraud)' and 'Housing Benefit Review Financial Accuracy Official Error' for the calendar year 1 January 2022 to 31 December 2022 in March 2023. These reports highlighted customer error amounting to £0.81m (£0.77m customer error overpayment, £0.04m customer error underpayment) and £2.05m customer fraud overpayments in Housing Benefit for owner occupiers. The level of Official Error was £0.79m (£0.65m official error overpayment and £0.14m of official error underpayment). Customer error and customer fraud estimated of Housing Benefit for owner occupiers are based on the results of Benefit Reviews in 2022.

Conclusion

Taking into account all of the arrangements set out in this Governance Statement, LPS has an effective governance structure in place and has satisfactory systems of internal control which have operated effectively throughout 2022/23.



Neil Gibson
Accounting Officer
26th October 2023

Assembly Accountability and Audit Report

Regularity of Expenditure (Audited Information)

1. Losses and Special Payments

Losses Statement

In 2022/23 there were losses to the value of £12,001k which represented write-off of uncollectable rating debt (2021/22: £15,590k).

During 2022/23 there was no individual loss in excess of £250,000. (In 2021/22 there was one loss identified in excess of £250,000, which amounted to £1,693,748)

Special Payments

There are no special payments reported in the LPS Trust Statement of Rate Levy.

Remote Contingent Liabilities

There are no remote Contingent Liabilities reported in the LPS Trust Statement of Rate Levy.



Neil Gibson
Accounting Officer
26th October 2023

LAND AND PROPERTY SERVICES TRUST STATEMENT - RATE LEVY ACCRUALS ACCOUNT

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Land and Property Services Trust Statement- Rate Levy Accruals Account for the year ended 31 March 2023 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Revenue and Expenditure, Financial Position, Cash Flows; and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

In my opinion the financial statements:

- give a true and fair view of the state of the Land and Property Service Trust Statement- Rate Levy Accruals Account's affairs as at 31 March 2023 and of the Land and Property Service Trust Statement-Rate Levy Accruals Accounts net revenue for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Qualified opinion on regularity

In my opinion, except for the estimated fraud and error in Housing Benefit relief expenditure, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions, including qualified opinion on regularity

Included in expenditure is an amount for Housing Benefit relief of £29.9 million against which a total level of fraud and error is estimated to be £3.6 million. The financial statements disclose an estimated level of error of £1.5 million, (£1.4 million overpayment, and £0.1 million understatement) and an estimated level of fraud of £2.1 million.

Transactions for Housing Benefit relief that result in fraud or error do not conform to the relevant primary legislation specifying entitlement and calculation criteria. The expenditure is therefore irregular. I consider the level of fraud and error to be material to my opinion on the accounts.

I have therefore qualified my opinion on the regularity of Housing Benefit relief expenditure because of the estimated levels of overstatement due to fraud and error where expenditure has not been made for the purposes intended by the Assembly and the estimated level of overstatements and understatements in Housing Benefit relief, which do not conform to the relevant authorities.

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate.

My staff and I are independent of Land and Property Services in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Land and Property Service Trust Statement- Rate Levy Accruals Account's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Land and Property Service Trust Statement- Rate Levy Accruals Account's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for the Land and Property Service Trust Statement- Rate Levy Accruals Accounts is adopted in consideration of the requirements set out in the Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my audit certificate and report. The Accounting Officer is responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Land and Property Service Trust Statement- Rate Levy Accruals Account and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Land and Property Service Trust Statement- Rate Levy Accruals Account's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Land and Property Service Trust Statement will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

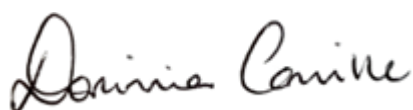
- obtaining an understanding of the legal and regulatory framework applicable to the Land and Property Service Trust Statement- Rate Levy Accruals Account through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included Rates (Northern Ireland) Order 1977; the Rates (Regional Rates) Order (Northern Ireland) 2022; and the Rates (Coronavirus) (Emergency Relief) Regulations (Northern Ireland) 2022;
- making enquires of management and those charged with governance on Land and Property Service Trust Statement- Rate Levy Accruals Account's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Land and Property Service Trust Statement- Rate Levy Accruals Account financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: Housing Benefit relief expenditure, Rate Rebate expenditure, Refunds of rate payments, revenue recognition, expenditure recognition and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;

- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, agreeing financial statement disclosures to underlying supporting documentation, a review of the methodology and results in respect of fraud and error measurement in Housing Benefit and Rate Rebate expenditure, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate; and
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

My detailed observations are included in my report attached to the financial statements at page 34.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office

*106 University Street
BELFAST
BT7 1EU*

27 October 2023

**STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 31
MARCH 2023**

		2022/23	2021/22
	Note	£'000	£'000
<u>REVENUE</u>			
Rate Revenue	1.3	1,600,169	1,571,399
Other Revenue		2	6
Total Revenue		1,600,171	1,571,405
<u>EXPENDITURE</u>			
Reliefs and Discharges			
Vacancies	1.4, 2	31,434	38,884
Housing Benefit	1.4, 11	29,896	32,109
Rate Rebate	1.4, 11	8,978	7,912
Rate Reliefs and Discharges	1.4, 2	50,562	47,975
Rate Holiday	1.4	59,282	221,577
Maximum Capital Value	1.4	10,473	10,172
Allowances	1.4	13,554	13,187
Discounts	1.4	7,538	7,364
District Rate Convergence	1.4	1	(54)
Credit Losses – debts written off or otherwise impaired	3	12,478	20,518
Rating of Empty Homes Discharge	1.4 1.10	2,911	2,656
Total Reliefs and Discharges		227,109	402,300
Net Revenue for Consolidated Fund		1,373,062	1,169,105

There were no recognised gains or losses accounted for outside the above Statement of Revenue, Other Income and Expenditure.

The notes on pages 25 to 33 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

		2022/23	2021/22
	Note	£'000	£'000
Non-Current Assets			
Receivables falling due after more than one year	4	520	508
Current Assets			
Receivables	5	117,814	100,371
Cash and Cash Equivalents	6	<u>735</u>	<u>4,890</u>
Total Current Assets		118,549	105,261
Total Assets		119,069	105,769
Current Liabilities	7	<u>(16,389)</u>	<u>(16,817)</u>
Net Assets		102,680	88,952
Total Assets less Current Liabilities		102,680	88,952
Represented by:			
Balance on Consolidated Fund Account	8	102,680	88,952

The notes on pages 25 to 33 form part of these financial statements.



Neil Gibson

Accounting Officer

26th October 2023

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

		2022/23	2021/22
	Note	£'000	£'000
Net Cash flow from operating activities	A below	1,355,179	1,173,833
Cash paid to Consolidated Fund	8	(1,359,334)	(1,170,715)
Decrease in cash in this period		(4,155)	3,118

Notes to the Cash Flow Statement

A: Reconciliation of Net Cash Flow Movement in Net Funds

Net Revenue for the Consolidated Fund	8	1,373,062	1,169,105
(Increase) / Decrease in Non-Cash Assets		(17,455)	1,533
Increase / (Decrease) in Liabilities		(428)	3,195
Net Cash Flow from Operating Activities		1,355,179	1,173,833

B: Analysis of Changes in Net Funds

(Decrease) / Increase in cash in this period	6	(4,155)	3,118
Net Funds at 1 st April (Net Cash at Bank)	6	4,890	1,772
Net Funds at 31st March (Closing Balance)		735	4,890

The notes on pages 25 to 33 form an integral part of these financial statements.

NOTES TO THE TRUST STATEMENT ACCOUNTS

1.0 STATEMENT OF ACCOUNTING POLICIES

1.1 Basis of Accounting

The Trust statement is prepared in accordance with the accounts direction issued by the Department of Finance (DoF) under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001. The Trust Statement is prepared in accordance with the accounting policies detailed below. These have been developed with reference to the Government Financial Reporting Manual (FReM) issued by DoF. The accounting policies contained in FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the one judged to be the most appropriate to the particular circumstances of LPS for the purpose of giving a true and fair view has been selected. The particular policies adopted by LPS have been applied consistently in dealing with items that are considered material to the accounts.

The income and associated expenditure contained in these statements are those flows of funds which LPS handles on behalf of the consolidated fund and where it is acting as agent rather than principal. The financial information contained in the statements and in the notes is rounded to the nearest £'000.

Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early, for these Accounts. Management consider that these are unlikely to have any significant impact on the Accounts in the period of initial application.

1.2 Accounting Convention

The Trust Statement has been prepared under the historical cost convention, modified by the revaluation of certain assets and liabilities to fair value as determined by the relevant accounting standards, and subject to the interpretations and adaptations of those standards in FReM.

1.3 Revenue Recognition

Revenue is measured at the fair value of the amounts received and receivable. Revenue is recognised in the year in which it is assessed on ratepayer properties when revenue can be measured reliably and it is probable that the economic benefits from the Rates Revenue will flow to the Consolidated Fund. The revenue figure is also adjusted for Certificates of Revision which are received from Valuations with an effective date of revision. The tax gap (i.e. the difference between the hypothetical amount of revenue due and revenue receivable) is not recognised in the financial statements.

1.4 Reliefs and Discharges

Reliefs and Discharges are recorded in the year based on the information received from ratepayers. Accrued estimates of Reliefs and Discharges are calculated at the year end based on the amount of Reliefs outstanding at the year end.

The types of Reliefs and Discharges included in the Statement of Revenue and Expenditure are: Exemptions from Vacancies; Housing Benefits; Transitional Reliefs; Maximum Capital Value; Discounts; Article 20 and 21 Landlord Allowances; Rate Reliefs and Discharges;

Rating of Empty Homes Discharge, and the Business Rate Holiday that was introduced for the 2020/21 rating year to assist businesses through the Covid-19 pandemic, and was continued into 2021/22 and 2022/23 (for the first three months only).

Rate Reliefs and Discharges include:

- Disabled Persons Allowances (DPA);
- Owner Occupier Lone Pensioner Allowance (LPA), Private Rented LPA, Northern Ireland Housing Executive (NIHE) LPA and NIHE Housing Association LPA;
- Owner Occupier Rate Relief, Private Rented Rate Relief, NIHE Rate Relief and NIHE Housing Association Rate Relief;
- Residential Home Relief;
- Small Business Rate Relief;
- District Rate Convergence;
- Full Time Education Relief; and
- Farm Diversification.

1.5 Receivables

Receivables are shown net of impairment in accordance with the requirements of IFRS 9. With the exception of Cash Receivables as a result of the Rates Deferment Scheme, all Cash Receivables have been disclosed as collectable within 12 months after the reporting period. This disclosure does not currently meet the requirements of IAS 1 which requires disclosure of amounts expected to be recovered:

- no more than 12 months after the reporting period; and
- more than 12 months after the reporting period.

The IT system used for Rate Levy and Collection by LPS does not currently have the capability to provide this information. This reporting requirement will be addressed in any future rating IT replacement system.

1.6 DoF Resource Accounts

Administration costs and transactions (Non-Current Assets, Payment of Interest to Ratepayers; Legal Costs and Fees, and Cost of Collection) are accounted for in the DoF Resource Accounts and are covered by its related accounting policies. These transactions do not form a part of the Trust Statement.

1.7 Financial Instruments

Financial assets and liabilities are recognised in LPS Statement of Financial Position when the organisation becomes party to the contractual provisions of the instrument.

Financial Assets

Financial assets are classified into the following specified categories: 'fair value through profit or loss' ('FVTPL'); 'available-for-sale' ('AFS') financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets at the time of initial recognition. LPS' financial assets are classified as Loans and Receivables and are initially measured at fair value and are subsequently measured at the undiscounted amount of the cash consideration expected to be received.

In accordance with IFRS 9 Financial Instruments – Classification and Measurement, financial assets in the form of trade receivables, cash and cash equivalents and other receivables are measured at amortised cost.

LPS assesses at each Statement of Financial Position date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. Based on historic experience, receivables that are past due beyond 365 days are generally recoverable.

Impairment losses are assessed individually for financial assets that are individually significant and collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Statement of Revenue and Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If, in a subsequent period, the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. When a financial asset is deemed irrecoverable, the amount of the asset is reduced directly and the impairment loss is recognised in the Statement of Revenue and Expenditure to the extent that a provision was previously recognised.

Financial Liabilities

Financial Liabilities are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

1.8 NIHE Administration Expenses

A new rate relief scheme was introduced in Northern Ireland on 1 April 2007. Legislation provided that the relief would be administered by the Northern Ireland Housing Executive (NIHE) on the LPS' behalf for its own tenants, private tenants or tenants of registered housing associations. LPS meets the administration costs of the scheme which are included in the DoF resource account.

1.9 Accounting Estimates

As a result of the uncertainties inherent in all business activities, many items in the financial statements cannot be measured with precision but can only be estimated. Where estimates have been required in order to prepare these financial statements in conformity with FReM, management has used judgements based on the latest available, reliable information. Management continually reviews estimates to take account of any changes in the circumstances on which the estimate is based or as a result of new information or more experience.

1.10 Rating of Empty Homes

On 1 October 2011, Rating of Empty Homes went live. Before this date, vacant domestic properties were assessed and fully discharged so no liability arose on the owner. However, since the new policy went live all vacant domestic properties are assessed in the usual way and assessments are issued to property owners.

There are several application based and automatic exclusions attached to the scheme and the discharge is shown in the Statement of Revenues, Reliefs and Discharges.

1.11 Comparatives

The 2021/22 comparatives are shown within these Accounts.

2. VACANCY DISCHARGE AND RATE RELIEF

Below is a detailed analysis of the vacancy discharge and Rate Relief and Other Discharge figures in the statement of Income and Expenditure.

	2022/23	2021/22
	£'000	£'000
<u>VACANCIES</u>		
Non-Domestic Vacant Rating	31,434	38,884
Domestic Vacant Rating	-	-
	31,434	38,884
<u>RATE RELIEFS AND OTHER DISCHARGES</u>		
Disabled Persons Allowance	4,253	4,045
Residential Home Relief	11,541	10,973
Domestic Rate Relief	5,709	5,956
Small Business Rate Relief	20,524	19,159
Lone Pensioners Allowance	8,535	7,842
	50,562	47,975

3. CREDIT LOSSES

	2022/23	2021/22
	£'000	£'000
Bankruptcies*	655	1,364
Liquidations	585	2,859
Other Irrecoverables	10,762	11,367
Change in the value of impairments	476	4,928
	12,478	20,518

*Includes Individual Voluntary Arrangements of £452,912 in 2022/23 (£299,888 in 2021/22)

During 2022/23 there has been no losses identified that was in excess of £250,000 (In 2020/21 there was one losses identified in excess of £250,000).

Credit Losses are the amounts reportable to the NI Assembly under rules on disclosure of Losses and Write-Offs in Managing Public Money Northern Ireland (MPMNI) Annex A.4.10.24 under the 'Claims waived or abandoned'.

4. NON CURRENT ASSETS

	2022/23	2021/22
	£'000	£'000
Rate assessments receivable >1 year	490	478
Interest accrued on rate assessment debt	30	30
	520	508

During the year ended 31 March 2011, LPS implemented a new 'rate deferral' scheme which allowed ratepayers to enter into a legal agreement with LPS to defer payment of rate assessments until a later date. Rate assessments receivable > 1 year represent assessments raised against ratepayers who have legally entered into this scheme.

LPS holds security by way of a statutory charge over the property for which the rate assessments are deferred. Therefore, there has been no provision for bad debt against these rate assessments.

All debt is due to the Consolidated Fund when realised.

5. RECEIVABLES AND OTHER CURRENT ASSETS

5.1 Amounts Due

	2022/23	2021/22
	£'000	£'000
Rate Debtors before estimated impairments	172,852	151,780
Less: estimated impairments (see note 5.2)	(57,185)	(56,708)
	115,667	95,072
Other Debtors	-	193
Accrued Income	2,146	5,106
Due from Agency	1	-
	117,814	100,371

Rate debtors represent the amount due from ratepayers where assessments have been raised but not paid for as at 31 March 2023. All debt will be due to the Consolidated Fund when realised.

5.2 IMPAIRMENT OF TRADE RECEIVABLES

The following table shows the impairment of trade receivables at the Statement of Financial Position date:

	2022/23	2021/22
	£'000	£'000
Balance as at 1 April	56,708	51,780
Increase in estimated value of impairments	477	4,928
Balance as at 31 March	57,185	56,708

Debtors in the Statement of Financial Position are reported after the deduction of the estimated value of Impairments. This provision has been set using analysis of the quality, type of debt and its likelihood of collectability. The assessment of collectability is supported by management judgement.

6. CASH AND CASH EQUIVALENTS

	2022/23	2021/22
	£'000	£'000
Balance as at 1 April	4,890	1,772
Net change in cash and cash equivalent balances	(4,155)	3,118
Balance as at 31 March	735	4,890
The following balances at 31 March were held at Commercial banks and cash in hand		
Balance as at 31 March	735	4,890

7. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2022/23	2021/22
	£'000	£'000
Rating Creditors	6,564	6,279
Bank Overdraft	-	-
Other Creditors	9,372	8,554
Accruals	81	252
Due to LPS business account	372	1,732
Total	16,389	16,817

8. BALANCE ON CONSOLIDATED FUND ACCOUNT

	2022/23	2021/22
	£'000	£'000
Balance on Consolidated Fund Account as at 1 April	88,952	90,562
Net Revenue for the Consolidated Fund	1,373,062	1,169,105
Less: Amount paid to Consolidated Fund	(1,359,334)	(1,170,715)
Balance on Consolidated Fund Account as at 31 March	102,680	88,952

9. RELATED PARTY TRANSACTIONS

LPS is a business group within DoF and as such DoF is regarded as a related party. During the year, LPS paid £1.36 billion to the Consolidated Fund Account.

During the year, LPS issued material rating invoices to central and local government and health bodies in the normal course of its business. These invoices totalled £209.9m and the largest five assessments issued were:

Government Department/ Central Government Bodies	2022/23 Assessment £m
Education Authority	£51.6
NI Water Service	£28.9
Properties Division - DoF	£15.9
Police Service of Northern Ireland	£11.6
Belfast Health and Social Care Trust	£9.6

In addition, LPS paid £4,492,767 to the Northern Ireland Housing Executive (NIHE) acting as a landlord under Article 21 in respect of payment of rates on properties owned by the NIHE.

During the period, none of the board members, members of the key management staff or other related parties have undertaken any material transactions with the organisation.

10. EVENTS AFTER THE REPORTING PERIOD

There are no events after the financial period requiring adjustment to or disclosure in these accounts. The accounts were authorized for issue on 27th October 2023.

11. FRAUD AND ERROR

Housing Benefit

Land & Property Services (LPS) Trust Statement of Rate Levy Accruals Account "The Trust Statement" was introduced in 2010-11 and shows the revenue collected by LPS for the Consolidated Fund. LPS administer Housing Benefit on behalf of the Department for Communities (DfC).

Levels of fraud and error in Housing Benefit for owner occupiers are reported by the Standards Assurance Unit (SAU) within the Department for Communities (DfC). The SAU issued two reports, being 'Housing Benefit Review (Customer Error and Customer Fraud)' and 'Housing Benefit Review Financial Accuracy Official Error' for the calendar year 1 January 2022 to 31 December 2022 in March 2023. These reports highlighted customer error amounting to £0.81m (£0.77m customer error overpayment, £0.04m customer error underpayment) and £2.05m customer fraud overpayments in Housing Benefit for owner occupiers. The level of Official Error was £0.79m (£0.65m official error overpayment and £0.14m of official error underpayment). Customer error and customer fraud estimated of Housing Benefit for owner occupiers are based on the results of Benefit Reviews in 2022.

The table below shows the estimated levels of fraud and error with the relevant upper and lower confidence intervals as reported by SAU.

	Monetary Value (£000)	Upper Confidence Interval (£000)	Lower Confidence Interval (£000)
Customer fraud overpayments	2,052	2,651	1,501
Customer error overpayments	771	1151	443
Customer error underpayments	38	104	3
Official error overpayments	647	980	358
Official error underpayments	139	286	26
Total	3,647	5,172	2,331

Responsibility for administration of Housing Benefit for Owner Occupiers transferred to the NIHE from June 2022, however the awards continue to be shown as non-cash credits in the rate system. The amount awarded is still shown within the LPS Trust Statement.

Rate Rebate

The Rate Relief Regulations (Northern Ireland) 2017 came into operation on 27 September 2017 aligning with the introduction of Universal Credit (UC) and sets the policy for LPS to administer a Rate Rebate Scheme for claimants in receipt of UC.

LPS has developed a robust process to assess the accuracy of rate rebate claims. During the year ended 31 March 2023, LPS estimates that a total of £163k of rate rebate was paid in error due to official error (£33k underpayments and £130k overpayments). To ascertain the level of customer fraud and error, LPS used as a proxy the percentage of customer fraud and error found in Universal Credit estimated by SAU. This has given rise to an estimate of £915k (£781k customer fraud overpayments, £9k customer fraud underpayments, £72k customer error overpayments and £63k customer error underpayments). The total level of fraud and error in rate rebate is estimated to be £1,079k. Note that these figures are different to those discussed in the Governance Statement as these reflect the Fraud and Error associated with the Rate Rebate expenditure shown in the LPS Trust Statement (i.e. the non-cash credits posted to rate accounts, whereas the amounts discussed in the Governance Statement is the fraud and error associated with the full expenditure disclosed in the DoF Resource accounts).

The SAU has started assessing the rate rebate caseload for financial accuracy (i.e. official error) and issued its first report in early 2023. The SAU is also developing its methodology for assessing rate rebate for customer fraud and error and should be in a position to report results in the Autumn of 2023. This will form the basis of the fraud and error estimation for the 2023/24 Annual Report.

Report by the Comptroller and Auditor General

Land & Property Services 2022-23

Introduction

1. I am required to report my opinion as to whether the Trust Statement gives a true and fair view under the Accounts Direction given by the Department of Finance in accordance with Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001. I am also required to satisfy myself that transactions are 'regular', which under the legislation means that expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and conform to the relevant authorities.
2. Until June 2022, Land and Property Services (LPS) administered housing benefit¹ for relief of rates to owner occupiers on behalf of the Department for Communities (DfC). However, on 1 June 2022, responsibility for administration of Housing Benefit transferred to the Northern Ireland Housing Executive (NIHE). The awards are still shown as a non-cash credit on the LPS Rate Levy Accruals Accounts and therefore, the expenditure will still be reported in the Trust Statement. From the total Housing Benefit rate relief cost of £29.9 million, 12 per cent is estimated to relate to fraud and error. This is an increase from 10.6% in the previous year.
3. The Rate Relief Regulations (Northern Ireland) 2017 came into operation on 27 September 2017 aligning it with the operation of Universal Credit². This legislation introduced a new Rate Rebate scheme administered by LPS to support tenants or homeowners in receipt of Universal Credit. This new Scheme will eventually replace the existing Housing Benefit regime for relief of rates.
4. I consider the level of fraud and error in Housing Benefit rate relief expenditure to be material. Therefore, my regularity opinion is qualified in this respect.

Basis of Qualification

Fraud and Error- Housing Benefit Rate Relief

5. DfC's Standards Assurance Unit (SAU) reported in May 2023 extrapolated levels of fraud and error for Housing Benefit rate relief awarded in the calendar year 1 January 2022 to 31 December 2022. This report highlights estimated levels of fraud and error amounting to £2.1 million and £1.5 million respectively.
6. **Figure 1** below shows that the level of fraud and error has decreased from £4.9 million in 2018 to £3.6 million in 2022 over the five-year period.

¹ Housing Benefit relief is a means tested benefit to people who own their homes and are on low incomes with savings and capital below the £16,000 eligibility threshold. This includes but is not limited to those in receipt of means tested benefits such as Job Seeker's Allowance/Income Support/Pension Credit/ Employment and Support Allowance.

² From September 2017 Northern Ireland introduced a new payment for working age people who are on low income or out of work known as Universal Credit. Any working age person making a new claim for social security now claims universal credit instead. Aligned with the benefit is a new rate rebate scheme which provides rates support for tenants or homeowners who are entitled to universal credit. The managed migration of all claimants previously in receipt of Housing Benefit commenced in 2020, with the aim to have this completed by the end of 2023.

Figure 1: Estimated fraud and error in Housing Benefit rate relief deemed to be irregular

	2022	2021	2020	2019	2018
	£ million	£ million	£ million	£ million	£ million
Housing Benefit relief Administered	29.9	32.1	34.6	37.0	37.5
Error					
Official Error (Overpayment)	0.6	0.5	1.0	0.4	1.3
Official Error (Underpayment)	0.1	0.2	0.2	0.2	0.4
Total Official Error	0.7	0.7	1.2	0.6	1.7
Customer Error (Overpayment) ³	0.8	0.2	0.8	0.9	1.6
Total Error	1.5	0.9	2.0	1.5	3.3
% of benefit	5.0	2.8	5.8	4.1	8.8
Fraud					
Customer Fraud	2.1	2.5	2.2	2.4	1.6
% of benefit	7.0	7.8	6.3	6.4	4.3
Total irregular expenditure	3.6	3.4	4.2	3.9	4.9
% of benefit	12.0	10.6	12.1	10.6	13.1

Source: Analytical Services Unit, DfC

7. There has been no change in the level of Official Error within Housing Benefit rate relief expenditure, from 2021-22 to 2022-23. Official Error relates to errors made by officials during the administration process of the benefit.
8. Customer Fraud overpayments have decreased, from £2.5m in 2021-22 to £2.1 million in 2022-23. However, overpayments due to Customer Error have increased significantly in the past year, from £0.2 million in 2021-22 to £0.8 million in 2022-23.
9. My regularity opinion remains qualified on the level of fraud and error expenditure in Housing Benefit rate relief. I will continue to keep this under review.

Other Matters Arising from the Audit of Land & Property Services Accounts

10. There are other matters mentioned in the Performance and Accountability Report and the Governance Statement in the accounts that I have referred to below.

Outstanding Valuation Caseload

11. There has been a decrease in the outstanding non-domestic valuation caseload with 8,102 cases outstanding at 31 March 2023 compared to 9,324 cases at 31 March 2022.

³ Customer error underpayments are not considered to be irregular and are excluded from this report.

However, the number of domestic cases outstanding at 31 March 2023 has increased to 17,263 from 16,485 at 31 March 2022.

12. The estimated impact on the rate revenue figure of the outstanding domestic and non-domestic caseload at 31 March 2023 is £15.3 million. This is a decrease of £4.7 million from 31 March 2022.
13. In 2021-22, there was a significant increase in the impact of outstanding valuations on gross rate revenue and this was attributable to several large value non-domestic properties being included on the Net Annual Value (NAV) list for the first time in 2021-22. There were no such large value single properties for 2022-23 and therefore, the outstanding revenue figure has decreased.
14. LPS had previously informed me that the increase in caseload numbers in 2021 was a legacy from lockdown measures significantly disrupting normal rating valuation operations, as well as an increase in the number of challenges received in 2020 and 2021 due to the Reval 2020 exercise. It appears that these factors are continuing to have an impact as outstanding case numbers remain significantly higher than case numbers in those years prior to Reval 2020, although I appreciate there has been a downward trend in the past year.
15. LPS backdate assessments to the date of the last valuation exercise, so no revenue lost to the Trust Statement. My opinion is not qualified in this regard.

Vacancy Discharges

16. The Trust Statement includes a vacancy discharge cost of £31.4 million. The estimated level of error relating to vacant properties in 2022-23 is 12.4% of total Net Asset Values (NAV) of these properties. The error rate for vacant properties that were subsequently found to be occupied in 2022-23 was 13.4%. When LPS find that a ratepayer has been in occupation of a property (whether via a vacancy inspection or otherwise), the correct assessment is backdated to when occupation began and therefore no revenue is lost.
17. Inspection levels have increased significantly with 4,746 properties inspected in 2022-23 compared to 3,131 in 2021-22. Most of the inspections in 2022-23 were desk-based instead of the traditional on-site inspection. As in 2021-22, no assistance was provided by Local Councils for this process and I have been informed there is no inspection programme planned for 2023-24 due to budgetary pressures.
18. I will keep this matter under review.

Ratepayer Debt

19. **Figure 2** below shows the level of ratepayer debt has increased substantially to £173.3 million at 31 March 2023. Debt written off in the year remained high at £12.1 million, as did impaired debt of £57.2 million which is unlikely to be repaid in full.

Figure 2: Trends in Ratepayer Debt

	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19
	£ million	£ million	£ million	£ million	£ million
Gross Assessments	1,606.72	1,564.50	1,541.40	1,554.50	1,512.20
Net Revenue Collectable	1,527.37	1,171.20	1,089.80	1,377.40	1,333.60
Ratepayer Debt	173.3	152.3	152.7	124.4	124.5
Debt written off	(12.1)	(16.7)	(5.1)	(14.5)	(15.9)
Impaired amount	(57.2)	(56.7)	(51.8)	(38.3)	(36.1)
Write off as a % of Gross Assessments	0.8%	1.1%	0.3%	0.9%	1.1%
Year End debt as a % of Gross Assessments	10.8%	9.7%	9.9%	8.0%	8.2%

*Note that the figures included in the table above are those from the Revenue & Benefit's system without the Year End accounting adjustments (e.g. accrued income & losses) and as such differ slightly from the figures in the Financial Statements.

20. The level of ratepayer debt has significantly increased from 2021-22 and is now at its highest level in the history of the existence of the Trust Statement. In late 2022, LPS produced a 3-year Post Pandemic Rating Debt Recovery Strategy, with a target of decreasing ratepayer debt to £150 million as at 31 March 2023. However, higher levels of inflation, along with the cessation of Covid Reliefs and grants, have increased financial pressures on ratepayers and this target has not been met.
21. The current level of Ratepayer debt is extremely concerning. I understand that LPS Senior Management are reviewing options to reduce the level of ratepayer debt and I will monitor the progress made in next year's audit.

COVID-19 Related Issues

22. The minister for finance announced a rate support package for businesses in 2020-21 in response to COVID-19, including a Business Rates Holiday. This package was extended to the 2022-23 financial year in the form of a 1 month rates holiday for most non-domestic properties (with the exception of utilities, public bodies, large food retailers and off licenses) and a further 2 months in respect of some specific industries. The cost of this relief was £59.2 million in 2022-23. This relief ended on 30 June 2022.

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