



Northern Ireland
Assembly

**COMMITTEE FOR
FINANCE AND PERSONNEL**

**OFFICIAL REPORT
(Hansard)**

**Performance and Efficiency Delivery
Unit: Review of Land and Property
Services – Update on Progress**

14 April 2010

NORTHERN IRELAND ASSEMBLY

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FINANCE AND PERSONNEL**

**Performance and Efficiency Delivery Unit: Review of Land
and Property Services – Update on Progress**

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Members present for all or part of the proceedings:

Ms Jennifer McCann (Chairperson)
Mr David McNarry (Deputy Chairperson)
Dr Stephen Farry
Mr Simon Hamilton
Mr Fra McCann
Mr Mitchel McLaughlin
Mr Declan O’Loan
Ms Dawn Purvis

Witnesses:

Mr Stephen Boyd)
Mr Tommy O’Reilly) Land and Property Services
Mr John Wilkinson)

The Chairperson (Ms J McCann):

I welcome John Wilkinson, chief executive of Land and Property Services (LPS), Tommy O’Reilly, director of transformation, and Stephen Boyd, director of finance and corporate services.

Mr John Wilkinson (Land and Property Services):

Thank you for giving us the opportunity to appear before the Committee. I begin with apologies: Stephen Peover is not able to be with us.

I welcome the opportunity to talk to the Committee again about the Performance and Efficiency Delivery Unit (PEDU) report, the action plan, and our transformation plans. I think that we were last here to talk about this subject in September 2009. Work commenced formally in November 2009 with the appointment of Tommy O'Reilly as director of transformation.

The action plan is now firmly established in the LPS business plan. In addition to Tommy, I have added an external change adviser and a change manager from the Department of Finance and Personnel (DFP) to the LPS management board. Those people are working very closely with the management board and me to move the action plan forward.

As chief executive of LPS, I am pleased with the progress that we are making. It is a big plan with a lot of strands, and it will change as we move forward. There is also the issue of balancing the transformation plan with the day job, which involves rate collection, valuations and so on. We are making good progress, although I recognise that there is still a lot to do.

Mr O'Loan:

How would you summarise the ways in which the key points from the PEDU review will significantly alter LPS's service delivery? The Committee has had significant concerns about service delivery, specifically the quantum of late collection of rates currently due and arrears.

Mr Wilkinson:

I will respond by touching on what I think are some of the key actions. The first point, which I think that we touched on at the previous meeting, is about the organisation's forward strategy and greater recognition of the rate collection function. We have been working on that as part of the action plan in recent months, seeking to heighten the rate collection aspects of the forward strategy.

Another key area to come out of the action plan and the PEDU review is the need to look at

the processes from end to end. We had commenced that work before the PEDU review, but we have accelerated it over the past four or five months. We are looking to improve the process of rate collection. That involves going back to the very beginning with a property being built; looking at the information that we have available, such as mapping and details in land registration; looking at the collection of data, the identification of ownership, and the dates of occupation; getting valuations done and bills out in a more timely manner; and cutting down on the amount of recovery action. The building of a service delivery model — a forward operating model — for LPS is another big part of the action plan.

Other aspects of the action plan that will take us forward concern business planning. We have just turned two years into the full merger, and the integration of business plans among the various business areas will take us forward.

The people aspects of the action plan are very important. Our most valuable asset and resource is our staff. We have developed a human resources strategy, which involves training and development. Again, that will improve what we are doing.

There are lots of aspects because the plan is big and comprehensive. It involves not only recommendations from the PEDU review but recommendations from and aspects of the work that we were dealing with at the time.

Mr O’Loan:

Is the integration of the three business areas making a contribution to the synergy and quality of what you are doing?

Mr Wilkinson:

Yes; most definitely. Let us consider three of the business areas related to rate collection, for example. It starts with data collection, followed by valuation, and then billing and rate collection. We have been looking to draw those areas together and to get a better feel for the synergies among those parts of the business in order that we can process rate bills and rate collection a lot more efficiently than was the case previously when the organisation sat in silos.

Mr O'Loan:

Enhancing rate collection is a feature of what you are doing, as is better identifying the property base. Where are you on that? What is your sense of knowing the stock of domestic and non-domestic property throughout Northern Ireland? How good is your database?

Mr Wilkinson:

It has improved greatly over the past six months. We have caught up on some big backlogs of work. For example, when I started in this post three years ago, the backlog of valuations amounted to approximately 60,000 cases. That adds to the unknown, because we do not know what a case will be until we get out and have a look at it. This year, we are starting with fewer than 30,000 cases.

One of the issues that we have been dealing with over the period has been the big backlog of new houses, which built up as a result of a combination of the number of staff doing revaluations in 2007 and the fact that there was a big boom in the housing market and lots of new houses were built at that time. We have greatly improved our work in relation to new houses. We are starting this financial year with a stock of about 1,500 properties to deal with, which is a huge improvement compared with previous years. We have done the same with non-domestic properties and are clearing some of the backlogs that existed.

We will soon be in a position to deal with cases in a much shorter time frame, which leads to much more effective billing and collection and adds to our intelligence of the housing stock in Northern Ireland. We are using all the means that we have at our disposal to identify properties so that we have a fairly comprehensive picture of domestic and non-domestic properties. We are drawing the part of the business that was Ordnance Survey into the process. Some of the mapping that we do is based on photography fly-overs. We are starting to develop a system whereby we check photography against what we have on valuation lists. If we have missed anything, we will pick it up on the aerial photograph and then carry out an inspection. We are improving all the time, and I am confident that we have a much better grip of the total stock of domestic and non-domestic properties. We are narrowing the gaps by the day.

Mr O’Loan:

You said that the number of unknowns has dropped from 60,000 to 30,000. If £1,000 was due for every one of those properties, you could be talking about £30 million. We are talking about big figures and a significant percentage of your rate demands. Clearly, there is work still to be done. Property is an area that is always changing.

Mr Wilkinson:

That is right. We are like kids with a new toy at the moment in respect of one of the improvements that we have put in place. We now have an analysis tool, which we funded during the past financial year, in our IT system for rate collection. That tool allows us to do lots of different kinds of analysis of property type, the difference between domestic and non-domestic properties, and the various categories of occupier. That analysis provides a much better focus on the target areas for collection. The service came on stream towards the end of January, and we are using it effectively to target our performance and work in order to maximise collection.

Mr O’Loan:

LPS has a central office and local offices. Were any targets and recommendations made about those offices’ relative functions? Are those offices working on tasks at the optimum level?

Mr Wilkinson:

Part 6 of the action plan refers to the structure of the organisation. I am very much of the view that we should flesh out the service delivery model first. That will resolve the end-to-end process piece. As that becomes clearer, we will have a better picture of what to do with our various offices. I should, perhaps, have mentioned the accommodation aspects of the action plan earlier. However, I want to ensure that the service delivery model is fleshed out, and we will review the structure after that. Basically, at the moment, I have four business areas. Once the service delivery model has been fleshed out, we will revisit the issue of structure to develop an idea of where we want to be accommodation-wise and about the functionalities of the offices in and outside Belfast.

Mr McLaughlin:

The Committee has been very interested in the change management process and the extent of that

challenge. It has been generally supportive, in a critical way, of the process. Given the changing economic circumstances, it was very difficult to meet those performance targets. I am still interested to know how the changing market circumstances, particularly their effect on property values and impact on the number of repossessions, and the changing property profile affect your ability to project revenues and to measure performance.

Mr Wilkinson:

It makes it very difficult. First, let me say that I have appeared before the Committee a number of times in recent months and have welcomed its support. The Committee's interest has been healthy, and I have always left the room appreciative of the support that I have received. I want to put that on record.

Our business and the property market have been on a roller coaster over the past three years. I am a chartered surveyor and a valuer with about 35 years of experience in property markets across GB. In 2007, everything was in overdrive, and many new houses were being built. I appeared in front of the Public Accounts Committee a couple of weeks ago to discuss the computerisation of the Land Registry. When the housing market and the Land Registry are in overdrive, it fuels and drives the mapping side of the business. Those properties must be put on the map, and the valuations must be done. The business was going through a huge spike of work. Then, everything stopped overnight and started to downturn. The changing market circumstances meant that, for example, Her Majesty's Land Registry in Great Britain had to make a lot of staff redundant. We were able to redeploy staff from the Land Registry side of our business when the volume of work downturned. We moved them into the critical area of our business, which is the rate collection side. Therefore, the changing circumstances impact on the volumes of work.

The second important issue is that I have a very complex business plan. One of the actions in the PEDU plan is about the funding model. That is because all those peaks and troughs start to impact on income, budget and the resources that I can employ. Some aspects of the business — for example, the rating valuation work — are what I would call a gross vote, in that there is no charge or income as such. There is income from other aspects of the business, which helps me to fund, manage and juggle resources across the business. We have been on a roller coaster, with a big merger of pretty high profile public sector bodies in a very volatile period. It has been quite a

challenge, and the ups and downs of the property market have a big impact across the business.

The other difficulty that we have faced as a result of the credit crunch that turned into a recession has been on the rate collection side of the business. The challenge of rate collection has become huge over the past couple of years. It started to turn in 2007, and it has been a huge challenge in 2008 and 2009. In preparation for the Committee meeting, I reviewed some of the figures and statistics, which show that around one third of the members of staff in the rate collection area are working on recovery. That is the kind of challenge that we are facing.

Mr McLaughlin:

I expect that there has been a predictable increase in the number of valuations being challenged and people looking for revaluations. Have you had difficulties in coping with those emerging pressures?

Mr Wilkinson:

Yes; they have been difficult. Again, the difficulty is due to the peaks and troughs. I remember appearing before the Committee — it may have been my first appearance — in May 2007. I had a plan that we would deal with all the appeals that arose from the domestic revaluation in 2007 over a two-year period. The Committee wanted those appeals to be dealt with over a 12-month period, and we did so. However, that took resources away from other work that we had to catch up with in the following year. Therefore, we have had periods in which normal business has been interrupted, with valuers working on the revaluation of properties, not on current work.

I am pleased to report that, in the second half of the past financial year, we put all our available resources into catching up with some of the backlogs, particularly those in the non-domestic side of the valuation part of the business. We have worked hard and, by and large, have caught up with valuing a lot of the new non-domestic properties. There is still work to be done in relation to some of the altered domestic properties, but I hope that we will be back on an even keel by around the middle of the current financial year.

Mr McLaughlin:

Do you think that your performance targets will still be delivered by the end of the year, despite

the fact that some properties have dropped in value quite dramatically and some people are experiencing real financial difficulties because of the employment profile?

Mr Wilkinson:

Yes; we have plans in place. We have spent quite a lot of time in recent months planning for this financial year, looking at the budgets and the resources that are available. I have had many meetings with my management board and directors. I believe that the economy will stay pretty flat in 2010. That means that I will not be flooded with requests to value new properties, which will give me the opportunity to get the valuation side of the business, in particular, which has a knock-on effect on the collection side, onto a fairly level footing during the next four or five months.

Mr McNarry:

Good morning and welcome. I see that there is an external adviser, who is named as Mr Dennis Licence, on the strategic oversight group that is being formed. What is his background?

Mr Wilkinson:

Dennis was the chief executive of a bank in Belfast. He is also a member of DFP's departmental board. He headed up the merger of two big banks in Northern Ireland, and he brings to the table his experience of change management and the people aspects of that.

Mr McNarry:

I take it that he is not one of the bankers who have been involved in the recent banking scandal.

Mr Wilkinson:

No.

Mr McNarry:

He has escaped that, has he?

Mr Wilkinson:

Yes.

Mr McNarry:

Is he paid for his advice?

Mr Wilkinson:

Yes; he is paid.

Mr McNarry:

How much is he paid?

Mr Stephen Boyd (Land and Property Services):

The Department pays all non-executives a standard rate, which I think is about £500 or £600 each day.

Mr McNarry:

On how many days is he expected to be with you? Is he on call?

Mr Wilkinson:

I believe that he spends one day each month with us.

Mr Tommy O'Reilly (Land and Property Services):

He currently works with us for around one day each month. His role is non-executive director of the departmental board; a position that is appointed through open competition. The role of external adviser on the strategic oversight group is an additional function that we asked him to undertake for a limited period. He is, effectively, on the group for 12 months while the LPS action plan is implemented.

Mr McNarry:

I can identify the strategic oversight group from the information that I have. I see that there is another team called the delivery oversight team. I am not sure whether it is that team or the strategic oversight group that meets regularly and then quarterly. Will you clarify what the delivery oversight team is?

Mr O'Reilly:

PEDU recommended that the delivery oversight team take forward the recommendations made in its report. That has been superseded by my appointment and the fact that people in LPS are working with me to take those recommendations forward.

Mr McNarry:

Can you tell me who those people are?

Mr O'Reilly:

At present, four members of LPS staff — me and three others — service the various functions and the work that is ongoing in LPS as part of the change process.

Mr McNarry:

I wish you good luck in your appointment. The onus is on you, then.

Mr O'Reilly:

Thank you. The aim is to drive forward the actions.

Mr McNarry:

The strategic oversight group commissioned PEDU to conduct the independent, external assurance review of the action plan's recommendations. Those recommendations are due for implementation within the first three months, commencing in February. How are you getting on with that? Are you on schedule?

Mr O'Reilly:

Putting it in traffic-light terms, the PEDU team gave us a green light for the first three months' work.

Mr McNarry:

I wish that you had not said that because some of the lights that we see from PEDU cause us concern.

Mr O'Reilly:

The PEDU team gave the permanent secretary an assurance that the recommendations that had been due for implementation had been implemented and that a number of others were ahead of schedule. The permanent secretary was then able to provide the Minister with a similar assurance.

Mr McNarry:

I am very comfortable with what I have heard this morning. I do not really want to go into the issue of collection, which is an uncomfortable area for me. I think that we have to give you time, because it is very challenging. Therefore, I will not challenge your performance in that area now. Overall, it appears that someone listened — I hope that they have also been listening to your staff, Mr Wilkinson — when they were told that certain things need to be done in order to do the job. Now that you have put into order the way in which it can be achieved, I can only wish you well in setting out to achieve it. In saying that, we will look at it carefully in a constructive way to keep up that encouragement. The jury is still out on the collection issue, but I am sure that we will come back to that on another day. I wish you all the best.

Ms Purvis:

The processes that have been put in place to oversee the implementation of the action plan are very good. I want to draw your attention to the recommendations on wider assurance at the end of the LPS action plan assurance report. Can you develop your thinking on those recommendations, particularly on the risk register for the action plan? According to the report, three areas of risk are rated as red and increasing, and there is a recommendation that the chair of the strategic oversight group should seek assurance on the response to those risks. Are those risks all red and increasing? Can you disaggregate them for me? Have assurances been sought by the chair of the strategic oversight group?

Mr O'Reilly:

The process happened in such a way that the PEDU team had an opportunity to review all the work that had been undertaken and to meet with relevant staff. The team wanted to put some broader issues to the permanent secretary in his role as chairman of the strategic oversight group.

They requested that he seek assurances from the external adviser, Mr Dennis Licence, and from the change adviser in respect of those three areas on the risk register. At the meetings at which the assurance report was considered, he sought and received the appropriate assurances. He was assured that, although those areas of risk were red, work was taking place to address them.

Risk 3 and Risk 4 are distinct from Risk 7, which relates to the review of public administration (RPA). Risk 3 and Risk 4 relate to the extent to which LPS was ready to change, particularly at senior management level, because there was a lot of comment from staff about that. The external adviser and I were able to assure the permanent secretary that clear evidence was emerging that the organisation at senior management level was committed to making the transformation and that a programme of action was in place. However, we have left those risks on the risk register in order to continue to monitor them, and the permanent secretary does that on a monthly and bimonthly basis.

Risk 7 was about LPS being able to deliver on the RPA. Subsequently, the Minister wrote to Executive colleagues to indicate the delivery issues for LPS should the RPA decisions not be taken. Therefore, it is very much an operational issue. All three risks are under active consideration and are being monitored on a monthly basis.

Ms Purvis:

The delay in the development of the service delivery model is obviously holding up the implementation of other actions. Was assurance sought on the pace and urgency of implementing the overall action plan?

Mr O'Reilly:

Yes; it was. The external adviser, in particular, was able to provide an assurance that there is real pace and urgency in the organisation. That is also my perspective. The biggest challenge is to maintain that pace and urgency over a long period, because people are still trying to do their day jobs. However, the implementation of the action plan is really important.

The work on the service delivery model has progressed significantly to the point where it has been signed off by the board. The focus is now on developing the implementation plans and the

ways in which we will resource that activity. Hopefully, some of the other actions in the report, which were delayed in awaiting that outcome, will be able to move forward in the next couple of months.

Mr Wilkinson:

I will add to those comments and go back to the points that Mr McLaughlin made. The past three years have been very challenging. There have been periods of increasing workloads and reductions in budgets and resources. Maintaining the day job has involved a lot of catch up in dealing with backlogs that we inherited from the legacy bodies. On top of that, we have had to build in a change and transformation programme. Therefore, it has been a very difficult and challenging period.

The benefit has been the additional support that I have been given to help with the transformation programme. Tommy is an example of that support, as is Dennis Licence. I also have a lady from DFP who has a lot of experience in managing change and has been seconded to the board for a period. That little bit of support helps us to work on the transformation programme, while balancing the day job.

Ms Purvis:

You maybe thought that I was criticising, but I was merely asking questions. I do not underestimate the challenge of the change programme, which is a massive programme. I am merely saying that the processes that are in place give the Committee confidence that the changes and the action plan are being implemented and that you are moving forward. There was no criticism.

Mr Wilkinson:

I did not take your remarks as criticism; I was just adding to the response.

Mr F McCann:

I have said at the past couple of meetings that LPS has come on in leaps and bounds since the briefing sessions started. Running through the action plan is the fact that communication plays a big part in LPS getting its message across. The action plan talks about media management and

engagement with stakeholders and surveys. Do you bring in a public relations company to deal with those things? One of the concerns that I have raised is the necessity of building partnerships with the broad community and voluntary sector, especially in and around the giving of advice to people who have fallen into debt. Will you elaborate on that?

Mr O'Reilly:

We use internal staff for our external communications, not public relations companies. We have a bright team that is working very hard. Hopefully, you will have seen some evidence of that. The recent rate bills are an example of the new type of publication that we are trying to produce. That is being driven forward by the communications team.

The PEDU review highlighted the importance of our relationships with local councils and other stakeholders that have an interest in the work of the LPS, such as the Water Service and the Housing Executive. We have a responsibility to develop those relationships. We have to work with the wider public sector so that it has some sense of ownership and some connection with the work that LPS does. The role of the communications team is to ensure that there is a consistent message and a consistent understanding of what stakeholders are saying and to feed that back into the organisation. We try to broaden our relationship work into the wider voluntary sector and to work with community groups. For example, the outreach sessions that we have organised on lone pensioner benefits have been about trying to build relationships with the wider community.

We have started down the road, and we have some way to go, but communications is one of the key issues for us over the next couple of years.

Mr F McCann:

In the current economic climate, people are experiencing severe difficulties in paying their bills, whether for mortgages, rates or whatever. Is there an understanding that people are in such difficulties? Are their circumstances taken into consideration when they have to pay?

Mr Wilkinson:

Yes; very much so. We recognise the difficulties that people face in the economic times in which we live. In the past couple of years, we have invested a lot of time and money in training staff to

deal with ratepayers. When someone contacts us, staff are now trained to talk to people to be sure that they are receiving the reliefs and benefits that they should. Often, people do not understand or are not aware of their rights on reliefs and benefits. Therefore, we have trained staff so that the first port of call in any conversation with a ratepayer is to ensure that the reliefs and benefits are in place. We have also been working with some of the relevant organisations, such as Access to Benefits. Some of our staff have been working in the community with Access to Benefits, advising people on the benefits and reliefs that can be claimed against rates. One of the most recent reports that I saw from Access to Benefits was very complimentary about my staff's work.

Overseeing all that, as Tommy said, we have a young and bright communications team that is doing a lot of work. For example, one aspect of stakeholder management is with the local councils. We have a strategic steering group that manages that interface and related communications. Examples of the work that has come out of that in the past 12 months are the rewrite of the rates bill and the booklet that goes with it. We have been doing all that in-house and reaching out to a myriad of people on different fronts. The communications aspect is quite a big piece of work.

Ms Purvis:

I have some concerns about the Minister's decision to allow rates bills to be paid by credit card. The Minister has met the Consumer Council on the matter, and I know that you have also met the Consumer Council. Is the option for paying by credit card available only online?

Mr Wilkinson:

Yes.

Ms Purvis:

What information do you propose to collate on customers paying by credit card to try to address the Consumer Council's concerns, which I share, that customers who are vulnerable to individual or household debt might increase their debt by paying by credit card? Will you track information on, for example, the type of household that customers live in, whether they pay regularly by credit card and whether they are paying off their arrears by credit card? Will you collate any of that information?

Mr Wilkinson:

We introduced payment by credit card in response to what people were asking for. People asked that we make that method of payment available so, along with HM Revenue and Customs and many of the big councils in GB, we introduced the option of online payment by credit card. We will collect data. In advance of today's meeting, I checked whether we had any of that information, but we do not have it yet. I have to wait until the end of the month to get my first look at the information. Certainly, we have trained and briefed staff to explain to people the ins and outs of payment by credit card, and we will monitor the situation and track information as far as our systems will allow.

Ms Purvis:

May we have an update on that when the first information starts to come through?

Mr Wilkinson:

We will certainly provide that.

Mr F McCann:

I want to raise two points, the first of which relates to court action. Is court action a first or last resort? It is an important issue, because many people still receive letters stating that proceedings will be started against them within seven days unless they pay in full, and that frightens the life out of people.

My second point relates to the advice-giving sector. Has LPS considered making financial investment in debt advice agencies that are finding it difficult to survive? Those agencies say that good advice given early could help to ease the situation.

Mr Wilkinson:

I will deal with the issue of court action first. I have a responsibility to collect rates. The system is computerised and, as soon as there is a break in payment, we send out a reminder letter. In that letter, we ask people to get in touch with us. If there is no response to that request, the system automatically sends out a court letter of intent. We then take the matter to court.

Last year, we sent out something like 137,000 reminders, and more than 100,000 people paid their rates after receiving that reminder. That meant that about 35,000 court letters had to be sent out, so the process whittles down the numbers. In all the correspondence, we ask people to talk to us if they have a difficulty to let us see what we can do to help. I had a discussion with the Consumer Council the other week about the words and phrases that we are using in the letters that we send out.

My organisation cannot offer debt advice, but our staff are trained to advise people to seek advice on debt. Basically, that is the process that we adopt.

The Chairperson:

A discussion that we have had previously, both in Committee and outside it, is that the difficulty lies in the fact that the system does not differentiate between people who are not willing to pay and those who are unable to pay. I think that that is what Fra was talking about.

Returning to Dawn's point, the difficulty is that people who receive a letter through their door, particularly elderly people or those who are experiencing financial difficulties in the current economic climate, may be persuaded to get a credit card to try to pay their rates. Obviously, people must have a choice of payment method, but the Committee is concerned about the vulnerability of some people, given that no real differential is made between those who are unwilling to pay and those who are totally unable to pay.

Mr Wilkinson:

Until we have contact with people, and even afterwards, whether someone is unable to pay or just unwilling to pay is often a very close call. It is a question of looking at the relevant information for each case and making a call on the direction in which we take matters. We will come back to the Committee on the issue of credit cards as soon as I have further information, because I appreciate the concerns that have been expressed.

Mr F McCann:

It is also a matter of how you deliver the message and communicate with people. The Consumer

Council is a good organisation, but it does not have its feet firmly in communities. Organisations such as the Housing Rights Service and those in the voluntary advice sector have a wide range of expertise in dealing with such matters.

The Chairperson:

There are no further questions. Thank you very much for coming along. I am sure that we will see you again for further updates.