



## ANNUAL REPORT & FINANCIAL STATEMENTS 2005 - 2006



An Agency within the Department of

**Finance and  
Personnel**

[www.dfpni.gov.uk](http://www.dfpni.gov.uk)

HC 1244



INVESTOR IN PEOPLE



*Awarded for Excellence*



# RATE COLLECTION AGENCY

An Executive Agency within the Department of Finance and Personnel

## ANNUAL REPORT AND FINANCIAL STATEMENTS

2005-2006

Laid before the Houses of Parliament, by the Department of Finance and Personnel in accordance with Paragraph 12(2) and (4) of the Schedule to the Northern Ireland Act 2000 and Paragraph 36 of the Schedule to the Northern Ireland Act 2000 (Prescribed Documents) Order 2004

20 July 2006

Laid before the Northern Ireland Assembly under section 11(3) (c) of the HC 1244 Government Resources and Accounts Act (Northern Ireland) 2001 by the Department of Finance and Personnel

20 July 2006

Ordered by The House of Commons to be printed

20 July 2006

HC 1244  
NIA 332/03

London: The Stationery Office

£12.15

## VISION

“To be at the forefront of revenue collection, Housing Benefit administration and customer service.”

## MISSION

“To deliver timely, efficient and fair assessment and collection of rate liability for all our citizens.”

## STRATEGIC OBJECTIVES

“To contribute to the reform of the rating system to provide a fairer system for raising local revenue.”

“To increase the percentage of the gross Collectable Rate collected.”

“To manage resources efficiently and reduce the cost of operations.”

“To increase customer (ratepayers and stakeholders) satisfaction levels.”

## CONTENTS

1. Chief Executive's Introduction	4
2. Who We Are and What We Do	7
3. Director's Report	8
4. Highlights 2005-2006	11
5. Performance against Key Ministerial targets	12
6. Business Report	14
7. Performance in context	16
8. Key Targets	17
9. Remuneration Report	18

## ANNEXES

A Unaudited Summary of 2005-2006 Collection	22
B Unaudited Summary Statement of Rate Levy and Collection	23
C Internal Audit Validation Certificate of Agency Performance Against Key Ministerial Targets	24
D Performance Definitions	26
<b>Financial Statements for the year ended 31 March 2006</b>	<b>27</b>



Chief Executive's Introduction

# Introduction

I am pleased to present the Agency's Annual Report and Financial Statements for 2005/2006.

Four recurring strategic themes provide a framework for considering our achievements.

### Implementing and contributing to Rating Reform

The gradual phasing out of industrial de-rating for non-domestic properties started on 1 April 2005 with the issue of rate bills for 15% of the total rate liability for these properties. We collected around 80% of the total assessed and billed. Action to recover the arrears continues.

The Non Domestic Hardship Relief Scheme was introduced in December 2005. This scheme provides scope to remove the full rate liability for businesses that experience a temporary crisis due to external and exceptional circumstances. While much preparatory work was carried out in terms of staff training and the publication of the scheme very few applications have been received.

Our rating reform project team continue to assess and provide detailed responses to Departmental Policy colleagues on the remaining aspects of the reforms. Working closely with front line colleagues and those in our IT team they design, develop and implement appropriate processes and procedures to ensure the successful implementation of agreed reforms.

### Replacing our computer system

Significant progress has been made and system testing is ongoing. The implementation of phase one is scheduled for late September 2006 when our old system will be placed in read only mode and all the data transferred to the new system. The remaining phases cover the replacement of the current Housing Benefit system, the functionality to address the range of rating reforms due to be implemented from April 2007 and our future

management information needs. We plan to complete the project by February 2007.

### Sustaining business performance

The Agency achieved two of the three Ministerial targets set. Disappointingly the overall collection performance is down from that last year. More detailed analysis of the headline collection outcome reveals that arrears from Non Domestic Vacant Rating and to a much lesser extent Industrial De-rating account for the fall off in the amount of rate revenue collected. If these figures are discounted our underlying collection performance has been maintained. This is a welcome trend and reflects the successful implementation of our overall arrears strategy.

I am delighted to report that we achieved our customer service and rating reform targets although the target date for the unification of the Valuation and Lands Agency and the Rate Collection Agency was extended from April 2006 to April 2007. The extension recognised the need to continue to focus the available resources and skills on the successful delivery of rating reform.

### Modernising the delivery of rating services

Some progress was made on the unification of the Valuation and Lands Agency (VLA) and the Rate Collection Agency (RCA). Agreement has been reached on the early merger of the Corporate Services functions in both agencies. A Programme Board comprising senior colleagues from both agencies will direct the programme.

Work continues to progress a number of projects identified through the RCA Business Improvement programme.

The announcement by the Secretary of State in March to create a single Land and Property Agency to include VLA, RCA, the Land Registers Northern

Ireland and Ordnance Survey Northern Ireland will affect the extent of the unification programme. A scoping study has started to assess what needs to be done to create the single land and property agency and the outcome of this work will inform the unification programme.

Finally our successful IIP re-accreditation, for the third time, together with a Silver award from our first entry to the Steps to Excellence programme, provide independent confirmation of the continuing and deeply embedded ethos and commitment of the entire organisation to seek improvement in all that we do.

I would like to publicly thank the entire staff for what their combined efforts have delivered and for their continued support, professionalism, commitment and dedication. I believe we can all be justifiably proud of our collective achievements during an exceptionally challenging 2005 –2006.



ARTHUR E SCOTT

Chief Executive

20 June 2006



## WHO WE ARE AND WHAT WE DO

The Rate Collection Agency is an Executive Agency within the Department of Finance & Personnel. It became an Agency on 1 April 1991.

Its main functions are:

The collection and recovery of rates on behalf of Central Government and the Province's 26 District Councils in accordance with the Rates (Northern Ireland) Order 1977; and

The management of the Housing Benefit Scheme, for those ratepayers who are owner-occupiers and the Disabled Person's Allowance (DPA) Scheme.

It operates from Headquarters at Oxford House, Belfast, and from five Regional Offices around Northern Ireland, dealing with collection and recovery matters.

The Housing Benefit Central Unit is situated at Lancashire House in Belfast and deals with applications for Housing Benefit and Disabled Person's Allowance.

The Agency employs around 300 full-time and part-time staff.

# 3

## DIRECTOR'S REPORT

### History and Statutory Background

The Rate Collection Agency (RCA) was originally established as a Next Steps Agency within the Department of the Environment for Northern Ireland in April 1991 under the Government's Next Steps Initiative. With the advent of devolution on 2 December 1999 the Agency transferred to the Department of Finance and Personnel.

The Agency's accounts have been prepared in accordance with a direction given by the Department of Finance and Personnel in accordance with Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

The Accounts reflect the cost of rate collection and the administration of Housing Benefit for owner-occupiers. They do not incorporate rate revenue, associated refunds, Housing Benefit payments and other losses on collection including allowances granted to owners who collect rates on behalf of the RCA, or occupiers who pay their rates promptly. These are accounted for separately in a Rate Levy and Collection Statement. The main features of that Statement will be included in the Annual Report to Parliament on Revenue, Consolidated Fund Services and Appropriation Accounts which is made by the Comptroller and Auditor General for Northern Ireland.

### Principal Activities

The Agency's main activities are:-

1. the collection of rates levied on properties in Northern Ireland in accordance with the Rates (Northern Ireland) Order 1977; and
2. the administration of the Housing Benefit Scheme for owner-occupiers.

### Funding

The RCA is funded entirely by Government. Rates collected are transferred directly to the Northern Ireland Consolidated Fund and are not offset against the Agency's running costs.

### Results for the year

A full review of the Agency's activities is given on pages 11 to 25 of the Annual Report.

The Cost of Operations for the year, as shown on page 33, was £10,414k.

### Fixed Assets

Details of the movement of fixed assets are set out in Note 5 to the Accounts. The Agency does not own any land or buildings. The Agency believes there is no material difference between the market and book value of its fixed assets as at 31 March 2006.

Replacement of the Agency's computer system was expected to take place in 2003 but a more likely timescale is now thought to be 2007. Because replacement is now later than expected depreciation has been decelerated to write-off the system in March 2007.

### Future Developments

The Department continues to oversee the implementation of the Rating Reform and Modernisation Programme. To contribute to the overall programme the Agency is undertaking three projects:

- the replacement of the IT System;
- the implementation of Rating Reforms;
- the improved delivery of and accessibility to rating services.

## Important events occurring after the year end

There have been no significant events since the end of the financial year, which would affect these financial statements.

## Charitable Donations

The Agency made no charitable donations during the year.

## SENIOR MANAGEMENT TEAM ("Board ")

A Board of Directors headed by a Chief Executive and supported by 5 Directors manages the Agency.

### Members of the RCA Directorate during the year were: -

Arthur Scott	Chief Executive
Anne Johnston	Director of Rating Reform and Modernisation
Bill Hagan	Director of Corporate Services (to 5 Jan.2006)
Bill Hagan	Acting programme manager for RCA/VLA Unification project (from 6 Jan.2006)
Joe Mullan	Director of Operations
Stuart Stevenson	Director of Finance
Tracey Browne	Acting Director of Corporate Services (from 6 Jan.2006)

The remuneration of these Board members is disclosed in the remuneration report. The Chief Executive is a permanent and established Senior Civil Servant, whose terms and conditions of employment, including termination, are set out in the Civil Service Management Code.

As Civil Servants, the remuneration of the Chief Executive and all other Agency staff is determined

by the normal Civil Service Pay arrangements. The Agency's staff are members of the Principal Civil Service Pension Scheme (NI), which is a multi-employer scheme. The accounts reflect the contributions payable to the scheme for the year.

For further information please refer to notes 1.7, 2 and the remuneration report.

## Employee policy and involvement

We recognise that our most valuable asset is our people. We are therefore committed to, and operate within, the Department of Finance and Personnel policies on equal opportunity and responsibility for employment and career development of all staff irrespective of gender, ethnic background or disability.

The RCA continues to encourage staff ownership of its business. During the year staff were regularly provided with information regarding the strategic, operational, financial and economic factors affecting the Agency. Formal Team Briefing was held monthly and there was a wide publication of the Agency's Corporate and Business Plans and local Team Plans.

Consultation took place with Trade Union representatives through a formal Whitley structure.

## Health and Safety

The Agency is committed to adhering to all existing legislation on Health and Safety at Work to ensure that staff and customers enjoy the benefits of a safe environment.

## Payment to Suppliers

The RCA is committed to the prompt payment of bills for goods and services received in accordance with the Better Payment Practice Code and British Standard 'BS 7890 – Achieving Good Payment Performance in Commercial Transactions'.

Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

**During 2005/06, 97.04% of bills were paid within this standard.**

## AUDIT

These accounts have been audited by the Comptroller and Auditor General, whose Certificate appears on Pages 31 and 32.

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's Auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's Auditors are aware of that information.



**ARTHUR E SCOTT**

**Chief Executive**

20 June 2006



## HIGHLIGHTS 2005-2006

Among the Agency's key achievements during 2005-2006 were:

- Successfully introducing the start of the gradual phasing out of industrial de-rating from 1 April 2005 and the new Non-domestic Hardship Release Scheme from 31 December 2005.
- Confirming that we remain amongst the "best in class" in terms of performance in collection, benefit administration and customer service by comparing with similar areas in a number of Scottish Councils.
- Being awarded "silver" status in the prestigious local Steps to Excellence programme and retaining the Investors in People Standard for a third time.
- Increasing Housing Benefit take up by 1,500 due mainly to a collaborative pilot with the Department of Social Development to target those customers who were in receipt of Pension Credits but not claiming Housing Benefit. Just over £114,000 Housing Benefit was awarded to those entitled to receive it.
- Implementing innovative and more efficient methods to minimise the amount of rates forgone from vacant property reducing the total number of vacant properties by over 5000.
- Continuing to grow the number of customers choosing to pay by Direct Debit to 271,000, an increase of 25,000 over the past two years. Almost 46% of all ratepayers now pay by this method.
- We improved our website and increased the number of customers accessing it, a 12% increase on the previous year. The site received some 88,000 visits during 2005/2006.
- Despite a period of unprecedented change and significant challenges we continued to achieve high levels of customer satisfaction.

# 5

## PERFORMANCE AGAINST KEY MINISTERIAL TARGETS

KEY MINISTERIAL TARGETS	TARGETS, OUTTURNS AND ACHIEVEMENTS			
		2003-2004	2004-2005	2005-2006
1. To Collect X% of a forecast £908M gross collectable rate (excluding late assessments) by 31 March 2006	Target	98	98	98
	Outturn	97.64 Substantially achieved	97.08  (see notes) Substantially achieved	96.19 Substantially achieved
2. To achieve by 31 March 2006 a satisfied rating for overall service provision from at least X% of customers, X% of which are very satisfied	Target	95	95 20 of which should be very satisfied.	96 20 of which should be very satisfied
	Outturn	98.81 Achieved	97.71 of which 27.33 were very satisfied. Achieved	97 of which 27.5 were very satisfied. Achieved
<b>3. Rating Reform and Modernisation Programme</b>				
3.1 To implement the rating of industrial derated property	Target	N/A	N/A	From 1 April 2005
	Outturn			Achieved
3.2 To implement the Non-Domestic Hardship Relief Scheme.	Target	N/A	N/A	During 2005
	Outturn			Implemented 31/12/05 Achieved.
3.3 To achieve all key milestones for the Rating Policy Implementation Project in relation to domestic reforms	Target	N/A	N/A	Achieved
	Outturn			
3.4 To achieve all key milestones for the IT replacement project	Target	N/A	Achieved	Achieved
	Outturn			
3.5 To ensure the successful unification of VLA and RCA	Target			By 31 March 2006
	Outturn			Date deferred to 31/3/07

## PERFORMANCE AGAINST KEY MINISTERIAL TARGETS CONTINUED

### **NOTES:**

#### **Collection Target**

Following the publication of the 2004/2005 Annual Report and Financial Statements a technical error was discovered. Subsequent investigation, remedial action and audit resulted in the collection figure for 2004/2005 being restated as 97.08.

#### **Ministerial Targets**

New Ministerial Targets have been agreed for the Rate Collection Agency for 2006/2007. Details can be found in Section 8.

#### **Summary**

The Agency fully met 2 and failed in 1 of its 3 key Ministerial targets for 2005 / 2006

Further information on the performance in each of these areas is provided in Section 6.

#### **Performance**

Performance definitions can be found in Annex D

# 6

## BUSINESS REPORT

A brief summary of performance against each of the Ministerial targets follows.

### Output

#### Collection Target – Substantially achieved

Rate accounts were issued to 595,408 ratepayers during the year in respect of 833,676 properties\*. The Agency collected approximately £865.1m of £899.3m due or 96.19% of the Gross Collectable Rate (excluding late assessments)\*\*. Although the overall collection performance is down on the previous year the shortfall can be directly attributed to the increased challenge associated with collecting revenue from reform initiatives – the rating of vacant non-domestic property and the start of rating for industrial properties which were previously exempt. If these aspects are discounted Agency performance in collection terms remains at a level that can be considered “best in class”.

### Quality of service

#### Customer Satisfaction Target – Achieved

The Agency, in conjunction with the Northern Ireland Statistics and Research Agency, used the same methods employed in the previous year to measure customer satisfaction levels.

\* This includes NIHE properties totalling 100,904.

\*\* Figures quoted are those at 31 December 2005. “Late assessments” are new properties or changes to the net annual value of existing properties notified to the Agency after 1 January each year which affect the total amount of rates due. In such cases, it is acknowledged that there is insufficient time for the Agency to process and complete the collection and recovery activities required, which may include legal proceedings, within the remaining three months of the financial accounting year.

A telephone survey was carried out to measure the levels of satisfaction together with an analysis of comments obtained by various other means throughout the business year. Although the level of overall satisfaction is slightly lower than last year the level of those who reported being very satisfied has increased. These results independently demonstrate that the Agency continues to achieve high levels of service delivery and underpins our continued emphasis on delivering a helpful and responsive professional service to our customers.

### Rating Reform And Modernisation

#### Rating of Industrial derated property from 01 April 2005 - Achieved

Appropriate business processes were established and the phasing out of industrial derating was started on 1 April 2005. Rate demands were issued to all liable properties for 15% of their full liability raising an additional £10.9m of revenue.

#### Implement the Non-Domestic Hardship Relief Scheme during 2005 – Achieved

The Non-domestic Hardship Relief Scheme came into operation on 31 December 2005. This scheme provides scope to remove full rate liability for businesses that experience a temporary crisis because of external and exceptional circumstances.

### **Achieve all key milestones for the IT replacement project – Achieved**

During 2005/2006 work started on the development of an IT system to replace the Agency's existing outdated software and aging hardware. The new system will provide a modern platform that is more flexible, user-friendly and will meet the requirements of rating reform. Our Private Sector supplier will also provide a robust and professional support arrangement.

### **Achieve all key milestones for the Rating Policy Implementation Project in relation to Domestic reforms – Achieved**

Work continued during 2005/2006 in preparation for the implementation of domestic and other reforms on 1 April 2007. This included an analysis of the existing housing benefit processes and procedures to identify how the Rate Relief Scheme will integrate with it, the implications of the new Disabled Persons Allowance and the preparation of both finance and staff resource requirements.

### **To ensure the successful unification of VLA and RCA**

This target was reviewed by the Minister to take account of the work needed to deliver rating reform priorities and the target date was extended to 1 April 2007.

## PERFORMANCE IN CONTEXT

The following analysis outlines some of the key factors that have had an impact on business activity throughout the year.

The Agency achieved 2 of its 3 Ministerial targets in a year where:

- the pace of change relating to the development and implementation of our new IT system and the ongoing implementation of rating reform has increased. The subsequent challenge of balancing the competing priorities of reform and development work and maintaining and improving existing performance levels has increased. The interdependent nature of the reform and modernisation effort increases the potential for risk and impacts when slippage occurs elsewhere. Experienced staff continue to transfer from the front line to support project-based reform and modernisation work. Our overall business performance indicates that we successfully managed these challenges while maintaining effective levels of service to our customers.
- while the level of rate arrears has risen, a number of factors have contributed to this increase; year on year increases in the overall level of rate liability, the introduction of rating for non-domestic vacant property and the introduction of rating of industrial properties. The implementation of our revised arrears strategy during 2005-2006 has ensured that those who do not pay are effectively pursued in an effort to secure a sustained reduction in the arrears trend. We have also secured agreement to legislative change that will give the Agency additional powers to seek information to pursue the recovery of rates due .
- our Housing Benefit team continued to raise awareness among domestic ratepayers about their entitlement to Housing Benefit and Disabled Persons Allowance. A joint pilot exercise involving RCA and the Department of Social Developments Pensions Service resulted in an additional 1,500 Housing Benefit claims being received. The Agency is currently developing a revised strategy to encourage the uptake of entitlement to Housing Benefit and Disabled Persons Allowance in advance of the introduction of domestic rating reform in April 2007.
- staff turnover increased from 26.94% to 30.05% as people left the Agency and new staff joined. An average of 30 non-permanent staff were supplied during the year - around 10.23% of the workforce.
- Similar workloads were delivered within lower resource costs.



## KEY TARGETS FOR 2006 - 2007

Key Targets agreed by the Minister for 2006–2007 are:

- To collect 98% (or the 2005-2006 outturn if higher) of a forecast £1,112 million Collectable Rate (excluding Late Assessments) by 31 March 2007.
- To achieve, by 31 March 2007, an overall rating for service provision of “satisfied” or above from at least 96% of respondents, 20% of which are “very satisfied”.
- To support the reform and modernisation of rating by:
  - Developing and implementing appropriate business processes and ICT systems by 31 March 2007 to issue domestic rate bills calculated on the basis of discrete capital valuations from April 2007.
  - Developing and implementing appropriate business processes for rate reliefs and transitional arrangements by 31 March 2007\*.
  - Achieving all key milestones for the IT Replacement Project.
  - Completing all key Programme milestones by 31 March 2007 to ensure the successful unification of RCA and VLA from 1 April 2007.
- To consider and agree by 30 June 2006 with the relevant Departments and Agencies the outcome of a scoping study as the first major milestone towards the development of a single Land and Property Agency by April 2008.

Full Details of the Agency’s key targets can be found in the Agency’s Corporate and Business Plan for 2005/2008 which can be viewed by accessing <http://www.ratecollectionagency.ni.gov.uk>. Alternatively a hard copy can be obtained by contacting any of the Agency’s Regional Offices.

\*This includes the Northern Ireland Rate Relief Scheme, Disabled Persons Allowance and if necessary a Transitional Rate Relief Scheme.

## REMUNERATION REPORT

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of senior civil servants whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- Regional/local variations in labour markets and their effect on the recruitment and retention of staff;
- Government Policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- The funds available to departments as set out in the Government's departmental expenditure limits;
- The Government's inflation target.

The Review body takes account of evidence it receives about wider economic considerations and the affordability of its recommendations.

The remuneration of all senior civil servants is entirely performance based.

Further information about the work of the review body can be found at [www.ome.uk.com](http://www.ome.uk.com)

### Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners for Northern Ireland's Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Policy relating to notice periods and termination payments is contained in the Northern Ireland Civil Service (NICS) Staff Handbook.

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org).

## SALARY AND PENSION ENTITLEMENTS

### Salary Entitlements

The salary entitlements of the most senior managers of the Agency were as follows:

Name and title	2006		2005	
	Salary (as defined below) £000s	Benefits in kind (to nearest £100)	Salary (as defined below) £000s	Benefits in kind (to nearest £100)
<b>Arthur SCOTT</b> Chief Executive	55 - 60	Nil	55 - 60	Nil
<b>Bill HAGAN</b> Director of Corporate Services (to 5 Jan.2006) Acting Programme Manager for the RCA -VLA Unification Project (from 6 Jan.2006)	40 - 45	Nil	40 - 45	Nil
<b>Tracey BROWNE</b> Acting Director of Corporate Services (from 6 Jan.2006)	20 - 25	Nil	20 - 25	Nil
<b>Stuart STEVENSON</b> Director of Finance	25 - 30	Nil	25 - 30	Nil
<b>Ann JOHNSTON</b> Rating Reform & Modernisation Programme Manager	40 - 45	Nil	35 - 40 (full year equivalent 40 - 45)	Nil
<b>Joe MULLAN</b> Director of Operations	40 - 45	Nil	30 - 35 (full year equivalent 35 - 40)	Nil

### Salary

'Salary' includes gross salary; performance pay or bonuses any allowances, such as London Weighting Allowances, to the extent that it is subject to UK taxation. This report is based on payments made by the Department and thus recorded in these accounts.

### Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

## Civil Service Pensions

The pension entitlements of the most senior managers of the Agency were as follows:

Name and title	Real increase in pension and related lump sum at age 60 £000s	Accrued pension at age 60 at 31 March 2006 and related lump sum £000s	CETV at 31 March 2005 £000s	CETV at 31 March 2006 £000s	Real increase in CETV after inflation adjustment £000s	Employer contribution to partnership pension account Nearest £100
<b>Arthur SCOTT</b> Chief Executive	0 - 2.5; lump sum 2.5 - 5	22.5 - 25; lump sum 67.5 - 70	303	332	15	Nil
<b>Bill HAGAN</b> Acting Programme Manager for the RCA -VLA Unification Project	0 - 2.5; lump sum 5 - 7.5	15 - 17.5; lump sum 50 - 52.5	187	227	30	Nil
<b>Tracey BROWNE</b> Acting Director of Corporate Services	0 - 2.5; lump sum 5 - 7.5	5 - 7.5; lump sum 20 - 22.5	59	81	19	Nil
<b>Stuart STEVENSON</b> Director of Finance	0 - 2.5; lump sum 0 - 2.5	2.5 - 5; lump sum 7.5 - 10	22	31	7	Nil
<b>Ann JOHNSTON</b> Rating Reform & Modernisation Programme Manager	0 - 2.5; lump sum 2.5 - 5	17.5 - 20; lump sum 55 - 57.5	270	300	15	Nil
<b>Joe MULLAN</b> Director of Operations	0 - 2.5; lump sum 0 - 2.5	12.5 - 15; lump sum 42.5 - 45	185	205	10	Nil

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Price Index. New entrants after 1 October 2002 may choose between

membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement.

For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as the classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website

[www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk)

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised values of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior

capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include an additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



ARTHUR E SCOTT

Chief Executive

20 June 2006

# Annex A

## UNAUDITED SUMMARY OF 2005-2006 RATE COLLECTION

DISTRICT COUNCIL	TOTAL RATES DUE £000	COLLECTED £000	COLLECTED % OF TOTAL RATES DUE
Antrim	29,388	28,670	97.56
Ards	31,339	30,221	96.43
Armagh	23,354	22,585	96.71
Ballymena	29,291	28,807	98.34
Ballymoney	10,211	9,943	97.38
Banbridge	18,038	17,673	97.98
Belfast	229,147	216,693	94.57
Carrickfergus	17,503	16,728	95.57
Castlereagh	30,881	30,164	97.68
Coleraine	31,662	30,884	97.54
Cookstown	12,736	12,311	96.66
Craigavon	43,682	42,311	96.86
Derry	56,744	54,306	95.70
Down	27,500	26,420	96.07
Dungannon	19,131	18,527	96.84
Fermanagh	23,192	22,636	97.60
Larne	16,424	16,026	97.58
Limavady	12,630	12,221	96.76
Lisburn	53,638	51,350	95.73
Magherafelt	13,349	13,080	97.99
Moyle	7,229	7,065	97.72
Newry	41,343	39,505	95.55
Newtownabbey	44,317	42,846	96.68
North Down	41,073	39,752	96.78
Omagh	22,336	21,844	97.80
Strabane	13,163	12,517	95.10
<b>NORTHERN IRELAND</b>	<b>899,301</b>	<b>865,085</b>	<b>96.19</b>
<b>MINISTERIAL TARGET</b>			<b>98.00</b>

NOTE: FIGURES ARE AFFECTED BY ROUNDING

## UNAUDITED SUMMARY STATEMENT OF RATE LEVY AND COLLECTION

	2005-2006		2004-2005	
	£m	£m	£m	£m
Arrears at 1 April		35.2		24.6
Assessments during year		864.6		802.7
Credits c/f to next period		3.4		2.6
		903.2		829.9
<b>LESS: DISCHARGED DURING YEAR</b>				
Credits b/f from last year	2.6		2.2	
Net Receipts (i.e., receipts less refunds)	782.5		717.2	
Vacancies	26.3		25.7	
Rebates/DPA	24		21.7	
Residential Home Relief	5.9		6.0	
Vacant rating relief	3.2		11.8	
Allowances	4.9		4.5	
Discounts	3.4		3.3	
Written-off as Irrecoverable	1.5		1.9	
Transitional Relief	0.2		0.4	
		854.5		794.7
Arrears at 31 March		48.7		35.2

+ NOTE 1: The variation in the amounts written off in the table below and the amount in the summary statement is accounted for by monies received by way of dividends in respect of previous years' write-offs.

	Bankruptcies £000s	Liquidations £000s	Other Irrecoverables £000s	Total £000s
2005-2006	735#	469	626	1,830
2004-2005	798*	342	959	2,099

# Includes Interim Voluntary Arrangement of £226,392

\* Includes Interim Voluntary Arrangement of £195,630

# Annex C

## DFP INTERNAL AUDIT VALIDATION OF AGENCY PERFORMANCE AGAINST KEY TARGETS – 2005 - 2006

### 1. Introduction

In accordance with current government instructions the Rate Collection Agency (RCA) Chief Executive is required to make arrangements for the independent validation of the performance levels reported by the Agency against its published Ministerial targets.

The Agency has appointed DFP Internal Audit to complete this exercise. Specific findings are detailed in section 3

### 2. Scope

Audit work aimed at validating performance was carried out in respect of the three Ministerial Targets. Work was not performed during this exercise to verify the integrity of the RCA systems and data extracted from these systems, however, reliance can be placed on systems work carried out during normal audit routines.

### 3. Limitations on Validation

The finding on financial performance (target 1) is subject to NIAO certification of the Agency's accounts.

### 4. Opinion

On the basis of the work carried out, I am pleased to report that the levels of performance against Ministerial targets for 2005-06 have been accurately reported by the Agency. Full details are provided in Section 5 below.

### 5. Findings

#### Target 1

To collect 98% (or the 2004-2005 output if higher) of a forecast £908 million Gross

Collectable Rate (excluding Late Assessments) by 31 March 2006.

#### Work Done

Internal Audit verified the Gross Collectable Rate at 31st December 2005 and the amount outstanding, late assessments and accrued adjustments at 31st March 2006. The collections calculation was also re-performed. The actual percentage collected for domestic and non-domestic properties was confirmed at 96.19%.

#### Outcome

Confirmed that this target has been substantially achieved.

#### Target 2

To achieve, by 31 March 2006, an overall rating for service provision of 'satisfied' or above from at least 96% of respondents, 20% of which are 'very satisfied'.

#### Work Done

The number of respondents and levels of satisfaction from the Ratepayers Survey were checked and final outturn calculations re-performed. A total of 97% were 'satisfied' or above. Of this figure, 27.5% were 'very satisfied'.

#### Outcome

Confirmed that this target has been achieved.

#### Target 3

To support the reform and modernisation of rating by:

- Implementing the rating of industrial derated



- property from 1 April 2005;
- Implementing the Non-Domestic Hardship Relief Scheme during 2005;
- achieve all key milestones for the Rating Policy Implementation Project in relation to Domestic Reforms;
- achieve all key milestones for the IT replacement project;
- ensure the successful unification of VLA and RCA by 1 April 2006

## Work Done

Internal Audit verified that:

- Billing was introduced for industrial ratepayers at 15% with effect from 1 April 2005;
- The hardship relief scheme for businesses was introduced with effect from 31 December 2005.
- Key milestones in relation to the Rating Policy Implementation Project in relation to domestic reforms have been achieved i.e. policy impact has been assessed.
- Key milestones in relation to the IT Replacement Project have been achieved cumulating in the completion of project initiation and technical analysis.
- Ministerial approval was gained to defer this target until 31 March 2007.

## Outcome

Confirmed that this target has been achieved although the unification of VLA and RCA has been deferred until 31 March 2007.

Jackie Connolly  
Head of Internal Audit

# Annex D

## PERFORMANCE DEFINITIONS

<b>Exceeded:</b>	Outturn exceeded target by at least 10%
<b>Achieved:</b>	Target fully achieved (i.e. outturn at least 100%)
<b>Substantially Achieved:</b>	Outturn at least 98% of target
<b>Partially Achieved:</b>	Objective has a number of targets only some of which were achieved
<b>Not Achieved:</b>	Outturn less than 98% of target.

**Rate Collection Agency**  
financial statements 2005 - 2006  
Financial Statements  
2005-2006

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under section 11(2) of the Government Resources and Accounts Act (NI) 2001, the Department of Finance and Personnel has directed the Rate Collection Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs and of its income and expenditure, recognised gains and losses, and cash flows for the financial year.

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

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

- Observe the Accounts Direction issued by Department of Finance and Personnel, the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the accounts on the going concern basis.

The Accounting Officer of the Department of the Environment for Northern Ireland (now DRD) and following devolution on 2 December 1999 the Accounting Officer of the Department of Finance and Personnel have designated the Chief Executive of the Rate Collection Agency as the Accounting Officer for the agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Rate Collection Agency's assets, are set out in the Accounting Officers' Memorandum issued by the Department of Finance and Personnel and published in Government Financial Reporting Manual



ARTHUR E SCOTT

Chief Executive

20 June 2006

# STATEMENT ON THE SYSTEM OF INTERNAL CONTROL

## Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of departmental policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Agency for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

## Capacity to handle risk

I have carried out appropriate procedures to ensure that the Agency has identified its objectives and risks and determined a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate Director/Team Leader.

The Agency Board has ensured that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. The Audit and Risk Committee formally reviews risks and controls on a regular basis. Risk management has been incorporated more fully into the corporate planning and decision-making processes of the Agency.

## The risk and control framework

Regular reports by Internal Audit, to standards defined in the Government Internal Audit Manual, which includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvements.

The appropriate steps have been taken to manage risks in significant areas of responsibility and to monitor progress reports on key projects.

## Review of effectiveness

As Accounting Officer; I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the

financial statements  
2005 - 2006

internal auditors, the Audit and Risk Committee which oversees the work of the internal auditors, the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weakness and ensure continuous improvement of the system is in place.



ARTHUR E SCOTT

Chief Executive

20 June 2006

# THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS AND THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of Rate Collection Agency for the year ended 31 March 2006 under the Government Resources and Accounts Act (Northern Ireland) 2001, which comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

## Respective responsibilities of the Agency, the Chief Executive and Auditor

The Agency and Chief Executive are responsible for preparing the Annual Report and the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Agency's and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the Financial Statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 29 and 30 reflects the Agency's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chief Executive's

Introduction, Who We Are and What We Do, Director's Report, Highlights 2005-06, Performance against Key Ministerial Targets, Business Report, Performance in Context, Key Targets for 2006-07, the unaudited part of the Remuneration Report and Annexes A, B, C and D. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Rate Collection Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the Agency's affairs as at 31 March 2006 and of the cost of operations, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



**J M Dowdall CB**  
**Comptroller and Auditor General**  
**Northern Ireland Audit Office**  
**106 University Street**  
**BT7 1EU**

## OPERATING COST STATEMENT

for the year ended 31 March 2006

	Notes	2006 £000s	2005 £000s
<b>Expenditure</b>			
Staff costs	2.2	6,391	5,902
Depreciation and other amounts written off tangible fixed assets	3	292	307
Other operating costs	4	3,706	4,000
<b>Income</b>			
Miscellaneous income payable to Consolidated Fund		(6)	(5)
Cost of continuing operating activities		10,383	10,204
Loss on disposal of tangible fixed assets		2	2
Notional cost of capital	1.6	29	28
Cost of operations		10,414	10,234

The amounts set out above arise wholly from continuing operations and are administrative in nature.

## STATEMENT OF RECOGNISED GAINS AND LOSSES

for the year ended 31 March 2006

	Notes	2006 £000s	2005 £000s
Unrealised surplus on revaluation of fixed assets	8	3	9

The notes on pages 36 to 46 form part of these accounts.

## BALANCE SHEET

as at 31 March 2006

	Notes	2006 £000s	2005 £000s
<b>Fixed Assets</b>			
Tangible Fixed Assets	5	581	433
<b>Current Assets</b>			
Debtors	6	1000	945
Creditors: Amounts Falling Due Within One Year	7	(691)	(621)
<b>Net Current Assets</b>		309	324
<b>Total Assets Less Current Liabilities</b>		890	757
<b>Financed By:</b>			
<b>Capital And Reserves</b>			
General Fund	8	874	720
Revaluation Reserve	8	16	37
		890	757

Signed



**Arthur E Scott**  
Chief Executive  
20 June 2006

The notes on pages 36 to 46 form part of these accounts.

## CASH FLOW STATEMENT

for the year ended 31 March 2006

	Notes	2006 £000s	2005 £000s
Net cash outflow from continuing operating activities	9	8,548	8,306
<b>Capital expenditure</b>			
Purchase of tangible fixed assets	5	405	46
Disposal of tangible fixed assets	5	-	-
Payments of amounts due to Consolidated Fund		10	10
Net cash outflow before financing		8,963	8,362
<b>Financing</b>			
Net cash inflow from financing – DFP	8	(8,963)	(8,362)
<b>Increase/Decrease in cash in the year</b>		<b>-</b>	<b>-</b>

The notes on pages 36 to 46 form part of these accounts.

# NOTES TO THE ACCOUNTS

for the year ended 31 March 2006

## Note I Statement of Accounting Policies

The financial statements have been prepared in accordance with an Accounts Direction given by the Department of Finance and Personnel (DFP) in accordance with Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001. This direction requires the Agency to comply with the extant edition of the Government Financial Reporting Manual (FReM) issued by HM Treasury.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The Agency's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 ACCOUNTING CONVENTION AND BASIS OF PREPARING FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

### 1.2 TANGIBLE FIXED ASSETS

The Agency's fixed assets comprise computer equipment, software and other office equipment which are revalued annually using appropriate indices compiled by the Office for National Statistics.

The minimum level for capitalisation of a tangible fixed asset is £1,000.

### 1.3 DEPRECIATION

Depreciation is provided on a straight line basis in order to write-off the valuation, less any residual value, over the estimated useful lives. The estimated useful lives, which are reviewed regularly, are:

Computer Equipment	3-10 years
Software	8-12 years
Office Equipment	5-10 years

The Rate Collection Agency does not own the land and buildings it occupies, but incurs an accommodation charge which is included in its operating costs.

### 1.4 RECOVERABLE LEGAL EXPENSES

Recoverable legal expenses are accounted for on an accruals basis and a provision is made for non-recovery of legal debts.

### 1.5 STOCK

Stocks consist only of low value consumable items and are therefore expensed in the year of purchase.

### 1.6 CAPITAL CHARGE

A charge, reflecting the cost of capital utilised by the Agency, is included in operating costs. The charge is calculated at the Government's standard rate of 3.5% in real terms on all assets less liabilities.

## NOTES TO THE ACCOUNTS

for the year ended 31 March 2006

### Note 1 Statement of Accounting Policies (continued)

#### 1.7 PENSIONS

Present and past employees are covered by the Principal Civil Service Pension Scheme which is non-contributory and unfunded. Although the Scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. Departments, Agencies and other bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

### Note 2 Staff Numbers and Costs

#### 2.1 STAFF NUMBERS

	2006			2005
	Nos Total	Nos Permanently Employed Staff	Nos Others	Nos
The average number of whole-time equivalent persons employed (including senior management) during the year was as follows:	308	278	30	301

The aggregate payroll costs of these persons were as follows:

#### 2.2 STAFF COSTS

	2006			2005
	£000s Total	£000s Permanently Employed Staff	£000s Others	£000s
Salaries and Wages	5,256	5,004	252	5,021
Social Security costs	330	330	-	316
Other pension costs	805	805	-	565
<b>TOTAL</b>	<b>6,391</b>	<b>6,139</b>	<b>252</b>	<b>5,902</b>

## Note 2 Staff Numbers and Costs (continued)

The PCSPS(NI) is an unfunded defined benefit scheme which produces its own resource accounts, but the Rate Collection Agency is unable to identify its share of the underlying assets and liabilities. The most up-to-date actuarial valuation was carried out as at 31 March 2003 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2005-2006 employers' contributions of £805,400.12 were payable to the PCSPS(NI) (2005-2006 £565,366.87) at one of four rates in the range 16.5% to 23.5% of pensionable pay, based on salary bands (the rates in 2004-2005 were between 12% to 18%). These rates have increased from 1 April 2005 as a result of the latest actuarial valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. No employers' contributions were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition no employer contributions were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill-health retirement of these employees.

## NOTES TO THE ACCOUNTS

for the year ended 31 March 2006

### Note 3 Depreciation and other amounts written off tangible fixed assets

	2006 £000s	2005 £000s
Depreciation charge for the year	285	288
Impairments written off	7	19
	<u>292</u>	<u>307</u>

### Note 4 Other Operating Costs

	2006 £000s	2005 £000s
These comprise:		
General Administration Expenses	1,674	1,716
Bad debts	340	347
Non-recoverable legal expenses	134	191
Notional Costs	1,558	1,746
TOTAL	<u>3,706</u>	<u>4,000</u>

NOTE: The Notional Costs relate to chargeable services for which no actual payment is made. They are included in the accounts to reflect the full economic cost of the Agency's activities.

	2006 £000s	2005 £000s
Amounts included are:		
Services provided by Parent Department	1,548	1,737
Services provided by other Agencies and Departments:		
Audit Fee	9	8
Other services	1	1
TOTAL	<u>1,558</u>	<u>1,746</u>

## NOTES TO THE ACCOUNTS

for the year ended 31 March 2006

### Note 5 Tangible Fixed Assets

	Assets under Construction £000s	Office Equipment £000s	Computer Equipment £000s	Software £000s	Total £000s
<b>COST OR VALUATION</b>					
At 1 April 2005	-	57	746	5,308	6,111
Adjustment	-	-	-	-	-
Additions	202	7	44	37	290
Transfers	-	-	150	-	150
Disposals	-	(2)	(105)	-	(107)
Impairment	-	-	(29)	-	(29)
Revaluation	-	(1)	-	104	103
At 31 March 2006	<u>202</u>	<u>61</u>	<u>806</u>	<u>5,449</u>	<u>6,518</u>
<b>DEPRECIATION</b>					
At 1 April 2005	-	49	615	5,014	5,678
Adjustment	-	-	-	-	-
Charge for year	-	5	110	170	285
Transfers	-	-	2	-	2
Disposals	-	(2)	(103)	-	(105)
Impairment	-	-	(22)	-	(22)
Revaluation	-	(1)	-	100	99
At 31 March 2006	<u>-</u>	<u>51</u>	<u>602</u>	<u>5,284</u>	<u>5,937</u>
<b>NET BOOK VALUE</b>					
At 31 March 2006	<u>202</u>	<u>10</u>	<u>204</u>	<u>165</u>	<u>581</u>
At 1 April 2005	<u>-</u>	<u>8</u>	<u>131</u>	<u>294</u>	<u>433</u>

	2006 £000s	2005 £000s
Fixed asset acquisitions as per note.	439	53
(Increase) decrease in capital accruals.	(34)	(7)
Cash outflow from acquisition of fixed assets.	<u>405</u>	<u>46</u>
Net book value of assets disposed	2	2
(Loss) profit on disposal	(2)	(2)
Cash inflow from disposal of fixed assets	<u>-</u>	<u>-</u>

## NOTES TO THE ACCOUNTS

for the year ended 31 March 2006

### Note 6 Debtors

	2006 £000s	2005 £000s
Amounts falling due within one year:		
Legal Debtors	1,125	1,145
Bad debt provision	(337)	(379)
	788	766
Due from Other Government Departments	-	3
Other Debtors	76	72
Pre-payments	136	104
<b>TOTAL</b>	<b>1,000</b>	<b>945</b>

### Note 6 (b) Intra-Government Balances

Amounts falling due within one year

	2006 £000s	2005 £000s
Balances with other central government bodies	-	3
Balances with local authorities	-	-
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	-	-
Subtotal: intra-government balances	-	3
Balances with bodies external to government	1,000	942
<b>Total Debtors at 31 March 2006</b>	<b>1,000</b>	<b>945</b>

### Note 7 Creditors: due within one year

	2006 £000s	2005 £000s
Trade Creditors	-	-
Accruals	690	616
Consolidated Fund extra receipts received and receivable and other amounts due to be paid to the Consolidated Fund	1	5
<b>TOTAL</b>	<b>691</b>	<b>621</b>

## NOTES TO THE ACCOUNTS

for the year ended 31 March 2006

### Note 7 (b) Intra-Government Balances

	Amounts falling due within one year	
	2006 £000s	2005 £000s
Balances with other central government bodies	391	375
Balances with local authorities	-	-
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	-	-
Subtotal: intra-government balances	391	375
Balances with bodies external to government	300	246
Total Creditors at 31 March 2006	691	621

### Note 8 Reconciliation of movement in Reserves and Government Funds

	General Fund £000s	Revaluation Reserve £000s	2006 Total £000s	2005 Total £000s
At 1 April 2005	720	37	757	851
Movement on reserve:				
Adjustment	-	-	-	-
Financing from Consolidated Fund	8,963	-	8,963	8,362
Cost of operations	(10,414)	-	(10,414)	(10,234)
Income payable to Consolidated Fund	(6)	-	(6)	(5)
Notional costs	1,587	-	1,587	1,774
Revaluation of fixed assets	-	3	3	9
Transfer of realised elements	24	(24)	-	-
At 31 March 2006	874	16	890	757

## NOTES TO THE ACCOUNTS

for the year ended 31 March 2006

### Note 9 Reconciliation of cost of operating activities to net cash outflow from continuing operating activities

	2006 £000s	2005 £000s
Cost of continuing operating activities	10,383	10,204
Depreciation and other amounts written off tangible fixed assets	(292)	(307)
Bad debts	(340)	(347)
Notional and other non-cash costs	(1,558)	(1,746)
Increase/(Decrease) in Debtors	13	53
(Increase)/Decrease in Creditors	(40)	79
Use of provision for bad debts	382	370
<b>NET CASH OUTFLOW FROM CONTINUING OPERATING ACTIVITIES</b>	<b>8,548</b>	<b>8,306</b>

### Note 10 Contingent Liabilities

There were no contingent liabilities at 31 March 2006 (2005: £NIL)

### Note 11 Capital Commitments

	2005 £000s	2005 £000s
Contracted capital commitments at the end of the financial year for which no provision has been made	1,238	1,440

## RATE COLLECTION AGENCY NOTES TO THE ACCOUNTS

for the year ended 31 March 2006

### Note 12 Related Party Transactions

The Rate Collection Agency was an Executive Agency of the Department of the Environment for Northern Ireland until devolution on 2 December 1999 when it transferred to the Department of Finance and Personnel.

The Department of Finance and Personnel is regarded as a related party. During the year the Rate Collection Agency has had various material transactions with the Department and with other entities for which the Department is regarded as the parent department, viz:

Central Procurement Directorate

Land Registers of Northern Ireland

Business Development Service

In addition, the Rate Collection Agency has had various material transactions with other Government Departments and other Central Government Bodies. Most of these transactions have been with the Northern Ireland Court service and the Crown Solicitor's Office.

None of the members of the key management staff or other related parties has undertaken any material transactions with the Rate Collection Agency during the year.

### Note 13 Principal Activities

The total expenditure of the Rate Collection Agency is directed towards its two principal activities: the collection and recovery of rates and the administration of the Housing Benefit Scheme for owner-occupiers. Costs are attributed as follows

	2006 £000s	2005 £000s
Rate Collection	9,005	8,826
Housing Benefit	1,409	1,408
Cost of operations	<u>10,414</u>	<u>10,234</u>

## RATE COLLECTION AGENCY NOTES TO THE ACCOUNTS

for the year ended 31 March 2006

### Note 14 Financing

	2006 £000s	2005 £000s
Expenditure	9,705	9,019
Receipts**	(742)	(657)
Net cash requirement funded by Assembly Vote	<u>8,963</u>	<u>8,362</u>
This was used to finance:		
Net cash outflow from continuing operating activities	8,548	8,306
Purchase of tangible fixed assets	405	46
Disposal of tangible fixed assets	-	-
Payment of amount due to consolidated fund	<u>10</u>	<u>10</u>
	<u>8,963</u>	<u>8,362</u>

\*\*Receipts mainly represent amounts recovered in respect of capitalised legal cost debtors

### Note 15 Losses and special payments

Losses statement

£383,233.72 (31,863 cases) in respect of waiver of legal costs incurred relating to non-payment of rates.





Published by TSO (the Stationery Office)  
and available from:

Online  
[www.tso.co.uk/bookshop](http://www.tso.co.uk/bookshop)

Mail, Telephone, Fax & E-mail  
TSO  
PO Box 29, Norwich, NR3 1GN  
Telephone orders/general enquiries: 0870 600 5522  
Fax orders: 0870 600 5533  
Order through the Parliamentary Hotline  
Lo-call 0845 702 3474  
E-mail [book.orders@tso.co.uk](mailto:book.orders@tso.co.uk)  
telephone: 0870 240 3701

TSO Bookshops  
123 Kingsway London WC2B 6PQ  
020 7242 6393 Fax 020 7242 6394  
68-69 Bull Street, Birmingham B4 6AD  
0121 236 9696 Fax 0121 236 9699  
9-21 Princess Street, Manchester M60 8AS  
0161 834 7201 Fax 0161 833 0634  
16 Arthur Street, Belfast BT1 4GD  
028 9023 8451 Fax 028 9023 5401  
18-19 High Street, Cardiff CF10 1PT  
029 2039 5548 Fax 029 2038 4347  
71 Lothian Road, Edinburgh EH3 9AZ  
0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop  
12 Bridge Square, Parliament Square  
London SW1A 2JX  
Telephone orders/General enquiries 020 7219 3890  
Fax orders 020 7219 3866

TSO Accredited Agents  
(See yellow pages)

and through good booksellers

ISBN 0102940428

ISBN 0-10-294042-8



9 780102 940428 >