

**Trust Statement –
Rate Levy Accruals Account**

ANNUAL REPORT & ACCOUNTS

For the year ended **31 March 2024**



Land & Property Services
**TRUST STATEMENT – RATE LEVY ACCRUALS ACCOUNT
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2024**

Laid before the Northern Ireland Assembly under section
11(3)c of the Government Resources and Accounts Act
(Northern Ireland) 2001

by the Department of Finance
on 13th December 2024

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LAND & PROPERTY SERVICES

Annual Report and Accounts for the year ended 31 March 2024

	PAGE
Director's Review	1
Performance and Accountability Report	2
• Director's Report	2
• Statement of Accounting Officer's Responsibilities	9
• LPS Governance Statement	9
• Assembly Accountability and Audit Report	16
• Certificate of the Comptroller and Auditor General	17
Statement of Revenue and Expenditure	21
Statement of Financial Position	22
Statement of Cash Flows	23
Notes to the Trust Statement Accounts	24
Report of the Comptroller and Auditor General	33

DIRECTOR'S REVIEW

FOREWORD

Introduction

I am pleased to present the 2023/24 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 2023/24 business targets. However, there are some aspects I would particularly like to highlight as follows:

- Collecting 92.5% of the Net Collectable Rates (including debt brought forward), surpassing the target of 92% by 0.5p.p;
- All Councils finishing the year with less than 2% variance between the Rate Revenue raised and that forecast during the rate setting process. The overall variance for all Councils was just 0.13%;
- Collecting £1,509 million in rates revenue to support regional and local services, surpassing the target of £1.45 billion by £59 million;

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
9th December 2024

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 2024. 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 behaviours 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 met monthly until December 2023, then changed to a bi-monthly basis to accommodate the new Strategy and Transformation Board.

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 2023/24 is detailed below.

Ian Snowden	Chief Executive until December 2023
Sharon Magee	Interim Chief Executive from January 2024
Angela McGrath	Director of Valuation and Commissioner of Valuation
Christine Farrell	Director of Land Registry and Registrar of Titles
Andrew McAvoy	Director of Rating Policy Division from January 2024
Suzanne McLaughlin	Director of Ordnance survey and Chief Survey Officer
Nigel McVittie	Director of Digital Services
Chris Rooney	Director of Revenues & Benefits
Colm Doran	Director of Digital Transformation from February 2024

LPS Strategy & Transformation Board

This group was established in January 2024. Its purpose is to provide strategic oversight and direction across the wider range of LPS change and transformation Initiatives to ensure that LPS fully realises its transformation ambitions, meets commitments made under the LPS 2027 Strategy and delivers on the Nova programme of work. The Board meets on a bi-monthly basis, alternating with Management Board.

Membership of the S&T Board is the same as above, and also:

Deirdre Mussen	Nova programme manager
Stephen McHugh	Land Registry Special Projects programme manager

Business Performance and Risk Management

During 2023/24, 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 2023/24 year. These were:

- to collect / discharge 92% of the Gross Collectable Rates and
- to collect £1.45 billion of Rate Revenue.

Corporate Target 1: To Collect / Discharge 92.0% of Gross Collectable Rates

Year Ended	Target Collection	Actual Collection	Variance
	%	%	%
March 2024	92.0	92.5%	0.5p.p

Corporate Target 2: To collect £1.45 billion of Rate Revenue

Year Ended	Target	Actual	Variance
	£'million	£'million	£'million
March 2024	1,450	1,509	59

Figure1: Trends in Ratepayer Debt

	Mar-24	Mar-23	Mar-22	Mar-21	Mar-20
	£ million	£ million	£ million	£ million	£ million
Gross Assessments	1,691.80	1,606.72	1,564.50	1,541.40	1,554.50
Net Revenue Collectable	1,680.62	1,527.37	1,171.20	1,089.80	1,377.40
Ratepayer Debt (Note 5)	180.0	173.3	152.3	152.7	124.5
Debt written off	(16.9)	(12.1)	(16.7)	(5.1)	(14.5)
Impaired amount	(57.3)	(57.2)	(56.7)	(51.8)	(38.3)
Write off as a % of Gross Assessments	1.0%	0.8%	1.1%	0.3%	0.9%
Year End debt as a % of Gross Assessments	10.6%	10.8%	9.7%	9.9%	8.0%

*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. Gross Assessments relates to the value of assessments raised in year before reliefs / discharges/ Net Revenue Collectable relates to the gross assessments plus the debt brought forward less all discharges and reliefs.

Non-Domestic Vacancy Exemptions

LPS awarded a total of £41 million of non-domestic vacancy reduction to rate liability during the reporting period. Due to competing priorities and resourcing constraints, no inspections were carried out during the year. LPS is in the process of commencing vacancy inspections

in conjunction with Local Councils as well as identifying internal resources to carry out further inspections during the 2024/25 rating year.

Outstanding Valuation Caseload at 31 March 2024

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.

In 2023/24 valuers were dealing with appeals on both the 2020 non domestic Valuation List and the 2023 non domestic Valuation List. All but 30 stage 1 appeal cases from 2020 List were successfully completed.

LPS delivery on domestic cases completed during the year was 4% down on the previous year which reflected the slowdown in the construction of new houses. The domestic cases in hand at 31st March 2024 have remained fairly static with only a minor reduction from 17,263 to 17,124. Non-domestic case numbers completed in-year increased by 34%, and non-domestic in hand cases have decreased from 8,102 at 31st March 2023 to 6,342 at 31st March 2024.

Non-domestic appeal cases at all stages continue to be reviewed and considered. As anticipated there was a surge in stage 1 appeals submitted against the 2023 Valuation List in the last quarter of the 23/24 financial year. 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 non-domestic cases has continued to improve and has decreased from 191 days on average to 151 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.

Flooding Relief

During the year, a number of businesses were adversely affected by some localised flooding in a number of District Councils. LPS proactively reacted to this in devising and legislating for an emergency support scheme to award a relief to the relevant properties. This saw LPS administering a total of £988K of rate relief to 251 businesses.

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.

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 15 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 470 complaints in the 2023/24 year compared to 605 complaints in the 2022/23 year. This equates to a 22% decrease in complaints received by LPS compared to 2022/23.

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 17-20 and the C&AG's Report is reproduced at the end of these accounts.



Neil Gibson
Accounting Officer
9th December 2024

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 2023/24 LPS recorded a total of 26 data incidents. Of these incidents, 4 were data events and 22 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 Implementation Project has moved to a revised Implementation Plan, which provides a three-stage phased approach to go live beginning in December 2026. The Project has fully recommenced with a range of Project activities now ongoing.

The Project status is Green.

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.

Organisation Performance

The LPS Business Plan 2023/24 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. Management notes the increase in debt over the last number of years and is putting in place a plan to address that by reducing by 5% each year over the next number of years. This will be achieved through a focus on legal recovery and write-off, where appropriate.

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

Internal Audit

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. No internal audits were conducted during the reporting period.

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 2023/24 year were released to LPS for potential review. LPS is currently reviewing the cases identified with no findings to report at this time.

From 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 (ATLAS), Verified Earnings and Pension (VEP), Risk Based Data Cleansing Exercises, Interventions, Nation Fraud Initiative (NFI) and Identifying Duplicate HB Claims. The VEP service enables DWP to share HMRC Real Time Information (RTI) data with NIHE. HB staff within NIHE 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 Programme's 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.

During the year, LPS awarded a total of £27.4 million of Rate Rebate. Note that £10.4 million of this was awarded via a non-cash credit to the rate account and this is included in the Statement of Revenue and expenditure, while the remaining £16.9 million was paid out in cash to Social Sector Landlords. The full amount of the Rate Rebate is disclosed in the DoF Resource Accounts.

In order to estimate levels of Official Error within the Rate Rebate caseload, LPS has engaged with the Standard Assurance Unit (SAU) of DfC. The SAU issued a report in March 2024 entitled 'Land and Property Services Rate Rebate Scheme Financial Accuracy' which has assessed the Rate Rebate caseload for Official Error for the year to 31 October 2023. Based on these reports, LPS estimates that a total of £384k of rate rebate was paid in error, due to official error (£3k underpayments and £381k overpayments). The table below includes lower and upper confidence levels associated with these overpayments/underpayments.

	Monetary Value (£000)	Upper Confidence Interval (£000)	Lower Confidence Interval (£000)
Official error overpayments	381	674	133
Official error underpayments	3	8	-
Total	384	682	133

To ascertain the level of customer fraud and error, LPS used as a proxy the percentage of customer fraud and error found in UC estimated by SAU. This has been taken from a report issued in March 2024 by SAU entitled 'Universal Credit Benefit Review (Customer Fraud and Customer Error)' for cases assessed between 1 December 2022 and 30 November 2023. This has given rise to an estimate of £3,285k (£2,710k customer fraud overpayments, £110k customer fraud underpayments*, £301k customer error overpayments and £164k customer

error underpayments). The total level of fraud and error in rate rebate is estimated to be £3,677k (£2,675k for 2022/23). 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 is currently finalising its methodology for assessing rate rebate for customer fraud and error and aim to commence this from July 2024.

**The UC sample includes one case of customer fraud overall underpayment. This situation can occasionally arise, e.g. when a customer does not disclose that a partner has moved in with them.*

Housing Benefit Fraud and Error

DoF LPS was responsible for delivering Housing Benefit (HB) for Owner Occupiers on behalf of DfC during the year. The HB awards take the form of a non-cash credit to the relevant rate account, and are 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 2023-24. 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 2023 to 31 December 2024 in May 2024. These reports highlighted customer error amounting to £0.85m (£0.82m customer error overpayment, £0.03m customer error underpayment) and £2.2m customer fraud overpayments in Housing Benefit for owner occupiers. The level of Official Error was £0.47m (£0.43m official error overpayment and £0.04m 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 2023. The overall levels of Fraud and Error was therefore £3.52 million (£3.65 million for 2022/23). The table below shows the overall levels of fraud and error together with upper and lower confidence levels.

	Monetary Value (£000)	Upper Confidence Interval (£000)	Lower Confidence Interval (£000)
Customer Fraud Overpayments	2,207	3,014	1,473
Customer Error Overpayments	824	1,322	389
Customer Error Underpayments	23	55	4
Official Error Overpayments	436	881	112
Official Error Underpayments	38	93	2
Total	3,528	5,365	1,980

The NI Comptroller and Auditor General qualified her opinion on the 2022/23 LPS Trust Statement due to a limitation in audit scope over the regularity of housing benefit expenditure. However, this qualification has now been lifted because, while the level of error is high in relation to the expenditure to which it relates, there has been a continued reduction in expenditure and a general downward trend in Housing Benefit fraud and error.

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 2023/24.



Neil Gibson
Accounting Officer
9th December 2024

Assembly Accountability and Audit Report

Regularity of Expenditure (Audited Information)

1. Losses and Special Payments

Losses Statement

In 2023/24 there were losses to the value of £16,655k which represented write-off of uncollectable rating debt (2022/23: £12,001k).

During 2023/24 there was no individual loss in excess of £300,000. (In 2022/23 there was no individual loss in excess of £300,000)

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
9th December 2024

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 2024 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Revenue and Expenditure, Statement of Financial Position, and Statement of Cash Flows; and the related notes including significant accounting policies.

The financial reporting framework that has been applied in their preparation of the financial statements 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 Trust Statement's affairs as at 31 March 2024 and of the Trust Statement's 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.

Opinion on regularity

In my opinion, 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

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 my 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 Services' 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 Land and Property Services' 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 Trust Statement 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 certificate.

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 Trust Statement 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;

- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- assessing the Land and Property Services' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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 Trust Statement 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 (Localised flooding) (emergency Relief) regulations (Northern Ireland) 2023;
- making enquires of management and those charged with governance of Land and Property Services' 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 the Trust Statement's 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

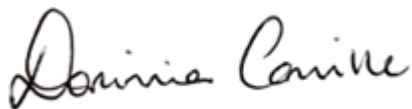
and error measurement in Housing Benefit and Rate Rebate expenditure, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;

- 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 33.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU
10 December 2024

**STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 31
MARCH 2024**

		2023/24	2022/23
	Note	£'000	£'000
<u>REVENUE</u>			
Rate Revenue	1.3	1,691,960	1,600,169
Other Revenue		32	2
Total Revenue		1,691,992	1,600,171
<u>EXPENDITURE</u>			
Reliefs and Discharges			
Vacancies	1.4, 2	41,076	31,434
Housing Benefit	1.4, 11	30,018	29,896
Rate Rebate	1.4, 11	10,389	8,978
Rate Reliefs and Discharges	1.4, 2	48,225	50,562
Rate Holiday	1.4	(2,824)	59,282
Maximum Capital Value	1.4	11,476	10,473
Allowances	1.4	14,385	13,554
Discounts	1.4	8,186	7,538
District Rate Convergence	1.4	(1)	1
Credit Losses – debts written off or otherwise impaired	3	16,749	12,478
Rating of Empty Homes Discharge	1.4	3,515	2,911
Total Reliefs and Discharges	1.10	181,195	227,109
Net Revenue for Consolidated Fund		1,510,797	1,373,062

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

The notes on pages 24 to 32 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

		2023/24	2022/23
	Note	£'000	£'000
Non-Current Assets			
Receivables falling due after more than one year	4	484	520
Current Assets			
Receivables	5	124,233	117,814
Cash and Cash Equivalents	6	1,116	735
Total Current Assets		125,349	118,549
Total Assets		125,833	119,069
Current Liabilities	7	(20,915)	(16,389)
Net Assets		104,918	102,680
Total Assets less Current Liabilities		104,918	102,680
Represented by:			
Balance on Consolidated Fund Account	8	104,918	102,680

The notes on pages 24 to 32 form part of these financial statements.



Neil Gibson

Accounting Officer

9th December 2024

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

		2023/24	2022/23
	Note	£'000	£'000
Net Cash flow from operating activities	A below	1,508,940	1,355,179
Cash paid to Consolidated Fund	8	(1,508,559)	(1,359,334)
Increase / (Decrease) in cash in this period		381	(4,155)

Notes to the Cash Flow Statement

A: Reconciliation of Net Cash Flow Movement in Net Funds

Net Revenue for the Consolidated Fund	8	1,510,797	1,373,062
(Increase) / Decrease in Non-Cash Assets		(6,383)	(17,455)
Increase / (Decrease) in Liabilities		4,526	(428)
Net Cash Flow from Operating Activities		1,508,940	1,355,179

B: Analysis of Changes in Net Funds

Increase / (Decrease) in cash in this period	6	381	(4,155)
Net Funds at 1 st April (Net Cash at Bank)	6	735	4,890
Net Funds at 31st March (Closing Balance)		1,116	735

The notes on pages 24 to 32 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; and

Rating of Empty Homes Discharge. There is a credit of £2,824 in respect of the Business Rate Holiday which was available during 2020/21, 2021/22 and for the first three months of 2022/23. The credit is due to ratepayer changes and Valuation reductions processed in the 2023/24 year for ratepayers who received the Business Rate Holiday.

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;

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. The total administration costs for 2023/24 came to £20.6 million however these transactions do not form a part of the Trust Statement. The audit fee in respect of the 2023/24 year is £62,000 and this is a notional cost in the DoF Resource Accounts.

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 accounts (amounting to £1.6 million in 2023/24).

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 2022/23 comparatives are shown within these Accounts.

1.12 Impending application of newly issued accounting standards not yet effective

LPS has reviewed new standards, interpretations and amendments to existing standards which have been issued but are either not yet effective, nor adopted early for these accounts. There are no new standards which would impact on the Trust Statement.

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.

	2023/24	2022/23
	£'000	£'000
<u>VACANCIES</u>		
Non-Domestic Vacant Rating	41,076	31,434
<u>RATE RELIEFS AND OTHER DISCHARGES</u>		
Disabled Persons Allowance	4,729	4,253
Residential Home Relief	8,294	11,541
Domestic Rate Relief	5,341	5,709
Small Business Rate Relief	20,555	20,524
Lone Pensioners Allowance	9,306	8,535
	48,225	50,562

The reduction in the Residential Home Relief from the previous year is due to the impact of the Non-Domestic Revaluation which become effective from 1st April 2023. In general, the properties that benefit from Residential Home Relief have reduced in value, and therefore the relief associated with those properties has reduced. The reduction in Non-Domestic Vacant Rating is due to more properties being registered as vacant during 2023/24.

3. CREDIT LOSSES

	2023/24	2022/23
	£'000	£'000
Bankruptcies*	563	655
Liquidations	1,100	585
Other Irrecoverables	14,992	10,762
Change in the value of impairments	94	476
	16,749	12,478

*Includes Individual Voluntary Arrangements of £122,506 in 2023/24 (£452,912 in 2022/23)

During 2023/24 there has been no losses identified that was in excess of £300,000 (In 2022/23 there was also no losses identified in excess of £300,000).

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'. There was an increased focus on write-off during 2023/24 in comparison to the 2022/23 year. An increased focus on write-off during the year resulted in an increase in comparison with 2022/23.

4. NON CURRENT ASSETS

	2023/24	2022/23
	£'000	£'000
Rate assessments receivable >1 year	428	490
Interest accrued on rate assessment debt	56	30
	484	520

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

	2023/24	2022/23
	£'000	£'000
Rate Debtors before estimated impairments	179,601	172,852
Less: estimated impairments (see note 5.2)	(57,279)	(57,185)
	122,322	115,667
Accrued Income	1,881	2,146
Due from Agency	30	1
	124,233	117,814

Rate debtors represent the amount due from ratepayers where assessments have been raised but not paid for as at 31 March 2024. 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:

	2023/24	2022/23
	£'000	£'000
Balance as at 1 April	57,185	56,708
Increase in estimated value of impairments	94	477
Balance as at 31 March	57,279	57,185

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

	2023/24	2022/23
	£'000	£'000
Balance as at 1 April	735	4,890
Net change in cash and cash equivalent balances	381	(4,155)
Balance as at 31 March	1,116	735

The following balances at 31 March were held at Commercial banks and cash in hand

Balance as at 31 March	1,116	735
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7. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2023/24	2022/23
	£'000	£'000
Rating Creditors	10,230	6,564
Bank Overdraft	-	-
Other Creditors	9,860	9,372
Accruals	138	81
Due to LPS business account	687	372
Total	20,915	16,389

8. BALANCE ON CONSOLIDATED FUND ACCOUNT

	2023/24	2022/23
	£'000	£'000
Balance on Consolidated Fund Account as at 1 April	102,680	88,952
Net Revenue for the Consolidated Fund	1,510,797	1,373,062
Less: Amount paid to Consolidated Fund	(1,508,559)	(1,359,334)
Balance on Consolidated Fund Account as at 31 March	104,918	102,680

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 £1.51 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 £201.5m and the largest five assessments issued were:

Government Department/ Central Government Bodies	2023/24 Assessment £m
Education Authority	£44.6
NI Water Service	£28.0
Properties Division - DoF	£18.7
Police Service of Northern Ireland	£10.4
Belfast Health and Social Care Trust	£9.0

In addition, LPS paid £4,459,317 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 authorised for issue on 10th December 2024.

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).

From 1 June 2022, Housing Benefit (HB) for Owner Occupiers has been administered by the Northern Ireland Housing Executive. LPS retains responsibility for the administration of HB Owner Occupiers, however the overall HB cost is shown in the Department for Communities (DfC) accounts. LPS does however process the relief through the rate system as a non-cash credit on the relevant rate account. During the 2023-24 year, a total of £30m of HB for Owner Occupiers was processed through the LPS rating system, however this is not shown in the DoF Accounts. It is however shown in the LPS Trust Statement of Rate Levy. Levels of fraud and error within the Housing Benefit caseload is discussed in the Governance Statement of page 14.

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.

In order to estimate levels of Official Error within the Rate Rebate caseload, LPS has engaged with the Standard Assurance Unit (SAU) of DfC. The SAU issued a report in March 2024 entitled 'Land and Property Services Rate Rebate Scheme Financial Accuracy' which has assessed the Rate Rebate caseload for Official Error for the year to 31 October 2023. Based on these reports, LPS estimates that a total of £149k of rate rebate was paid in error, due to official error (£1k underpayments and £148k overpayments).

To ascertain the level of customer fraud and error, LPS used as a proxy the percentage of customer fraud and error found in UC estimated by SAU. This has been taken from a report issued in March 2024 by SAU entitled 'Universal Credit Benefit Review (Customer Fraud and Customer Error)' for cases assessed between 1 December 2022 and 30 November 2023. This has given rise to an estimate of £1,247k (£1,029k customer fraud overpayments, £42k customer fraud underpayments*, £114k customer error overpayments and £62k customer error underpayments). The total level of fraud and error in rate rebate is estimated to be £1,354k (£1,079k for 2022/23). Note that the fraud and error figures disclosed above relate only to the rate rebate amount noted in the Statement of Revenue and Expenditure (i.e. that processed onto a rate account as a non-cash credit). The full fraud and error estimates are disclosed in on page 13.

The SAU is currently finalising its methodology for assessing rate rebate for customer fraud and error and aim to commence this from July 2024.

**The UC sample includes one case of customer fraud overall underpayment. This situation can occasionally arise, e.g. when a customer does not disclose that a partner has moved in with them.*

Proposed Report by the Comptroller and Auditor General Land & Property Services 2023-24

Introduction

1. The purpose of the Trust Statement is to account for the revenue collected in relation to domestic and business property taxation. In 2023-24, revenue totalled **£1.7 billion** [£1.6 billion, 2022-23]. There are reliefs and discharges allowed if specific criteria are met and these are treated as expenditure in the Trust Statement accounts. In 2023-24 total reliefs and discharges were **£181.2 million** representing 10.6 per cent of revenue collectable [2022-23, £227.1 million and 14.2 per cent respectively].
2. Two of the reliefs are dependent upon eligibility for property related government benefits. Ratepayers entitled to receive Housing Benefit or Universal Credit, are also eligible to apply for rate relief to assist them with the payment of rates:
 - a) **Housing Benefit rate relief:** Although the Northern Ireland Housing Executive (NIHE) is responsible for the administration of Housing Benefit, the awards in respect of the rates element of the benefit are shown as a non-cash credit in the Trust Statement. This amounts to **£30.0 million** in 2023-24 [£29.9 million, 2022-23], of which 11.7 per cent [12.0 per cent, 2022-23] is estimated to relate to fraud and error.
 - b) **Rate Rebate:** In September 2017, the Rate Relief Regulations (Northern Ireland) 2017 came into operation aligning reliefs to the operation of Universal Credit¹. 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 working age claimants. The amount of rate relief for universal credit was **£10.4 million** in 2023-24 [£9.0 million, 2022-23] of which it is estimated that 12.5 per cent [11.3 per cent, 2022-23] relates to fraud and error.
3. The total level of fraud and error is estimated to be in the region of £4.8 million. This represents almost 0.3% of the total £1.7 billion revenue collectable from property taxation.
4. Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001 requires me to express an opinion on financial statements and 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.
5. In previous years, I qualified my regularity opinion on the level of fraud and error in Housing Benefit rate relief. However, for 2023-24 I have not qualified my regularity opinion.

¹ 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 final phase of the managed migration of all claimants previously in receipt of Housing Benefit commenced in 2020, with the aim to have this completed by March 2025.

Fraud and Error- Housing Benefit Rate Relief

6. Housing Benefit is being phased out for working age claimants but will remain in place for state aged pensioners. DfC's Standards Assurance Unit (SAU) reported, in May 2024, extrapolated levels of fraud and error for Housing Benefit rate relief awarded in the calendar year 1 January 2023 to 31 December 2023. This report highlighted estimated levels of fraud and error amounting to £2.2 million and £1.3 million respectively.

Figure 1: Estimated fraud and error in Housing Benefit rate relief

	<i>£millions</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Housing Benefit Relief	37.0	34.6	32.1	29.9	30.0
<i>Error*</i>	1.5	2.0	0.9	1.5	1.3
<i>Customer Fraud*</i>	2.4	2.2	2.5	2.1	2.2
Total Irregular Expenditure	3.9	4.2	3.4	3.6	3.5
Percentage of Benefit	10.6%	12.1%	10.6%	12.0%	11.7%
Number of claimants	44,041	41,059	37,371	34,734	33,168

*Estimated levels of fraud and error are based on data from 1 January to 31 December

Source: Analytical Services Unit, DfC

7. Figure 1 above shows that the level of activity for housing benefit rate relief is reducing and over the last five years, costs decreased by £7 million, almost 20 per cent. The slight increase in costs in 2023-24 was a result of a sharp rise in rate bills of around 10 per cent, which somewhat obscures the reduced activity in that period. The table also shows that the number of claimants has steadily decreased over the last five years, reducing by almost a quarter, and this is expected to reduce further as all working age claimants transfer to Universal Credit.
8. The level of fraud and error varied slightly each year and over the last five years, it remained within a range of 10.6 to 12.1 per cent. Whilst I considered the level of error to be high in relation to the expenditure to which it relates, I noted the continued reduction in expenditure and general downward trend in Housing Benefit fraud and error, and on that basis, I have not qualified my regularity opinion.

Fraud and Error - Rate Rebate Relief

9. Rate Rebate came into operation in 2017 for working age claimants in receipt of Universal Credit. Those entitled to Rate Rebate receive a credit to offset the rating liability, and this is shown as expenditure in the Trust Statement. The only exception to this is in respect of claimants who live in Housing Executive or Housing Association properties. Awards in these cases are made by a monthly payment to the Social Landlord and this expenditure is included in DoF's Annual Report and Accounts, rather than the Trust Statement.

10. To calculate an estimate of Customer fraud and error, LPS used fraud and error figures for Universal Credit benefit payments calculated by SAU, as a proxy measurement. The extrapolated levels of both Official error and Customer fraud and error within Rate Rebate are set out in Figure 2 below. The estimated level of irregular expenditure is high at 12.8 per cent of benefits claimed.
11. I note that SAU are developing a model specific to Rate Rebate relief within Universal Credit benefits and LPS expect the results of this work to show a reduced level of estimated error for this relief.

Figure 2: Estimated fraud and error in Rate Rebate relief

	<i>£millions</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Rate Rebate Relief	3.3	7.1	7.9	9.0	10.4
<i>Error</i>	0.0	0.2	0.2	0.2	0.2
<i>Customer Fraud</i>	0.2	0.5	0.9	0.8	1.1
Total Irregular Expenditure	0.2	0.7	1.1	1.0	1.3
Percentage of Benefit	6.4%	9.7%	13.4%	11.3%	12.8%

Source: LPS

Total Estimated Fraud and Error

12. Figure 3 below combines the level of error contained in Figures 1 and 2 to give a total

Figure 3: Combined figures for estimated levels of fraud and error

	<i>£millions</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Housing benefit and Rate Rebate expenditure	40.3	41.7	40.0	38.9	40.4
<i>Housing Benefit fraud and error*</i>	3.9	4.2	3.4	3.6	3.5
<i>Rate Rebate relief fraud and error*</i>	0.2	0.7	1.1	1.0	1.3
Total Fraud and Error	4.1	4.9	4.5	4.6	4.8
Percentage of Benefit	10.2%	11.8%	11.3%	11.8%	11.9%

*Figures exclude nominal amounts of customer error from underpayments

Source: NIAO

level of estimated fraud and error for Housing Benefit and Rate Rebate reliefs.

13. The total annual value of these rate reliefs over the last five years has been approximately £40 million and total fraud and error rates were consistently around 11 per cent. Irregular expenditure in these reliefs represent less than 0.3% of the total revenue (£1.7 billion) collected from property taxation. I will continue to monitor total levels of fraud and error, and the efforts being made by the public sector organisations involved to reduce the levels of fraud and error in future periods, and report on my findings.

Other Matters Arising from the Audit

14. There are a number of other matters I wish to highlight:
- The increasingly high value of ratepayer debt.
 - The limited actions taken to verify properties listed as vacant.
 - The outstanding valuations caseload impacting on rate revenue.

Ratepayer Debt

15. **Figure 4** below shows the value of ratepayer debt has increased by £6.7 million to £180.0 million at 31 March 2024. LPS told me that the increase in the cumulative value of rating debt masks the reductions in the overall percentage of debt in relation to Gross Assessments and the reduction in the number of occupancies with rates being carried forward. In 2023-24, the number of occupancies with outstanding debt decreased by 4,538, a 5.4% reduction.
16. Debt written off in the year remained significant at £16.9 million, as did impaired debt of £57.3 million which is unlikely to be repaid in full. The overall write-off level, although significant, accounts for approximately 1.0% of the value of Gross Assessments.

Figure 4: Trends in Ratepayer Debt

	<i>£millions</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Assessments*	1,554.5	1,541.4	1,564.5	1,606.7	1,691.8
Net Revenue Collectable*	1,377.4	1,089.8	1,171.2	1,527.4	1,680.6
Ratepayer Debt*	124.4	152.7	152.3	173.3	180.0
Debt written off	(14.5)	(5.1)	(16.7)	(12.1)	(16.9)
Impaired amount	(38.3)	(51.8)	(56.7)	(57.2)	(57.3)
Write off as a % of Gross Assessments	0.9%	0.3%	1.1%	0.8%	1.0%
Year End debt as a % of Gross Assessments	8.0%	9.9%	9.7%	10.8%	10.6%
Number of Occupancies with Debt	73,467	89,463**	88,232**	83,536	78,998

*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.

** billing was delayed due to the covid pandemic and this inflated the number of occupancies in debt at the year-end as a result.

Source: LPS

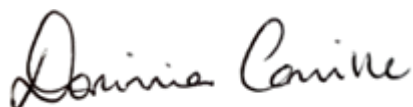
17. The value of ratepayer debt continues to grow and, on 31 March 2024, was at its highest level since the Trust Statement accounts were first produced in 2011-12. LPS advised me that it will continue to pursue payment of outstanding debt throughout 2024-25 and future years and I will continue to review progress in this area as part of my audit work.
18. In late 2022, management produced a Post Pandemic Rating Debt Recovery Strategy, with a target of decreasing ratepayer debt to £150 million by 31 March 2023. However, higher levels of inflation, along with the cessation of covid reliefs, increased financial pressures on ratepayers and this target was not met. LPS told me the strategy will be reviewed during 2024-25 to align with its target to reduce rating debt by 5 per cent year on year.
19. Due to the closure of courts during the pandemic, legal procedures in respect of debt recoupment ceased in 2020 and only recommenced in 2023-24. Expenditure on legal action of £750,000 in 2023-2024 led to recovery of circa £20 million in rating debt. LPS informed me that it plans to increase the number of cases that are subject to legal action in 2024-25.
20. While the current level of ratepayer debt is concerning, the outcome of legal procedures is encouraging. I am aware that management are exploring new ways to monitor and pursue debt in conjunction with the design of the new RAPID system. RAPID will replace the current rating system and is scheduled to go live in December 2026.

Vacancy Discharges

21. The Trust Statement includes a vacancy discharge cost of £41.1 million, which is an increase of £9.6 million from the previous year. It is unclear whether some of this expenditure is overstated due to properties not being declared as occupied. In previous years the error rate in vacancy discharge expenditure was assessed as being in the region of 12-15% following an inspection regime.
22. Management told me that physical inspections of vacant properties were not performed in 2023-24 due to resourcing pressures. Local Councils, who used to assist with property inspections, did not inspect vacant properties in 2023-24.
23. As part of the project to replace the current rating system, management engaged an external data analytics expertise to analyse vacant properties against other markers for commercial activity. Initial work suggests a slightly lower level of error than previously estimated. It is hoped this work will enable management to target properties for inspections and use its limited resources more effectively. Management also has plans to set up a new inspection team and recommence inspections from November 2024.
24. While I note plans to recommence inspections and the use of data analytics to refine the process, it is disappointing that management have not validated vacant property reliefs in 2023-24, particularly when vacancy discharge expenditure increased by £9.6 million (31%) in the year. I will continue to monitor activity in this area as part of my future work.

Outstanding Valuation Caseload

25. There was a decrease in the outstanding non-domestic valuation caseload at 31 March 2024 with 6,342 cases compared to 8,102 cases at 31 March 2023. The number of domestic cases outstanding also decreased from 17,263 at 31 March 2023 to 17,124 at 31 March 2024. The estimated impact on the rate revenue figure of the outstanding domestic and non-domestic caseload at 31 March 2024 was £16.0 million. This was a slight increase of £0.7 million from 31 March 2023.
26. While processing of the outstanding cases can lead to increased or decreased levels of assessments, the changes are made effective from the relevant date as stipulated in Article 13/Schedule 6 Rates NI Order 1977, and as such the correct revenue figure will be recorded as a consequence.
27. I will continue to monitor the progress made to reduce the outstanding debt, manage vacancies and reduce the outstanding caseload in next year's audit.



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