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Assembly

COMMITTEE FOR
FINANCE AND PERSONNEL

OFFICIAL REPORT
(Hansard)

PEDU Review of Land and Property Services

23 September 2009

NORTHERN IRELAND ASSEMBLY

COMMITTEE FOR FINANCE AND PERSONNEL

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Members present for all or part of the proceedings:
Ms Jennifer McCann (Chairperson)
Mr Peter Weir (Deputy Chairperson)
Dr Stephen Farry
Mr Simon Hamilton
Mr Fra McCann
Mr Mitchel McLaughlin
Mr David McNarry
Mr Declan O'Loan
Mr Ian Paisley Jnr
Ms Dawn Purvis

Witnesses:

Mr Stephen Peover	)	Department of Finance and Personnel
Mr Alan Brontë	)	Land and Property Services
Mr Iain Greenway	)	
Mr John Wilkinson	)	

The Chairperson (Ms J McCann):
The next item is the performance and efficiency delivery unit (PEDU) review of Land and Property Services. We will hear evidence from representatives the Department of Finance and Personnel (DFP) and Land and Property Services (LPS). I welcome Stephen Peover, who is the new permanent secretary of DFP. From LPS, I welcome John Wilkinson, the chief executive, Iain Greenway, the director of operations and Alan Brontë, the director of valuation. Gentlemen,

perhaps you would make a few introductory comments on the report and then take members' questions. Is that OK?

Mr Peover (Department of Finance and Personnel):
That is fine, and thank you for the welcome. This is my first appearance before this Committee and I hope that we will have a constructive relationship. By introducing my colleagues, Chairperson, you have performed my first task. I will hand over to John Wilkinson to set out the background to LPS and the report. Following that, I will talk about the implementation arrangements. We will pass round a few slides for members to use as a point of reference, and we will try to keep our contributions brief.

Mr John Wilkinson (Land and Property Services):
Thank you and good morning. I will start by making a few comments as a reminder for members. Land and Property Services was fully established in April 2008 in a period of unprecedented change and reform to rating across Northern Ireland. Coupled with that, we went through a difficult period in the development of an IT system to support rate collection. We have also been through a period of merging four legacy bodies over that period.

The PEDU report — which all Committee members have received a copy of — identified six areas for action. Those are: continuing the work on developing a clear sense of purpose; driving change and integration across the organisation; developing a culture of delivery; strengthening an understanding of the involvement of customers; maximising revenue collection against timely and accurate assessments; and, finally, reviewing the structure and support for processes and mechanisms across the organisation.

The whole idea of the review was to give me and my management colleagues some support. Part of the work was the LPS action plan. In response to the review findings, my senior management team and I set down a series of actions that would continue to develop and drive change across LPS.

In a moment, the permanent secretary will make a few points about the implementation plan, which is time bound over a 24-month period. We are reviewing the mission, vision and direction of LPS, which by the time of the PEDU review, was two years old. The action plan was about putting in place a more centralised change programme; developing our management information system to support the business; developing strategic management arrangements, particularly with the 26 local councils; looking at our debt recovery approach; reviewing the current structure of LPS; and looking at some structural changes in the next 24 months. That is just a quick overview of some of the nuts and bolts behind the review.

Mr Peover:

As you may know, I arrived in the Department relatively recently; it was at the beginning of August, when the work on the PEDU review has been largely done. I am beginning to think that PEDU reviews follow me around. When I was in the Department of the Environment (DOE), we had one in the Planning Service, so I have some experience of receiving and implementing such a review.

Mr Paisley Jnr:

Are you following it, or is it following you?

Mr Peover:

I think that it is following me.

Mr McLaughlin:

I am sure that it is no reflection on you.

Mr Peover:

There is a section in the report that talks about the implementation arrangements. As someone new to the Department, I recognise that LPS is the biggest single element in DFP. It is the most outward-facing bit of the organisation. There are some analogies between it and the Planning Service in the DOE. Furthermore, it is politically sensitive and it touches the lives of the citizens of Northern Ireland, so it is of concern to them. It is important to me as permanent secretary and to the Minister that this review is implemented effectively. John has spoken of the 24-month period, but most of the actions will be concentrated in the earlier part of that period, at six, nine and 12 months. As members have seen from the report, there are formal reviews built into the implementation structure.

I would like to strengthen the management team in LPS by bringing in an extra pair of hands. The report suggests that we designate an existing member of the management team as a transformation manager. That puts an exceptional load on whoever that individual might be, so I am looking for an additional member for the team to strengthen it. As described in the document, there will be an oversight board. I will chair that and colleagues will sit on it. The intention is that the core departmental board, on which John and I sit, will receive monthly updates on progress against the action plan.

This is a hugely important piece of our work. On the basis of my relatively limited experience of the Department, I have made a point of talking to directors, I have sat in on LPS board meetings, and I have talked to John and other colleagues about the work of the agency. I understand the areas for action, and I fully support those.

The agency has been engaged in a lot of good work to try to review its performance over recent months and years. I asked John to put together a summary of things that have been happening, and we will leave copies with the Committee. Inevitably, the review of an organisation's performance focuses on the things that are still to be done. However, some quite important things have already been done, and I would not like to lose those messages.

We are happy to take questions and comments from members.

The Chairperson:
You mentioned the progress report and the oversight board. Is there a timetable for those actions, and can those reports to be copied to the Committee?

Mr Peover:
I do not see why not. The report is now in the public domain. I should have said that John and his team have cascaded the report throughout the organisation, and they have briefed the senior team, which has briefed its team members. Copies of the report are available to the staff of LPS, and we are keen to make sure that lines of communication are kept clear. I am happy to keep the Committee up to date with progress. Nothing is being hidden; it is an entirely transparent exercise.

Ms Purvis:
Thank you for your presentation. The PEDU report is timely; coming on the back of the Public Accounts Committee's (PAC) report and recommendations. However, I cannot help having the

feeling, on reading the PEDU report, that there is an underlying lack of confidence in the management board to deliver on the PAC's recommendations or the improvements that are required in LPS. Throughout the PEDU report, particularly as regards implementation, there are references to necessary assurances to the Minister of Finance and Personnel, external assurance to the permanent secretary and independent assurance. That unnerves me somewhat: is the organisation capable of implementing the action plan? What measures have you put in place to monitor that on an ongoing basis?

Mr Peover:

OK. I will answer first. I understand the concerns, and it is entirely reasonable for the member to express them. The PAC and the audit findings are relevant. We expect that we will have implemented almost 90% of the audit recommendations by the end of the year. That work is monitored through our audit and risk committee, so there is a structure for monitoring progress, which is done through the agency and is supported by the Department. I am confident that reporting mechanisms are in place.

By way of providing background, I will say that we are talking about a body that is the result of a merger of four pre-existing organisations over a two-phase process in 2007 and 2008. A merger is an inherently difficult process. Some of the reasons why the new organisation faced difficulties in bedding-down were rehearsed in the audit report as well as the PAC report. The transitional arrangements were made and the merger was completed. A decision was taken in 2006; the first phase of the merger took place in April 2007 and the second phase took place in April 2008. I went through something similar with DVTA and DVLNI in the DOE. Mergers are difficult and complex, and new management structures have to be created and put in place. There was a lot of pressure and pre-occupation on senior staff in the agency in the early phase. We are now considering the need to focus on the core business of the agency, to get a clear sense of a renewed mission for the organisation, and making sure that that happens.

I do not see the external assurances, such as a transformation manager, a change adviser and an external adviser, being substitutes for management or being a reason for believing that the quality of management is poor. The organisation is big: it is going through a process of major change, and it needs support and the assurance that we in the core Department are behind it and will support it.

John could tell you how little investment there has been in the agency, how much budgetary pressure it has been under and how it has been difficult for him and his colleagues to carve out resources to do the things that they have to do from existing budgets, when those budgets are under pressure from the Department. However, I do not think that I will let him do that. I do not want it to sound like a rationalisation, but I think that that is a fair rationale for some of the pressure that LPS has been under.

There is a responsibility on me and on the Department, corporately, to support the process and to put time and effort into it. It is our responsibility to ensure that the oversight arrangements work and to assure John and his colleagues that we will be available to listen to their problems and help them to solve them. For instance, if LPS requires some facilitation with resources, we will try to do that. For instance, I do not expect LPS to find the resources from its existing budget for a transformation manager from outside; the Department will try to find those resources.

I understand the member's comments, but I do not see it in those terms.

Ms Purvis:
How many of the difficulties are down to resources? A lot of the rating reforms and new policies that are being implemented did not come into the baseline budget for DFP; a lot of them are down to in-year bids. Every quarter, the Committee receives papers informing it of what the impact will be if bids are not met. How much of this is due to the non-availability of resources?

Mr Peover:
I am not sure whether I can give a hard answer to that, but a significant amount is due to resources. John might say something about that in a moment. We are under pressure, corporately. On the day that I joined the Department — 3 August — we had a board meeting, and I had to make a decision to freeze all recruitment, promotions and overtime and suspend any contracts that had not been let. That was not the greatest way to start my first day in the Department. However, we are facing significant budgetary pressure this year, and it is likely to be worse next year. We are awaiting the outcome of the September monitoring, and we will have to readjust departmental budgets in light of that outcome.

At our September board meeting, we had a discussion about how we would manage the resources within our limits and hoped that we would get something from the September monitoring. We might have to revisit that, if we do not get help. At the October board meeting, we will have another discussion about next year's budget, because, again, the Department is facing very significant pressures.

I am not making a plea for DFP. I came from DOE, where we were facing the same sorts of pressures and doing the same sorts of things. There is a pressure on all of us — the Department corporately and LPS. Capital investment is particularly necessary to try to facilitate the ICT upgrades that would help improve the quality of performance of LPS, and perhaps John will say a little bit about that.

Mr Wilkinson:
I will respond to the opening comments about the management board and the management of the organisation. I have been before the Committee on a number of occasions, and I have tried to explain the difficulties that we have faced. We were formed in a two-stage merger in 2007-08. The new management team is coming together. Team working takes time. We are learning to work together. However, we came together in a difficult operating environment. Reform was under way, and there were backlogs of work and an unstable IT platform. Therefore we have had more than our fair share of challenges to deal with. However, we have won through that. We have stabilised the IT system, and we have, by and large, cleared backlogs of work. We are starting to move forward.

Hindsight is a great thing, and I often think that there are certain things that I wish I had done differently. However, our focus in the early days as a management board was on those operational issues and problems, and we did not get fully focused on the more strategic issues, such as moving the merger forward, until the second year.

I am not going to pull any punches; it has been a very difficult couple of years. I welcomed PEDU's work: it was useful to have someone come in to give me additional insight and guidance. The review has worked well, and I am delighted with the outcomes, particularly the action plan, which provides focus, momentum and a renewed and refreshed direction in which to go.

With respect to what Stephen wanted me to talk about, it is important to understand that there was a myriad of IT systems throughout the four legacy bodies, all with different suppliers and contracts, including those in valuation, rate collection and land registration. A key issue, therefore, has been to merge those back-of-house IT systems, but that will take time and a lot of cash. Capital is needed; however, in the past couple of years, that is one luxury that we have not had. I am talking to Stephen about getting more capital, which will enable us to speed up the merger, by joining up our IT systems, build our data spine, thus driving the best from the process, and that is a key strategic issue for us. However, it is important that we get more capital.

Ms Purvis:

You said that you have stabilised the IT system, but the report refers to issues with staff training on ABBACUS, etc. Is there a lack of staff confidence in the new IT system and a reluctance to use it? Can training overcome those problems, or are they down to the fact that the system was not stable? Have the issues been overcome?

Mr Wilkinson:

With any IT system, one must specify what it is to do. Then, it is built and bench-tested in the factory, followed by a limited roll-out, after which there is a full roll-out. Our difficulty was that, in the middle of that, decisions about certain aspects of policy were still being made, so conventional forms were not followed as the system was being built and the process was not as neat as it should have been. Indeed, I remember visiting Belfast around February 2007 and talking to Alan Brontë, who, without knowing whether there was going to be a cap, was waiting to press the button on something like 550,000 rates bills.

So, we have had difficulties with that aspect of the development of the IT system, which was not perfect. It meant that although the new system was launched, we had to amend it. Therefore, the initial staff training had to be redone. As a result, we have gone through a fairly difficult period.

With respect to the other aspect of the question, staff previously used an IT system that was geared to the pre-2007 rating system and was called RCA Main. It did not have to deal with anything like the kind of reliefs and reforms that were introduced in 2007-08. Further reforms are coming in 2010. Consequently, a much more complex system is required to manage the reforms. For many years, staff used the simpler RCA Main system, followed by the changeover, which was not as neat and perfect as it might have been. All of that added to the difficulties as regards staff perception. We have been working on those issues and we have been delivering training and are looking to improve the training. However, training on new IT-system tweaks happens after the main training has occurred. Those are the issues with which we have been dealing.

Mr Paisley Jnr:

Thank you for the report. The targets have been set out conveniently, and I appreciate that. How would you characterise your success in each of the six action areas? Where do you currently stand?

Mr Peover:

We are at the point of kicking off the final response to the report and actions plans. It has been signed off by the Minister, and we are ready to put in the oversight structures. John's people have been working on a detailed action plan that breaks the headline items down into more detailed components, and those components are allocated to individuals as leaders. That detailed action plan will be the menu, which the organisation will work from in trying to deliver the outcomes specified in the report. The starting gun has been fired and we have begun the race.

Mr Paisley Jnr:

Will any of the action plans take greater priority? They contain many things, including human resources, etc, and it is absolutely essential to get the nuts and bolts right behind the scenes. However, will the services that the public experience have priority; for example, the issuing of accounts and timely bills, and the in-year collection targets achieved? Where will the public be able to note the successes in the next six to 12 months?

Mr Peover:

I may bring in Iain Greenway on that point. I do not think that that is right. One of the focal points of the report is the emphasis placed on the rate collection activity, maximising the revenue and pursuing arrears. That is a core element in the report and is a priority for us. It is also a priority for the Minister and we have discussed the matter with him. We have an agenda from him as well, which we have to follow. That is a key element and it will be the focus of a lot of activity.

With respect to the interface with the public, members will have seen from the report that there is also an interface with councils and seeing councils as customers. In the past, we tended to see them as strategic partners. It does not really matter what term is used, they are important partners and customers in the process. Already, we have arrangements in place to improve the working relationship with councils.

Iain, would you like to say something about what the public will experience?

Mr Iain Greenway (Department of Finance and Personnel):
In a sense, all the bits of the business culminate in a rates bill. That bill is the result of data collection and mapping activity, which, through the valuation process and the law is converted into a rating activity. The registration process has proved to be immensely valuable in gathering information about effective dates and the ownership and occupation of premises. All of those pieces fit together in a Heath Robinson way in systems terms at the moment, as John said. However, the business is coming together and people are recognising those inter-linkages.

We are collecting more money than last year, and last year we collected more money than the year before. We had an economic situation clamped on us, which increased the number of benefit claims by 30%, reduced our registration income on the other half of our operations by 40%, and increased people's difficulty with paying their rates bills. We have had to deal with all of that; and we have had to stabilise the system, as John described, building what I believe are much stronger relationships that we have ever had with councils in respect of each understanding the impacts we can have on one other — for example, the memorandum of understanding signed with Belfast City Council. It is very much about a two-way flow of information.

However, we still have work to do. Customer service is not as good as we would like it to be, and some of that relates to things that are not right in the system. For example, data that came across from the old system has still not been put right because of the other pressures. People are getting bills that are wrong. On occasions, our customer service is poor, and we are putting in place training and support for front line staff who are taking very difficult phone calls. I took a 40-minute phone call yesterday from a ratepayer who had a number of issues, some of which related to the complexities of the legislation and some of which related to customer service. Success for me will be when that does not happen any more, and when we do not have MLAs writing to the Minister about issues from their constituents. That would be a crude, but simple, measure of success. We are heading in the right direction. Some of the complaints are as a result of us professionalising our service. There are certain legal dates by which rates must be paid, and if they are not paid by those dates, discounts are not allowed.

In the past, we tended to give the benefit of the doubt. This year, we are saying that the law says what the law says and the legal advice says what the legal advice says, and that people must pay by the date due. That has increased the level of complaints. However, I think that that is all part of making us a fully professional service.

Mr Paisley Jnr:
That is a very honest report and I appreciate it.

The Chairperson:
I am approaching the issue from another angle. You said that in law there is a date by which people must pay. Some of my constituents live in the most deprived and disadvantaged areas. They get a rate bill through their letterbox, and then they do not hear from the LPS until it sends them a court letter. That scares people to death, particularly older people who have never received that type of letter before.

Is there the facility through which your customer service staff could work with local community organisations who deal with debt advice? Obviously, with the economic climate as it is, not everyone has the money that they had several years ago. Does LPS interface with Citizens Advice or Advice NI when you are providing information? When I spoke to you about this, I stressed that people do not realise that there are payment schemes. It is important to get that information out. Sometimes, people borrow the money to pay their rates bill because they have received a court letter and they cannot afford to pay the money at the time. If information were available, it would be a help. Constituency offices could give out that information and let people know that there is a system by which they can pay rates.

Mr Greenway:
I can certainly give you reassurance on that. My colleagues met with you personally when you raised some concerns at Christmas time, and leaflets were provided to your constituency office. We work closely with all the bodies you mentioned. You get a six-monthly update from us on the access to benefits report, and that emphasises another angle on which we are working: we try to ensure that people are getting the reliefs to which they are entitled. That is an important piece of getting the rates bill right.

The key message that we tried to get out, when the debt figure was published in July, was that people should talk to us. In almost all cases, we can agree something. If people stick their heads in the sand and do not talk to us, we have no option but to issue final demands and court summonses. We do not do that because we want to. Come and talk to us. Generally, we can work out something.

You also mentioned borrowing money to pay rates. We are having a debate internally at the moment as to whether to accept payment of rates by credit card. Some people are asking for that, but there is a view that that is taking debt from a high-interest source to pay other debt. We have debates about how we can assist in this, but we have the statutory function to bring in money. It is the best part of £1 billion, which is crucial to the rest of Government surviving financially.

The Chairperson:

I am saying that there is a balance to be struck.

Mr Greenway:

I agree. We try to strike that balance every day, and staff strike that balance at the front line every hour.

Mr Paisley Jnr:

Chairperson, it might be useful to reissue the details of the hotline to all Assembly Members, with a note to encourage people to use it. We all come across those issues in our constituencies, and people should be encouraged to use it to get everything cleared up as expeditiously as possible and before it goes to court.

Mr Wilkinson:

I want to reinforce a couple of the points that Iain has made. In the last report on access to benefits we reported that we ensured that all our staff are trained in benefit reliefs. When someone phones in with difficulties in paying rates, we check to ensure that they are claiming all that they should be claiming.

Another thing we have done to improve access to benefits is to simplify or streamline all the relevant leaflets. We launched all the new leaflets a couple of weeks ago. So there is a lot of activity going on in that small but important area of business.

Mr McLaughlin:

Stephen, you are welcome. I have met your colleagues previously.

My Committee colleagues and I have already made some comments and criticisms, but we also recognise the very significant change regime and the challenge that was set for you. It is also incumbent on us to acknowledge the progress that has been made. I am convinced that you are moving in the right direction and are addressing historical performance issues and the issues that are inevitably starting to emerge as a result of the changes; for example, software and capacity difficulties.

The report also deals with stakeholder confidence in the estimated penny product. You will be more familiar with that than any of us. However, as a result of representations that have been made, I am fairly familiar with the angst and difficulties that have been created in some district councils. I am not clear about the action plan to restore stakeholder confidence. However, I am sure that you can develop the point for us. Before you address that point, did PEDU examine whether an estimated penny product is needed, as opposed to an agreed and negotiated benchmark with the councils, which can then be consolidated and reconciled in subsequent years?

Mr Peover:

Not as far as I am aware. As I said, the key strand is to build a good working relationship with the councils, now, and during the transition to new structures in 2011. That is an important element. On a quarterly basis, we try to provide councils with more information on the actual outcomes to supplement estimates. We have a close relationship with the councils, and we have always seen them as key partners in this. However, we recognise that we have to build better and closer relationships with councils, and share our information more effectively with them. Some of that is happening already, and perhaps John can comment on that.

Mr Wilkinson:

We started the work in May 2008. As a management board, very early on, we saw the need to get close to the 26 councils. We see them not just as stakeholders, but, more importantly, as partners. We had a meeting with all the councils, and that started a chain of events and a course of action which led to closer co-ordination. That co-ordination gives the councils more information and a better understanding of penny product issues. From the early days, one of the big issues was that the councils did not want any surprises. That way they can budget, manage their finances and move forward.

We have been internally managing the penny product calculations. As part of previous discussions, the Institute of Revenues Rating and Valuation (IRRV) looked at how we were doing those calculations, and provided recognition and support on that front. We have been meeting the councils and working with them more frequently. As Stephen said, an important aspect of that is making sure that councils have upfront and regular sets of figures informing them of where the penny product is going. As part of the stakeholder management and partnership arrangements we are giving councils quarterly updates on the penny product calculations. That is driving confidence and working relationship with councils and is improving what we are doing.

Mr McLaughlin:

We are discussing change, and the councils are about to change. However, needs must: you have to develop that working relationship.

An uncertainty or volatility is built into the present structure for calculating the penny product estimate. There are unforeseen circumstances, which are no one's fault, but they happen and will continue to happen. In some instances, that can throw councils' spending projections completely awry.

Why do we not set a date on which the register is closed for that year, take the data at that point and, rather than estimate, set out an exact figure for councils? The process should be transparent; councils should see the factors that you are using to make your calculations. Any consolidation or reconciliation that emerges as a result of, say, business downturn or new developments would be accounted for in the following year. There would be a lag of one year, but thereafter councils would be operating with confidence in the system, confidence in LPS and confidence that they know what their spending projections are based on. Why can we not move to that position, rather than having a situation in which a considerable number of councils have their rating and budgetary processes completely thrown as a result of clawbacks or whatever, as was the case this year?

Mr Peover:

My background knowledge on that is, as you know, limited. The situation this year was unusual in that we had a number of big movements in valuations. As part of the transition to the new local government structures, a finances working group has been established as part of the implementation structures for local government reform. We are fully involved with that; indeed, John is working on it.

Mr McLaughlin:

My point is not that there are variations; such variations happen for understandable reasons. My question is why, instead of insisting on doing an estimate, we do not just set a benchmark and agree to move forward on that basis?

Mr Greenway:

I do not want to steal the thunder of the Assembly researcher who is sitting in the Public Gallery and will report to you later about penny product matters. We had discussions with him, and when I spoke to him I used that Churchillian quote that the estimated penny product is the least bad system yet devised.

Mr McLaughlin:

We have heard that from other sources already.

Mr Greenway:

There has to be a mechanism to determine funding for local councils. At present, the process in law is that it is based on a council's valuation list. You need somehow to give people a budget figure and then do the reconciliation in the accounts. You are suggesting that we do that a year later than at present, but I do not see that being a fundamental change. You are talking about giving a figure and doing a reconciliation later. This year's estimated penny product was accurate to half a per cent if the very significant, unforeseen events surrounding the Ministry of Defence and BT valuations are left out, which were specifically allowed for in the support package that was announced by the previous Finance Minister.

We have had the IRRV look at the system, and they have endorsed the estimated penny product system that is in use in other jurisdictions and the fact that the work in Northern Ireland has, according to the IRRV, improved dramatically in the last 12 months. The IRRV also said that the liaison with the local authorities is becoming more data-driven and, therefore, should lead to more resilient estimates. From having talked to council finance officers, I believe that they feel the same. As Stephen said, the fact that the transition to the new councils is not happening at the beginning of a financial year is causing significant discussion about how that will be managed. However, I think that we are running the wagon pretty tightly. I agree that there will always be unforeseen events. Until someone finds a better track to run it on, we will always be in the process of a two-stage activity, so all that we are talking about is where in the budgeting cycle those two cuts are taken.

Mr McLaughlin:

OK, but RPA is taking us in a certain direction as well, and councils will be taking on additional functions and budgetary responsibility. I accept that the projections can be very accurate, but they are not always accurate. Not everything is anticipated and not everything is got right. I do not know whether there is ever a year in which some council does not feel that it has been sorely treated by that system. Just because that is the way that it has been done, I do not understand the resistance to removing the uncertainty, so that councils, particularly as we move into a new era, can have more confidence and certainty through knowing precisely what local and regional rates have been agreed between LPS, the Department and them.

Mr Wilkinson:

All systems have advantages and disadvantages. In Northern Ireland, until the past couple of years and the onset of the economic recession, councils were more than happy with the system, as there had been growth in the valuation lists of new property. Extensions and alterations also added to property value. The councils, including Belfast City Council, want valuations to increase. Only during the economic downturn of the past couple of years has some of the trauma connected with the system become evident.

There are always different approaches to take. Returning to Iain’s first point, the way in which local councils are financed gives rise to policy issues between DFP, our Minister and the DOE in making any changes to the model. We are trying, Mr McLaughlin, to do the best that we can with the current system, and we feel that we are improving it.

Mr Peover:

I have been involved with the RPA since its inception, during direct rule and devolution. Throughout that period, and whatever structures were in place, we have always sought to fully involve the councils at member and officer level in the discussions, subgroups and working groups. The DOE, in partnership with DFP, has always tried to create a working partnership so that, if councils' finance officers, chief executives or others had points to put to us, they were able to do so openly in a context of discussions being open to anyone. Details of those discussions were available on the web, as were the findings and reports. We have worked closely with councils and taken their views on board, and, collectively, we continue to do so.

Mr McLaughlin:
I do not dispute any of that. Communication and the data collection system are improving. Councils are alive to the self-financing benefit of ensuring that the register is as up to date as possible. However, none of that explains the two-tier process of estimate and settlement or why the two cannot be amalgamated into a single process. I have heard no explanation of why that would not be a more desirable outcome than the present system, particularly given that one of the pillars of the PEDU report is about building stakeholder confidence.

Mr Peover:
Perhaps I can persuade Iain to explain why the current system is the least worst option.

Mr Greenway:
I am keen to hear what the Assembly researcher has to say later this afternoon; that will be another valuable insight into the issue.

The Chairperson:
Perhaps we should provide the witnesses with a copy of the researcher's report.

Mr McLaughlin:
That is a good idea because, in fairness, they need time to read it.

Mr O'Loan:
Thank you for your presentation. I was disappointed by the PEDU report. It was written at a level of generality across the six areas that I did not expect. That applies even to the action plan. The report states that the LPS must, after being in existence for only two years, review its mission, sense of purpose and direction. I find that extraordinary. I envisage more of these meetings *[Inaudible.]* They will look at you as if you had two heads.

I also wondered about so many of the things that were in the report. As the chief executive, John, are they not part of your job anyway? So much of the report simply stated the obvious. I expected much more detail on identifying weaknesses and devising specific mechanisms to address them. The history of LPS is that, since replacing the Valuation and Lands Agency, you have three legacy bodies: the Rate Collection Agency; Land Registers and Ordnance Survey. From what I have heard today, Land Registers and Ordnance Survey have done a pretty good job, although I do not know how efficiently that has been done. However, there have been significant issues around rates: the database; the knowledge of the base on which to charge rates; and rates collection. The current times are causing massive difficulties, and there are tens of thousands of court actions in progress. A vast amount of work must be done.

The work that LPS has done with councils has been very good. However, we have been told that, even if we want to do it, the rating of vacant domestic properties will not be possible next year because there is no capacity for that, despite that good work with councils. Given the mapping and logging work that has been done, I assume that LPS now has a much clearer knowledge of how many vacant domestic properties there are. However, you are unable to deliver a rates collection service for that. Overall, I expected much more specific information about meshing the three organisations and improving the standard of delivery.

Mr Peover:
I take those points. This may sound like a flippant comment — it is not meant to be flippant because it is a lesson that I have learnt during a 34-year career in the Civil Service — but, from time to time, stating the obvious is a valuable activity. In our day jobs, most of us get caught up in the routine of work; the queries and the complaints, such as the 40-minute phone call from an irate ratepayer that Iain took yesterday. Sometimes, it is not a bad idea to stand back, consider how things have been done and take a fresh look.

The PEDU report on the Planning Service did not tell us anything that we could not have told ourselves, but it forced us to focus. PEDU exercises are collaborative and are carried out by a team of people from the core Department and from the agency or body under review. They offer an opportunity to stand back from day-to-day operational activities and the hurly-burly of life and bring in someone external to consider the fundamentals with a fresh eye. That is important. It ought not to be necessary, and you might ask what is my job or John's job. It is our job to carry out the actions in the review, but it is helpful for someone to cast a fresh eye over things. When in the DOE, I found the PEDU process and the action plan that flowed from it to be valuable and palliative to the pressures that the Planning Service was under. We experienced quick action and some quick wins, which was important.

I am old enough to remember when the Civil Service did not have visions and missions or business plans and corporate plans.

Mr McLaughlin:
You really surprise us.

Mr Peover:
When merging four organisations into a single unit, it is worth the effort to sit down and think about what we are here for and what we are about. One finding from the PEDU process is that the current mission does not, perhaps, adequately reflect what the organisation is really about. Such points have been made during today's discussion. Members might ask whether it is worth the effort to establish working groups to think up new words to put on headed notepaper or on posters on the wall. I think that it is. Staff should have a sense of working for a well-focused organisation that has a sense of direction and unity in its operations and, most importantly, is either successful or is improving its performance.

People who work for organisations that are constant butts of criticism or are seen as failing will imbibe that message and their heads will be down. That is not how an organisation should operate. I share some of the member's scepticism about the value of a review. We should not devote too much time and effort to it. We will certainly not employ consultants to do it; we are capable of doing it ourselves, quickly. I assure members that all the activities of the organisation are aligned with its key purposes. It is never a bad idea to sometimes examine why we do things in a certain way.

Mr Wilkinson:
I will respond to one or two of the points that were raised. The key element of the review is the action plan, in which we pulled together the feedback from the review. The action plan that was published is specifically for this document, but we have a much more detailed action plan that was put together by senior managers in LPS. I am more than happy to share that with the Committee.

There is a need to review the forward strategy. I recognise that a lot has happened since the turn of the year. The original vision and mission statement was put together three years ago. The rating system has changed since then, and there is now an emphasis on changes to our business. A review is important as it reflects the importance of the £1 billion that we collect in rates.

More specifically, I was happy with the report because it gave me a mandate and a focus. The report was critical of how our change management was run with a more decentralised approach; it recommended a more centralised approach. I have accepted that criticism and have taken it on board; we will move in that direction. Some aspects of the report were hard-hitting and critical, and we have to be big enough to accept that. Another example is rate debt, which the review team looked at and told us that we needed to examine it more closely and make better use of the information and statistics that are available.

[The Deputy Chairperson (Mr Weir) in the Chair.]

Dr Farry:
I declare an interest as a member of North Down Borough Council.

I have a number of points to make. I echo what Declan O'Loan said; I was also a little disappointed with the PEDU report. I could not see how it was any different from a report made by a management consultant and, in a sense, Mr Peover confirmed that when he said that we pay consultants to tell us something that we already know but are not prepared to admit. I had hoped that PEDU would dig deeper and identify particular areas of concern and give more specific advice.

Mr Peover might wish to comment on this next point about the September monitoring round. The Department of Finance and Personnel is bidding for £5 million on behalf of LPS. Significant bids for LPS have gone in at every monitoring round. Perhaps Mr Peover could remind me what the current annual budget for LPS is, but it seems extraordinary that a bid of that scale is being made. Does that pose a fundamental question about the level of funding that is being given to that organisation?

When it comes to financing and funding LPS, I have concerns about the large increases in collection costs — as much as 10% or 15% — that are being passed on to councils. At a time when councils are getting an arguably worse service, it seems particularly unjust that they are charged more for the collection costs. If the fundamentals of financing are not addressed in LPS, are we likely to see that bill being passed on to councils with an even higher percentage increase in future years?

I have some questions on valuation for John to pick up on. On balance, you may well be doing the right thing by deferring for a year the non-domestic revaluation. However, it has been some time since we have had a non-domestic valuation, and you have already commenced much of the work. How much of a difference in business valuations has built up in the system? So far, does the evidence suggest that, by and large, the valuations are right? Or are a lot of valuations considerably out of sync? What is the opportunity cost of deferring revaluation of business rates for a year?

I would like you to comment on your intentions with regard to the next round of domestic revaluation. The intention was that we were going to have one of those every five years to try to achieve stability, rather than allowing changes to build up in the system over a 10- or 20-year period and causing a big shock for people. I appreciate that that comes later in the process, but I want to know the timetable for it.

I appreciate that that is a wide range of questions; thank you for your patience.

[The Chairperson (Ms J McCann) in the Chair.]

Mr Peover:
I will try to remember them all.

I echo John's point about the report. It is hard-hitting and it sets us a number of significant challenges. The action plan that members have is more of a summary; behind it lie many other actions. When members see a copy of the more detailed action plan, you will see how much work is involved in taking that forward. There is a lot in this. It is compressed and expressed in shorthand form, but it raises a lot of challenges for the organisation. We will let you see the full report and that will let you see the scale of the work that is required over the next two years.

The answer to your second question is yes. The funding regime for LPS is more than a bit ramshackle. I do not criticise LPS for that; I criticise the Department. The core Department needs to create a more stable regime and work with John and colleagues to look at the funding pressures that have emerged. We need, as Mr McLaughlin said, a more stable funding regime for LPS itself, let alone for the councils. The capacity for doing that in current circumstances, when our budgets are under pressure, is limited.

We will soon get the outcome of this term's monitoring. We will then have to revisit the Department's overall budgets for all our business areas and see what we can do. We are already robbing Peter to pay Paul to support LPS. We are holding back on expenditure elsewhere to ensure that the resources are there to help LPS make these changes. However, I will not know the outcome of the monitoring round for a while yet.

I am keen to look not only at this year, but at next year. Since I arrived, John has repeatedly made the point to me that he has staggered from year to year with inadequate budgets and has never been sure that he will get the necessary budget. He relies on in-year monitoring to deliver important bits of his business. That may be unavoidable, but it is not a good way to work and I would like to do something to help resolve that.

Dr Farry:

I also asked about the collection costs.

Mr Wilkinson:

In the funding model, the baselines all pre-date the reforms. I am in a situation whereby, to finance the reforms, such as the lone-pensioner allowance, I have had to bid in-year. I have not been totally comfortable with that.

As to the costs of rates collection, the pre- and post-2007 rating systems are like chalk and cheese with respect to reforms and reliefs. As Iain said, in the last 12 months we have been dealing with a 30% increase in claims for benefits and reliefs. The business has changed fairly dramatically, and that change has driven up the cost of collection.

At a previous Committee meeting, the point was made that we should look across at benchmarking and best practice, and we took that on board and followed it up. We looked at comparing our resourcing model in Northern Ireland to that of the authorities in GB, and we are now very much on a par with regard to benefit reliefs and all of the additional bits that are now in the rating system. Early indications are that we compare very favourably. One of the actions in our action plan is to create a resourcing model for revenue and benefits, because that is where I am feeling the pinch with regard to work activity. For example, Mr O'Loan made the point about the huge increase in court actions that we have had to cope with. Pre-2007, we had around a dozen staff working in that part of the business; we now have over 100 staff working on that, and we have served approximately 30,000 court notices already this year. There have been some fairly dramatic shifts, and that links back to the vision, mission and forward-strategy issues.

A couple of points about the revaluation were mentioned. I will hand over to Alan Brontë, who has been sitting very quietly and patiently and is desperate to talk to the Committee.

Mr Alan Brontë (Land and Property Services):
Brian McClure, head of rating policy, and I supported the decision taken on the rating revaluation. These are unprecedented times and that was a pragmatic decision. It is fair for ratepayers and local councils. Ratepayers do not need surprises just now. Some people are worried about paying their next month's bill and, with the instability in the property market and the economy in general, a surprise for next April would have been difficult.

The work has not been wasted. All of the valuation work is virtually in the bag. We were on target, on budget and on time to complete that by the end of September, and we will do that. It is a short postponement of the publication and the billing for revaluation.

We are just about to move into the period in which we will analyse the effects. Revaluations are revenue neutral; however, there are always swings and changes. There would have been changes in locations even within and between certain towns. Those switches would all have been relative. We have not completed that work yet. Obviously, some of the prime retail properties in Northern Ireland will have seen greater increases, but there will have been other changes. We now have time to draw breath and look again at some of those changes. We will also be able to see the local impact of the recession. The right decision was taken, and the delay is for a very short period. The values were last based at 2001 and we are now based at 2008. We will maintain the 2008 date and we will be publishing just a year later.

Revaluations in the rest of the UK happen on a five-yearly basis. It is accepted that the fairest approach is to regularly revalue, because is maintains the relativity between the actual value and the rateable value.

I believe that we should do that. We would have been publishing the data on the same date as the rest of the UK for the first time; and, in some ways, I am disappointed that that did not happen. However, I hope we can catch up on that.

I do not think that the Executive have made any comment with respect to the number of years between domestic revaluations. The direct rule Minister, at the time, indicated that a five-year period was optimum. We have invested in world-class systems for revaluation, and have the capability to deliver regular revaluations. There is very little evidence of sales at the moment, and it would be quite difficult to carry out a domestic revaluation, because the market is so flat. However, that is something that we will keep to the forefront of our thinking.

Dr Farry:
Although we are not yet moving to the formal introduction of non-domestic rates revaluations, will you brief the Committee on the impact that the recession is having here when you complete your analysis of the shifts in that area?

Mr Brontë:
Absolutely. Indeed, we are working with our departmental colleagues and are trying to move into using those effects to examine the modelling of a transitional rates relief scheme. That is important whether it occurs now or later.

We have to wait and see, but it will perhaps give us the opportunity to publish the values earlier that we would have otherwise been able to do. Those values should have been published around December 2009, so perhaps we could publish a little earlier as we did with the domestic revaluation, thus allowing people to examine the values.

Mr McNarry:
I welcome the witnesses, and I particularly welcome Stephen and wish him good luck.

Mr Peover:
Yes, I am probably going to need it. People have asked me if I am mad moving to the

Department of Finance and Personnel at the present time.

Mr McLaughlin:

And what have you told them?

Mr Peover:

That I probably am.

Mr McNarry:

At least you are honest.

Mr Hamilton:

I think that you may regret your decision. *[Laughter.]*

Mr McNarry:

We all want and need LPS to succeed in all areas. I have tried to be supportive of you and I am glad to see that some of my colleagues, if not all, are also coming round to that position also, because LPS has had a struggle.

Stephen, you have talked about strengthening the management team. Will the appointment that you have talked about be someone who is headhunted, or will the position be advertised?

Mr Peover:

I hope that I will be able to find someone from the existing complement of staff in DFP.

Mr McNarry:

I thought that you said that that position will be recruited externally?

Mr Peover:

Sorry, I meant that the position would be recruited from outside LPS.

Mr McNarry:

I am happy with that.

You said that you recently banned overtime and have dismissed around 40 temporary staff, yet you have talked today about resources and high-fliers. Will you briefly tell the Committee what impact those actions will have on your delivery performance?

Mr Peover:
First, I must set the actions in context. The decisions that were made in August 2009, when the departmental board had to look at its staffing, were a matter of expediency. The Department was facing a significant budgetary problem, there was a budget deficit for the Department as a whole for the year, and we needed to find ways of steadying our heads and find some time to realise a longer-term approach.

Therefore, we took the decision to freezing overtime, vacancies and promotions as a way of giving us space to think. We returned to the matter in September 2009, and removed the freeze on overtime and promotions. However, we have stressed again to everybody —

Mr McNarry:
Sorry, did you say that you have removed the freeze on overtime?

Mr Peover:
Yes, we have removed it, and we have found —

Mr McNarry:
But you told the Committee an hour ago that you had introduced it.

Mr Peover:
Yes. We applied it as a means of getting to the point where we could decide what to do next, and we have now decided what to do next.

Mr McNarry:
Just to keep me right; are you now telling us that the ban that you told us you had put in place has been lifted? What does the dismissal of the 40 temporary staff tell us?

Mr Peover:
It tells us that we were looking for short-term expedience to enable us to get time to think through

the issues properly as a collective board. We decided in August to have those freezes. In September, we went back to the issues and agreed a package of reductions across the Department as a whole to be implemented by all business areas. That allowed us to get away from the fairly crude mechanism of a freeze. The fact that there is a vacancy in one place may be due to lots of historical factors, but it may not be the right place to surrender a post. The post may be crucial, but the vacancy may have occurred because someone has retired, left, transferred, or got promoted.

Therefore, it was a temporary expedient to give us an opportunity to look hard at our budgets. We have now given all business areas in the Department revised budgets for the current year. Those may, as I said, have to be revised again in the light of the outcome of the September monitoring round. We have a responsibility — I, like any officer, has a responsibility — to manage the Department's budgets to the end of this financial year without going into deficits.

Mr McNarry:
You will appreciate that it is helpful for the Committee to get accurate information. One of your officials told us last week that overtime was banned, and that about 40 temporary staff were dismissed.

Mr Peover:
That is right.

Mr McNarry:
Are you now telling us, a week later, something different with regard to the overtime ban?

Mr Peover:
Yes. Can you tell me who told you that?

Mr McNarry:
The person is sitting behind you.

Mr Peover:
Right. The board took that decision in August —

Mr McNarry:

Is there something wrong with your information? When an official comes before this Committee, and gives us information, which we take in good faith —

Mr Peover:

It is true.

Mr McNarry:

Now, a week later, you are telling us that there is a change.

Mr Peover:

What I am saying is that the board, at its September meeting, decided that it could relax the absolute freeze on promotions and the filling of vacancies because it had a more developed approach to the management of its budget. All business areas have been given revised budgets in the light of the board's decision, and they are being asked to live within them. We have indicated that they may get further revised budgets because of the potential outcome of the September monitoring round.

Mr McNarry:

So, you are just living through a period of taking on people one week, paying them off the next week, putting people on overtime and then stopping that.

Mr Peover:

Well, no; that is not the case. There is an obvious —

Mr McNarry:

Is that a trend?

Mr Peover:

Sorry, is what a trend?

Mr McNarry:

That jockeying around, that one week the board makes a decision to one thing, and then the next week it changes its mind.

Mr Peover:

Well, it was the following month rather than the next week. The board was not changing its mind. It was saying that we need to control the level of staffing in the Department. That control can be exercised in one of two ways. One way is to have a complete and total freeze on all recruitment across all business areas, and that is what we decided to do in order to give ourselves the breathing space to look more effectively at the budgets in September. When we looked at them in September, we decided that we could say to staff that they must operate effectively and live within their budgets. We gave them reduced budgets as a result. We reviewed the issues with the LPS. We are awaiting the outcome of the September monitoring round, and we may have to review the budgets again. That is the reality of the budgetary position in which we find ourselves, Mr McNarry.

Mr McNarry:

Therefore, when you use the term robbing Peter to pay Paul in order to get extra resources, will it be just as flexible as that?

Mr Peover:

That is the world in which we are operating. If unavoidable pressures emerge, we have to try to manage them by looking for other savings in other parts of the Department.

Mr McNarry:

That is hard to follow.

Mr Wilkinson:

Some of the change came about as a result of my discussions with the permanent secretary. I was keen to protect certain parts of my business, particularly the rate collection area, hence the negotiations about the temporary staff. I also have quite a turnover of staff in bits of my business, certainly in the rate collection areas. Therefore, a freeze can, in a very short time, have quite a damaging effect on small teams. Again, I petitioned the permanent secretary on that front. Therefore, some of those discussions were about particularly my business, certain parts of which I felt were important to protect. Some of the changes were made as a result of those discussions.

Mr McNarry:

What is your optimum number of temporary staff? How many do you have?

Mr Wilkinson:

We had a total of about 80 temporary staff.

Mr McNarry:

Half of them, therefore, were not of use?

Mr Wilkinson:

No; they were of use. However, to make progress, we changed what we were doing in various parts of the business.

Mr McNarry:

So you implemented a form of cuts. We will have to be more alert to the information as it filters through to understand it and determine how we may be able to help.

The action plan is good and interesting, and it seems to involve a combination of sprints, middle-distance and long-distance races in monthly cycles. I hope that you will not get hung up on any hooks. Will delivery and success follow the traffic-light system of red, amber and green? Now that you see the action plan and its description of success, does anything spring to mind that may represent a red light in relation to that plan's delivery?

Mr Peover:

Not at the moment.

Mr McNarry:

That is OK. I am happy with succinct answers as, I am sure, are other members of the Committee.

The other paper that you provided to the Committee contains additional information and sets out current progress. It states that more than 23,000 court processes were issued by the end of August. What sum of money did those involve?

Mr Wilkinson:

I cannot answer that question; I will have to come back to you on it.

Mr McNarry:

Should the answer not trip off your tongue? If I were a businessman, and 23,000 people owed me money, my balance sheet would show me how much they owed.

Mr Wilkinson:

I can give you the latest estimates from memory. The court processes that were issued broadly relate to the level of debt. The latest information that I have seen shows that that figure is down to approximately £100 million.

Mr McNarry:

You will have to keep me right. More than 23,000 people owe approximately £100 million that is wrapped up in court processes. Is that a normal figure, or is it higher or lower than previously? I appreciate that that may be difficult to answer, but is there an upward or downward trend, or is it more or less the same?

Mr Wilkinson:

Over the past three years, the level of debt has grown. We ended the last financial year with a figure in excess of £130 million owed. In the meantime, we have been reviewing our approaches to tackling debt. Debt may be fairly fresh, having been accrued over the past year, or between two and five years old. It is, therefore, a complex issue. We have been examining our approaches to persuading people to come to talk to us about paying their debt. The last figures that I studied, in preparation for a forthcoming departmental board, showed that we have reduced the debt to approximately £100 million. LPS is putting together a three-year plan to get back on top of the debt.

Mr McNarry:

The 23,000 court processes represent approximately £100 million of outstanding debt that is not being added to your kitty. Given your experience, how much of that £100 million do you expect to retrieve from the court processes?

Mr Wilkinson:

We have been working on the figures, and, from memory, we have recovered approximately 35% of the outstanding debt so far this year.

Through our process, if a rate bill is outstanding, the IT system triggers a reminder, which makes people pay their rates. If they do not pay on the back of the reminder, the next phase is to serve a court notice. Again, that triggers people to respond and to pay rates. It is a process of filtering through various processes and actions.

Mr McNarry:

Figures can be deceiving. At the start of the meeting, the Chairperson mentioned something positive that we deal with, which is people's ability to pay. You have addressed that point. The latest information shows that you had collected more than £500 million in rates by the end of August. However, you were unable to collect £100 million. Therefore, was the top line £600 million? Will you put that £100 million into perspective? The £100 million does not represent much because 65% of it has not yet been received. How hopeful are you of obtaining that other 65%? How will you get it?

Mr Wilkinson:

I do not have the figures with me, but I think that the year-end debt at 31 March 2009 was about £138 million. That represents a mix of debt from the previous five years. We are reviewing our approach and policies on the matter. We can only collect so much money through sending reminder letters and taking people to court. However, we rely on court judgements to enable us to take enforcement action against wages or against property to collect the rest of the money. We have put together a three-year plan to improve claims and reduce debt levels.

Mr McNarry:

It must play havoc with your budget. In that brief few minutes, I have gained a greater understanding of your difficulties. The real critics might need to gain that understanding too. It might be helpful to undergo some sort of charm offensive to help them understand because, in many places, your reputation is pretty damaged. Not long ago, I used the word "lousy" to describe people's perception. It should all stack up, but part of the problem, and perhaps the new permanent secretary should take note, is that we do not understand a lot of the figures because of how they are presented. After spending weeks considering figures, one becomes suspicious of what on earth may be round the corner. That is a bit of advice.

You said that vacant property inspections resulted in the issuing of bills totalling £23 million. How much of that £23 million do you expect to reclaim? Will it create another deficit? Is the £23 million the full total or a part total? If it is a part total, when will you send out the rest of the bills?

Mr Wilkinson:
The £23 million represents the number of vacant properties at a particular point in time. What happens there is —

Mr McNarry:
That was representative in August. Was it different at the end of June?

Mr Wilkinson:
The occupation of properties changes day by day. We have done a catching-up exercise, and we have had a management board meeting whereby we have revised our strategy. Indeed, some councils have already volunteered to continue to work with us on vacant property.

You are quite right: £23 million is the amount billed. We have calculated how much we expect to get on the back of that. I am not sure if the figures are in the papers that we submitted. I will have to come back to you on that figure.

Mr Peover:
Given Mr McNarry’s points, that might be helpful. Today’s session was intended as a summary of some key points. We did not come briefed with the background information. I am very happy for us to put together a background briefing pack to try to avoid Mr McNarry’s concern about getting a set of figures that the Committee cannot understand. We will work with the Committee Clerk and make sure that the figures that we give you are the figures that Mr McNarry wants.

Mr McNarry:
We also need to understand how you use the courts. If your hit figure is 35%, that is not good enough.

As regards the bill for vacant property, your target is 92%, and you are not happy with that. I must say that I would be happy with 92%. You seem to be saying that the figure that you would be happy with is greater than 92%. However, if you are producing low figures; somewhere down the line, someone will ask you how much is it costing to chase the money and what resources are being used to chase the money? Coming back to the Chairman's point, if people were to be greater informed, that might reduce the need to chase people. From what the Chairman said, there are people who panic when they get a final demand.

Mr Wilkinson:

If I may, I will give you a briefing paper on the matter, as it is a very complex issue. I can quote some of the figures; however, there are other figures that I will need to speak to my colleagues about.

Mr McNarry:

You are right. The Finance Minister talks to me in gobbledegook about this, that and the other, and all you are doing is giving me is information to hit him over the head with. Some of that might be unfair; however, he deserves to be hit over the head with some it. I think that those figures would be very useful, presented in an appropriate way, even for someone such as me, who is not so clever, to help us understand.

Mr Wilkinson:

I will provide those details.

Mr McLaughlin:

Mr McNarry wants them in a heavy ledger too.

The Chairperson:

On that last point, the issue is about the difference between people who habitually avoid paying rates and those who genuinely cannot pay this year; perhaps, because they have lost their job. That is the comparison that I was trying to tease out. There are people who avoid paying their rates, and therefore, LPS has to take that type of action. It is about making that distinction.

Mr Wilkinson:

That is a very important distinction. At the beginning of April, I spent the morning on the telephones with one of my staff in rates collection. I was struck by the complexity of the work:

every phone call was different and every problem was different. I was doubled up on the headset, and we received a phone call from a chap who said that he had been put on a three-day week from a five-day week, and that he was struggling with his outgoings. He wanted to know if there was any help that we could provide around the payment of rates. That is a situation whereby we will immediately offer to try and help.

Coming back Mr McNarry's point, it pushes the debt from one year into the next. However, we would rather do that than move to a hardcore debt situation in which we are trying to find people to talk to and get them to pay their rates. We would rather have the dialogue, an iteration, and help people. It is a very complex business. I apologise that I have not come armed with a lot of the detail and figures. However, I will prepare a written briefing for the Committee so that we can set the figures down more accurately.

The Chairperson:
That is fine.

Mr Hamilton:
The challenges that are inherent in the merger of four organisations are writ large in the report. It brings Stephen back to his previous post, where, because of the review of public administration, there was a challenge in merging two, three or four councils together. He must think that he has jumped from the frying pan into the fire, or maybe back the other way. Time will tell. There is a challenge inherent in mergers.

In the report, the problems that the organisation is experiencing say nothing in particular about the rationale of merging the organisations. It was the right choice, the right decision and the best way forward. It is a good and useful report. Declan said that it was too general for him. I am happy to say that it was sufficiently superficial for me to understand. In fact, if anything, it was lacking a few pictures. The report makes criticisms. LPS could have made those criticisms of itself, but it is helpful to have others say them and to set targets and a plan. Some of the criticism is as harsh as you can get. Use of language is harsh. The report states that:

> "The Vision, Mission and direction of LPS need to be reassessed, reviewed and rewritten"

which is very harsh, and:

“the approach to performance management and delivery within the Agency should be reviewed and strengthened while the business planning process needs to be re-examined and reinforced”

and so on. The report takes that line frequently.

Rather than going into detail, I want to ask about the PEDU process in general. How useful did LPS find it? Also, from a departmental perspective, is it something that you see potential for elsewhere in the Department or would you recommend to other Departments that they avail of it? You may have insights on that from your previous post.

Mr Peover:
John will talk about the LPS experience. However, my fundamental response to this is that I have been through two PEDU reviews. One I have lived through and the other I inherited, in a sense.

The one I lived through, I found to be a positive process. It was vigorous in its scrutiny of what we were doing, but in a constructive way. It did not try to find fault for the sake of finding fault. The team was independent, but representatives from the Planning Service worked closely with it. It worked with our people to get data; it drew on the data, and was able to validate, check and ensure that the information used was information that we recognised, understood and accepted. That is important.

I inherited this exercise from Leo O’Reilly, and I found it a helpful overview of LPS and what needs to be done in LPS over the next period. Although it is a two-year period, the real core of this is the first year. If we do not get this sorted out in 12 months, we will have failed. There are important actions to be taken in the first 12-month period. The report is hard-hitting, rigorous, and has been written in combination with colleagues in LPS. As the accounting officer for the Department, I find it to be useful information which will help me to work with an important bit of my Department and to try and ensure that it delivers what the public wants of it and what the Minister wants.

I commend the PEDU process to colleagues. It works well. It needs to be engaged with in a constructive spirit and we need to embark on it as a partnership, take criticisms on the chin and listen to what is being said to us. We need to listen to what is said to us, and be fully part of the process, rather than let it be done to us. If we let it be done to us and cavil about it afterwards, we only have ourselves to blame. My two experiences of it have been positive and I commend it to colleagues.

Mr Wilkinson:

It was a very uncomfortable exercise. A team of eight people, plus two of my staff who had been seconded, looked at everything that we had done over a very difficult two-year period. The agency had not been formed in normal circumstances; it was formed during a period of unprecedented reform, with an IT system that was unsuited to our needs. For example, the debt situation arose because the IT system was unable to serve recovery notices for a year. We had been formed under difficult conditions and with a lot of criticism. Mr McNarry made a point about reputation; all those circumstances, together with the fact that we had a group of people examining what we had been doing, meant that it was uncomfortable.

Aspects of the report are, as Mr Hamilton pointed out, very critical. If we are going to improve, however, we must take criticism on the chin. That group of people have given me an insight — a second look — into what we have been doing and have provided a lot of help and support with the actions that are needed to move the organisation forward. I have a renewed focus, momentum and pace. I welcome the support that I am going to get through the permanent secretary and the oversight board. I am going to speak very positively about it even though it was not a comfortable period.

The Chairperson:

Thank you for coming along and giving us so much detailed information.