



Land &  
Property  
Services.

Land and Property Services  
Annual Report & Accounts  
for the year ended 31 March 2008

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

*3 July 2008*

Land and Property Services  
Annual Report & Accounts  
for the year ended 31 March 2008

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

*3 July 2008*

© Crown Copyright 2008

The text in this document (excluding the Royal Arms and other departmental or agency logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

For any other use of this material please write to the Office of Public Sector Information, Information Policy Team, Kew, Richmond, Surrey TW9 4DU or email: [licensing@opsi.gov.uk](mailto:licensing@opsi.gov.uk)

# Contents

<b>1.0</b>	<b>Chief Executive's Review</b>	<b>5</b>
	Highlights of the Year	8
<b>2.0</b>	<b>Management Commentary</b>	<b>9</b>
<b>2.1</b>	<b>Who We Are and What We Do</b>	<b>9</b>
	Introduction	9
	Vision and Mission	9
	Key Strategic Goals in 2007-08	9
	Directorates and Functions	9
	Our Organisation	10
	Business Performance and Risk Management	10
	Staff Numbers	10
<b>2.2</b>	<b>Summary of Performance</b>	<b>11</b>
	Ministerial Targets	11
<b>2.3</b>	<b>Main Business Areas</b>	<b>12</b>
	Rating Services	12
	Valuation Services	14
	Corporate Services	16
	LPS Merger Programme	17
<b>2.4</b>	<b>Chief Executive's Report</b>	<b>18</b>
<b>3.0</b>	<b>Annexes</b>	<b>21</b>
	Unaudited Summary of 2007-08 Rate Collection	21
	Summary Statement of Rate Levy and Collection	22
<b>4.0</b>	<b>Remuneration Report</b>	<b>23</b>
<b>5.0</b>	<b>Accounts</b>	<b>26</b>
	The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly	30
	Accounts	32
	Notes to the Accounts	35 - 45



# 1.0 Chief Executive's Review

## Introduction

I am pleased to present the first Annual Report and Accounts of the newly-formed Land and Property Services.

“ This has been a significant year as, on 1 April 2008, we completed the creation of Land and Property Services (LPS), when Land Registers of Northern Ireland (LRNI) and Ordnance Survey of Northern Ireland (OSNI) merged into the already formed LPS, which comprised of the former Rate Collection and Valuation and Lands Agencies (RCA and VLA).”

In addition to the significant work involved in bringing together the four legacy Agencies, the year has brought many operational challenges. For example, in early 2007-08 as a result of meeting with the Assembly's Finance and Personnel Committee, we undertook to complete the initial reviews of assessments in respect of the domestic revaluation within the year, rather than over the two year period we had originally planned. We achieved this by the end of November 2007, but this meant that some other work built up, notably with the valuation of new houses. While we made significant headway in the latter part of 2007-08, there is still some catching up to be done. However, we made good progress on the non-domestic front, and the foundations have been firmly laid for the 2010 Revaluation.

Similarly, we made significant inroads into clearing backlogs of work in revenues and benefits. In 2006 this area of the business saw the introduction of a new computer system and, in order to issue the 2007-08 rate bills and implement the new domestic reforms, we suspended recovery action for a time. Rate arrears, therefore, will receive a high priority in 2008-09.

Good progress was made in relation to inputting to the collection system certificates of revaluation for new and existing properties, with a backlog of some 70,000 cases reduced by over 50,000 by 31 March 2008.

## Business Performance

A key ministerial target during the year was the merger of LRNI and OSNI into the new organisation. This major undertaking was successfully completed along with a number of other milestone projects, which comprised the LPS Merger Programme, albeit with some slippage around in-year dates.

We also measured our valuation accuracy in respect of rating valuations, meeting our target for domestic properties, but narrowly missing the target for non-domestic properties, largely due to some factual inaccuracies involving survey data. We introduced a new target to include new property in the valuation lists within two months of registration, and achieved this for the non-domestic side of the business but, unfortunately, not for domestic properties. This was down to large numbers of staff having to be moved into review work following the revised priority given to the valuation reviews as referred to in my introduction above.

Disappointingly, we did not achieve the rate collection target to collect 98% of rates. This was largely due to the suspension of rate recovery action in 2006-07, along with a slow start in 2007-08 due to computer functionality problems and staff recruitment issues.

Another target worthy of mention is our customer services target. This was for an overall rating for service provision of 'satisfied' or above from at least 96% of respondents. While we achieved 90.5%, this dip in the level of customer satisfaction is, perhaps, not surprising given the pressures on the rating process after the successful implementation of the rating reforms, following the first domestic revaluation for over 30 years. The recent formation of a Customer and Business Improvement directorate will re-focus our intention to provide the best customer service possible across the whole of Land and Property Services.

During the year successful progress was made with the Belfast Building Control contract. This work on re-engineering and streamlining our normal rating business has proven to be very effective, and we plan to roll this out with a view to including more District Councils during 2008-09.

We continue to develop the Client Services side of our business with valuation advice and guidance being given to Government Departments, and the wider public sector; of particular note this year is our ongoing strategic advice provided to the Central Assets Realisation Team.

### Revaluation

The first six months of 2007-08 saw teams of valuers busy clearing the remaining domestic reviews received in 2006-07. This was done with a considerable degree of success. Overall, we carried out 16,000 reviews in addition to the 14,000 reviews completed in 2006-07. This outcome is a tribute to the hard work of staff, not only in completing the domestic revaluation, using, for the first time, Computer Assisted Mass Appraisal, but in dealing so effectively with the subsequent queries and reviews.

However, following the Minister's announcement in July 2007 of a non-domestic revaluation in 2010, the second half of the year saw our focus shift to non-domestic revaluation. This is a major piece of work, which will result in new non-domestic valuations published in late 2009.

### Land and Property Services

The second phase of the merger was successfully completed on 1 April 2008, and this meant that the creation of a new land and property services organisation, first announced by the Secretary of State in 2006, was now complete. Leading up to this, throughout 2007-08, work continued on the merger with Management Board revisiting our vision and mission as well as redefining our overall strategic direction and reorganising our business, from 2008-09, into five directorates, namely:

- **Operations** - including Revenues and Benefits and Land Registration;
- **Valuation** - comprising domestic and non-domestic rating and client services;
- **Data, Information and Systems** - taking in a large proportion of what was Ordnance Survey for Northern Ireland, and charged with the responsibility of building our data and information systems.
- **Customer and Business Improvement** - responsible for developing our customer service strategy and business improvement processes; and
- **Corporate Services** - responsible for providing Finance, Human Resources, Training and Change Management support and managing our business relationship with DFP.

### Staff

Once again our staff responded positively to the challenges faced - not just in the line of business but also in respect of the merger. Skill and professionalism was displayed on all fronts.

On the run up to the merger deadline, Management Board colleagues and I gave a series of presentations to staff in all of our offices. Our vision, mission and future direction were set out, and staff were given the opportunity to ask questions, raise issues and debate the way forward. They did this with dedication and enthusiasm and these discussions were wide ranging. In addition, senior staff and managers were involved in a series of workshops during January and February and briefed their teams accordingly.

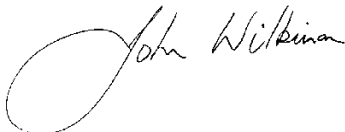
With the support of our staff, the work in building this new organisation will continue again throughout this coming year.

### Future

Following on from the initial two phases of merger, we will focus on fully integrating our business processes, but also with an eye on transforming these in the years to follow.

We will continue to develop our customer focus, whilst improving our processes in operational areas, and our data and information systems. We will also begin work on a strategic review of Corporate Services, including Human Resources and Finance.

As before, we will work closely with our parent department, the Department of Finance and Personnel, to deliver the Reform Programme so that public services continue to be improved and developed for the benefit of the Northern Ireland citizen.

A handwritten signature in black ink that reads "John Wilkinson". The signature is written in a cursive style with a large, looping initial "J".

**John Wilkinson**  
Chief Executive

2 July 2008

## 1.1 Highlights of the Year

The highlights of 2007-08 include:

- Successfully completing phase 2 of the Land and Property Services Merger Programme and bringing together some 1,250 staff in 17 locations across Northern Ireland.
- Reviewing and completing our strategy map, setting out the vision and mission for Land and Property Services.
- Developing five new directorates to deliver our forward strategy.
- Meeting an undertaking, given to the Assembly, to complete the remaining applications for review of capital values - just under 14,000, by the end of November 2007.
- Starting work on the revaluation of some 75,000 non-domestic properties and, by year's end, contacting approximately 50,000 ratepayers and their advisers seeking information on current rental levels for commercial property.
- Providing input into the Capital Assets Realisation Team and developing capacity to deliver ongoing efficiencies in the management of the public sector estate.
- Assessing and issuing some 600,000 domestic rate bills.
- Dealing with over 102,000 telephone calls.
- Developing detailed business processes to support the two new measures introduced to improve the financial help available to pensioners: Lone Pensioner Allowance; and an increase to the savings limit for Rate Relief.
- Issuing some 24,000 processes in debt proceedings to ratepayers who owed rates.
- Merging of LPS (phase 1) and LRNI and OSNI Corporate Services teams into one unit to provide a centralised Finance, Human Resource, Training and Corporate Support function to LPS;
- Arranging and communicating the work of the Merger Programme to staff through: office visits by the Chief Executive and members of the Management Board; team briefs; intranet news bulletins; and personal letters to all staff; and
- Working with the recognised Trade Union to set up a consultative process for Land and Property Services including the agreement of a new Whitley Constitution.

## 2.0 Management Commentary

### 2.1 Who We Are and What We Do

#### Introduction

In March 2006 the then Secretary of State announced the transfer of functions of the Rate Collection Agency, Valuation and Lands Agency, Land Registers, and Ordnance Survey of Northern Ireland into a single land and property services agency.

Land and Property Services was established on 1 April 2007, initially from the merger of the former Rate Collection and the Valuation and Lands Agencies, to be followed, on 1 April 2008, by the addition of Land Registers of Northern Ireland and Ordnance Survey of Northern Ireland.

#### Vision and Mission

The vision for LPS is:

“ Transforming land and property services and information for the public good ”

The mission for LPS is to:

“ Support the regeneration and economic development of Northern Ireland by providing an integrated set of land and property services for its citizen and government ” <sup>(1)</sup>

#### Key Strategic Goals in 2007-08

Our key strategic goals for 2007-08 were:

- To fully deliver on statutory requirements.
- To enhance customer service.
- To improve value for money.
- To enable delivery of better outcomes for the citizens and economy of Northern Ireland.

#### Directorates and Functions

From 1 April 2007 LPS was restructured into three directorates with the following functions and responsibilities:

##### Rating Services

- Maintaining a domestic rating assessment system.
- Collecting and recovering rates on behalf of Central Government and District Councils in accordance with rating legislation.
- Managing the Housing Benefit Scheme for those ratepayers who are owner-occupiers and the Disabled Person's Allowance (DPA) Scheme.

(1) In-year LPS acted on recommendations made in a Gateway 0 Review of the LPS Merger Programme carried out by OGC (Office of Government Commerce), expanding its original mission statement “To deliver the integrated mapping, registration, valuation and rating services essential for Northern Ireland” to better align with the NI Assembly's current Programme for Government and Investment Strategy to include the phrase: “support regeneration and economic development in Northern Ireland”.

### Valuation Services

- Maintaining a non-domestic rating assessment system.
- Delivering a valuation, estate management and property data service to the public sector.

### Corporate Services

- Providing corporate support services to the other business areas within LPS.
- Managing the LPS Merger Programme.

### Our Organisation

The Chief Executive is the Accounting Officer for Land and Property Services and is responsible to the Minister, in accordance with its Framework Document and Business Plan, for:

- the effective operation of the Agency;
- the fulfilment of its statutory functions;
- the collection of rates; and
- for providing valuation services to the public sector.

The Chief Executive is assisted by a Management Board comprising the Directors of Rating Services; Valuation Services and Corporate Services; plus (during 2007-08, in the run up to a fully formed LPS) the Chief Executives of LRNI and OSNI.

### Business Performance and Risk Management

During the period, business performance against ministerial targets was monitored monthly by LPS Management Board (see Chapter 2.2 for end-of-year performance outturn and related commentary). ministerial targets associated risks and other risks were monitored by LPS Management Board and the Audit Risk Committee, with input and advice from DFP Internal Audit and the Northern Ireland Audit Office.

### Staff Numbers

During the year, the average number of full-time equivalent (FTE) staff employed in LPS (phase 1 - RCA and VLA) was 671 (as per Accounts Note 4).

## 2.2 Summary of Performance

### Ministerial Targets 2007-08

The following end-of-year performance against ministerial targets and outturns were noted at the LPS Management Board meeting of 10 April 2008. Outturns against ministerial targets have been validated by DFP Internal Audit in their Report IA 112 / 07, dated 30 May 2008.

No.	Ministerial Target	Outturn and Commentary
1.	<p><b>LPS Programme</b></p> <p>By 31 March 2008 to have implemented all the relevant key milestones of the Land &amp; Property Services Programme.</p>	<p><b>Achieved</b></p> <p>Although there was some delay in achieving IT Strategy and Efficiency Plan milestones, the overall LPS Programme target has been achieved.</p>
2.	<p><b>Valuation Accuracy</b></p> <p>Domestic List - To achieve a standard in all domestic rating valuations such that 90% of those values on appeal are within + / -10% of the assessment by the District Valuer.</p> <p><b>Valuation Accuracy</b></p> <p>Non Domestic List - To achieve a standard in all non domestic rating valuations such that 85% of those valued on review are within + / -10% of the original assessment.</p>	<p><b>92% - Achieved</b></p> <p>The 400 appeal cases, against which this target is measured, represent the most contentious of the 28,000 successfully dealt with at application stage.</p> <p><b>79% - Not achieved</b></p> <p>This was the first year of testing against a revised target group, and the outturn figure is being investigated to pinpoint any scope for future improvement.</p> <p>Initial sampling shows that some assessments have been reduced because of inaccurate data rather than basic valuation errors. Remedial action to include more regular inspection of properties to improve data and capture changes to individual premises.</p>
3.	<p><b>Currency of the Valuation List</b></p> <p>From 1 April 2007 all new properties to be valued on average within two months of receiving a valuation request.</p>	<p><b>Average 81 days - Not achieved</b></p> <p>This is a single measure of both domestic and non-domestic valuations. Given reprioritisation of domestic reviews in the first half of 2007-08 and reprofiling of new domestic valuations in-year, the overall target has not been achieved.</p> <p>However, the non-domestic portion of this target was achieved (average 31 days at the end of March 2008).</p>
4.	<p><b>Rating Service Customer Satisfaction</b></p> <p>By 31 March 2008 to achieve an overall rating for service provision of "satisfied" or above from at least 96% of respondents, 25% of whom are very satisfied.</p>	<p><b>90.5% and 12.2% - Not achieved</b></p> <p>The number of respondents and levels of satisfaction from the Rating Service 'non-business' customers were checked and final outturn calculations re-performed. A total of 90.5% was 'satisfied' or above. Of this figure, 12.2% were 'very satisfied'.</p> <p>Improvements in our interaction with customers will be driven forward, in 2008-09, by the newly-formed Customer and Business Improvement directorate.</p>
5.	<p><b>Revenue Collection</b></p> <p>To collect 98% (or the 2006-07 outturn if higher) of a forecast £1,070 million of the collectable rates 31 March 2008.</p>	<p><b>89.1% - Not achieved</b></p> <p>Delays to the go-live of recovery functionality and, more recently, staffing shortages are the primary causes of the reduced collection performance.</p>

## 2.3 Main Business Areas

### 2.3.1 Rating Services

#### Domestic Rating

##### Review of 2007-08

LPS continued to deal with the reaction to the publication, in the summer of 2006, of the first domestic revaluation in Northern Ireland since 1976. In early 2007 we gave an undertaking to the Assembly to complete the remaining applications for review of capital values - just under 14,000 by the end of November 2007.

Using improved processes and data sources, dedicated teams succeeded in meeting this challenging objective. The justification for this approach can be measured by the fact that fewer than 600 cases proceeded to appeal to the Commissioner of Valuation, while a mere handful of cases are expected to be referred on to the Valuation Tribunal.

While the priority for LPS was the completion of the applications for review of capital values, valuation staff also entered over 12,600 new houses in the list and revised the assessments of a further 6,700. When considered along with the completion of the reviews, this represents a considerable achievement, particularly while dealing with the challenge of the LPS (phase 1) Merger and other organisational and system changes during the year.

Details of the cases received, completed and in progress at 31 March 2008 are as follows:

Case Type	B/F	Received	Completed	In Progress
New Domestic	5,128	16,199	12,683	8,644
Domestic Alterations	30,948	13,317	6,737	37,528
Domestic Applications	703	490	875	318
Demolished / Closed	2,285	3,657	4,310	1,632
Capital Value Reviews	13,861	3,429	15,593	1,697

Further progress has been made in extending the close co-operation experienced with Belfast City Council Building Control Offices to other district councils. Work proceeds in establishing formal relationships with all district councils and a series of formal presentations has taken place to the various building control groupings explaining the concept and seeking their commitment to enhanced data sharing with LPS. This is a further example of our commitment to developing joined-up government processes that produce efficiencies for the benefit of the citizens of Northern Ireland.

#### Rating Appeals to Commissioner and Northern Ireland Lands Tribunal

During the period Rating Service dealt with 200 appeals to the Commissioner. Performance against a ministerial target on accuracy and a Chief Executive's target on timeliness for domestic appeals to the Commissioner of Valuation were as follows:

- **Valuation Accuracy**  
Alterations to valuations to be within +/- 10% in 90% of domestic cases.

A final result of 92% was achieved.

- **Timeliness**

An average turnaround time of 16 weeks for all appeals.

The actual performance was 18 weeks. This was mainly due to the continuing redeployment of appeal valuers to deal with initial applications from ratepayers.

### Northern Ireland Valuation Tribunal (NIVT)

During the later part of the year the first domestic capital value appeals were made to this new tribunal and are being actioned by LPS staff. The predicted high numbers have not materialised.

### Challenges in 2008-09

There are three main challenges in 2008-09:

- The provision of surveys for domestic property will be the responsibility of Data and Information Services. We need to ensure that priorities are aligned and that procedures are in place that will allow the speedy resolution of any issues which arise;
- Funds have been secured to allow us to deal with our current backlog of cases involving existing properties which have been altered physically. This project will have to be carefully managed to ensure the maximum possible contribution to the maintenance of the Valuation List; and
- The overarching rating target is the achievement of milestones for the non-domestic revaluation project. Work in connection with revaluation will have priority but in addition to the backlog project noted above, we will continue to look for ways to minimise the impact on other ratepayers.

## Rate Collection and Recovery

### Review of 2007-08

In 2006 this area of the business saw the introduction of a new computer system and, in order to issue the 2007-08 rate bills and implement the new domestic reforms, we reprioritised the delivery of the project phases and suspended recovery action for a time. We did not achieve the 2007-08 rate collection target "to collect 98% of rates". This was largely due to the suspension of rate recovery action in 2006-07, along with a slow start in 2007-08 due to computer functionality problems and staff recruitment issues. Rate arrears, therefore, will receive a high priority in 2008-09.

However, during the year significant inroads were made into clearing backlogs of work in revenues and benefits. We processed just over 50,000 certificates of revision and issued around 102,000 final payment notices to ratepayers and some 24,000 processes in debt proceedings to ratepayers owing rates.

## Rate Reliefs

### Review of 2007-08

During the year the number of ratepayers in receipt of Housing Benefit rose to just over 56,300 and they received £29m in total.

LPS deals with applications from ratepayers who own and occupy their own homes. We received, processed and awarded rate relief to around 6,500 ratepayers amounting to £1.6m. The Northern Ireland Housing Executive, on behalf of LPS, deals with applications for rate relief from its own tenants, private tenants or tenants of registered housing associations.

At year end there were approximately 11,000 ratepayers in receipt of Disabled Person's Allowance relief.

In this period LPS also successfully developed and implemented detailed business processes to support two new measures introduced by the Northern Ireland Executive to improve the financial help available to pensioners: Lone Pensioner Allowance; and an increase to the savings limit for Rate Relief.

#### Challenges in 2008-09

Ministerial targets have been agreed for 2008-09 to improve collection levels and reduce the level of rating debt. LPS will also encourage the take up of the new and existing rate reliefs and ensure that the IT system properly supports key business processes

## 2.3.2 Valuation Services

### Non-Domestic Rating

#### Review of 2007-08

In the first half of the year our focus was on the completion of informal reviews arising out of the domestic revaluation, which came into effect on 1 April 2007. We continued however, to take steps to minimise the impact on commercial ratepayers. Work was prioritised to lessen backdated ratepayer bills by concentrating on new properties and the following ministerial target was set.

- Currency of the Valuation List**  
 From 1 April 2007 all new properties to be valued on average within two months of receiving a valuation request.

All new property turnaround time	81 days on average
New domestic property turnaround time	85 days on average
New non-domestic property turnaround time	31 days on average

The target was not achieved largely because of the need to prioritise carried-over domestic informal reviews, but was achieved by the non-domestic rating side of our business.

In the second half of the year, as more resources became available, output increased and it was possible to make a significant reduction in cases in progress. Details of cases received, completed and in progress at 31 March 2008 are as follows:

Brought Forward	Received	Completed	In Progress
6,298	5,492	7,234	4,556

#### Non Domestic Revaluation (NDR)

Following the restoration of a devolved administration, the Minister for Finance announced a revaluation of some 75,000 non-domestic properties and instructed LPS to commence work on the project. By year's end valuers had contacted approximately 50,000 ratepayers and their advisers seeking information on current rental levels for commercial property.

## Ratepayer challenges to District Valuers, Commissioner and Northern Ireland Lands Tribunal

During the year the ministerial target for properties valued on application to District Valuers and on appeal to the Commissioner was as follows:

- **Valuation Accuracy**

To achieve a standard in all non-domestic rating valuations such that 85% of those valued on review are within +/- 10% of the original assessment.

An actual outturn of 79% was achieved.

This was a new target and for the first time it included revision cases dealt with by the District Valuer plus cases decided by the Commissioner of Valuation on first appeal. The figure of 85% proved too challenging. This was also the first year of testing against a revised target group and the outturn figure is being investigated to pinpoint any scope for improvement.

Performance against a Director's target on timeliness was as follows:

- **Timeliness**

An average turnaround time of 16 weeks for all appeals.

Actual performance was 18 weeks. This was mainly due to the continuing redeployment of appeal Valuers to deal with initial applications from ratepayers.

## Valuation and Advice Service

### Client Services

The Agency provides Government Departments and public sector bodies with property advice and valuations related to the exercise of their statutory functions or arising from their ownership and occupation of property.

A total of 9,011 cases was completed during the year - a 33% increase on 2006-07. The allocation of resource to different categories of work was:

Valuation	27%	Asset Valuation	14%
Compensation	23%	Acquisition	8%
Taxation	12%	Appraisal	6%
Disposal	10%	Total	<b>100%</b>

Instructions received totalled 8,876 cases. This was an increase of 16% over 2006-07, predominantly related to an increase in asset valuations undertaken, although the buoyant property market also led to a significant increase in valuations undertaken for Inheritance Tax and Capital Gains Tax purposes.

The financial target to demonstrate the ability to achieve full-cost recovery in respect of Client Services was not met. The outturn of 90% was significantly up on the previous year's figure of 72%. The largest single factor contributing to the deficit was an increased staff training commitment arising from recent recruitment. There were also some one-off costs arising from the creation of LPS that were not reflected in charge out rates.

## Central Advisory Unit (CAU)

The CAU exists to promote excellence in estate management practice. This covers strategic planning for property at estate and individual asset level and includes acquisition and procurement strategy, and management and disposal activities. In addition, the unit has specific responsibility for the maintenance of guidelines on the disposal of surplus public sector land and property and operates a clearing-house which seeks to match surplus property to the needs of other public bodies before it is marketed.

During the year CAU processed 150 surplus properties and provided advice to both the Capital Realisation Taskforce and to Workplace 2010.

## Challenges in 2008-09

All aspects of our valuation, appraisal, acquisition and disposal activities are affected by the conditions in the property markets. The continuing rise in the value of all classes of property in the first quarter of 2007-08, followed by a fall in the latter part of the year, created particular challenges in terms of accurate assessment of values and the formulation of proper and prudent advice for Departments preparing to dispose of surplus land.

The last quarter of 2007-08 saw a reduction in the number of transactions such that, in many cases, there is little or no hard evidence on which to base opinions of value. This is likely to present a different set of challenges in 2008-09. In addition, the fall in house prices and the banks' tightened criteria for lending on development land mean that significantly more work is likely to be required before surplus land can be brought to market. 2008-09 is therefore expected to be a busy year as valuers seek to provide Departments and public bodies with the assurances they need in respect of all their property dealings.

## 2.3.3 Corporate Services

### Review of 2007-08

During the year, in addition to maintaining our business-as-usual functions, Corporate Services continued to be heavily involved in the following areas:

- Merging of the LPS (phase 1), LRNI and OSNI Corporate Services teams into one unit to provide a centralised Finance, Human Resource, Training and Corporate Support function to LPS;
- Ongoing work to align internal finance, HR and training services with the Civil Service Reform implementation bodies, namely: AccountNI, HRConnect and the Centre for Applied Learning (CAL); and
- Ensuring that the new Land and Property Services maintains a consistent policy approach across a range of subject areas, including health and safety, trade union consultation, staff and grading issues, and risk management.

### Merger of Corporate Services

Building on the successful Merger, in April 2007, of RCA and VLA Corporate Services, work continued to ensure equal success in integrating LRNI and OSNI corporate service functions by 30 September 2007, in advance of the phase 2 target date of 31 March 2008.

This integration project was part of the wider ministerial target: "By 31 March 2008 to have implemented all the relevant key milestones of the Land & Property Services Programme". Completion of the Corporate Services merger was a significant contribution towards achievement of the overall ministerial target. The objectives set for the integration project included:

- A single, co-located LPS Corporate Services;
- Rationalised and joined-up business processes;

- Streamlined and more efficient processes;
- A rationalised staffing structure; and
- The release of efficiencies to support other business areas within LPS.

This work not only involved resolving complex accommodation issues, but required significant staff time and commitment to re-examine established processes, taking the best from each of the legacy Agencies and ensuring that they fit the requirements of the new Land and Property Services. The LPS Merger Programme - End of Project report confirmed that all of the above objectives were achieved by the due date.

### Civil Service Reform

Throughout 2007-08 work has been ongoing to ensure that LPS processes are aligned with those organisations responsible for implementing Civil Service Reform, so as to guarantee the delivery of better public services promised by Civil Service Reform and that shared service providers can meet the business needs of LPS.

During the year LPS has participated in the successful implementation of TRIM within DFP as part of wider New Working Methods being progressed through RecordsNI.

We will continue, during 2008-09, to participate in these Reforms and refine our interaction with providers.

### LPS Policy

LPS will continue to follow Departmental policy. However, where required, we will develop a tailored approach to matters such as “Health and Safety - Lone Working” and “LPS / TUS Whitley Constitution Arrangements”.

## 2.3.4 LPS Merger Programme

### Review of 2007-08

Following the Secretary of State’s announcement of the formation of a land and property services organisation to include RCA, VLA, LRNI and OSNI, a Steering Group was set up to oversee this work. The Group commissioned a scoping study report, which made a number of recommendations, all of which were agreed by Ministers.

The LPS Merger Programme was established to implement these recommendations. Phase 1 of the Programme ran from November 2006 to April 2008 and was designed to focus on “merging and enabling infrastructure”. It concentrated on the key activities needed to merge the four organisations into one for 1 April 2008, and in order for this to be achieved several key enabling projects were established during phase 1.

All of these projects were delivered in accordance with agreed plans, timescales and within budget, thereby helping to support the successful unification of the four Agencies on 1 April 2008.

### Looking Forward

The later “integration” and “transformation” phases originally envisaged as part of the work of the LPS Merger Programme will now be taken forward as part of a wider portfolio of business improvement projects, and will be set against overall business priorities.

A new governance forum - the Business Improvement and Modernisation Committee (BIMC) has been established, with responsibility for overseeing the prioritisation and delivery of the portfolio of projects to be progressed during 2008-09. Following completion of the merger on 1 April 2008, the LPS Merger Programme was formally closed with any residual work to be considered by the BIMC.

## 2.4 Chief Executive's Report

### Accounts Direction

These are Land and Property Services' audited Accounts for the financial year ended 31 March 2008. The Accounts have been prepared in accordance with the Department of Finance and Personnel Direction issued on 21 December 2005 and the Government Resources and Accounts Act (Northern Ireland) 2001.

### History and Principal Activities

LPS is an Executive Agency of the Department of Finance and Personnel. The merger of the former Rate Collection Agency and Valuation and Lands Agency signalled the formation of LPS on the 1 April 2007, and has been followed with the inclusion of LRNI and OSNI from 1 April 2008.

Our core functions, as set out in the Framework Document and the Department's Business Plan under the following directorates, are:

#### Rating Services

- To maintain a domestic rating assessment system;
- To collect and recover rates on behalf of Central Government and District Councils in accordance with rating legislation; and
- To manage the Housing Benefit Scheme, for those ratepayers who are owner-occupiers, and the Disabled Person's Allowance (DPA) Scheme.

#### Valuation Services

- To maintain a non-domestic rating assessment system; and
- To deliver a valuation, estate management and property data service to the public sector.

#### Corporate Services

- To provide corporate support services to the other Divisions within LPS; and
- To manage the LPS Merger Programme.

### Funding

Land and Property Services is funded entirely through the Department of Finance and Personnel's Resource Account. The main area of expenditure is pay.

### Business Review

A full review of our activities during the year is given in the Management Commentary of the Annual Report.

### Events Occurring After Year-End

Apart from the events described at Note 19, there have been no significant events since the year-end that would affect these Accounts. However, during the period of this report the first phase of a merged Land and Property Services, involving the unification of RCA and VLA, was completed. The second phase, involving the merger of OSNI and LRNI, was a ministerial target for 2007-08 and has been achieved by the target date of 31 March 2008.

### Future Developments

Following on from the initial two phases of merger, we will focus on fully integrating our business processes, but also with an eye on transforming these in the years to follow.

We will continue to develop our customer focus, whilst improving our processes in operational areas, and our data and information systems. We will also begin work on a strategic review of Corporate Services, including Human Resource and Finance. This work will be carried out within already existing budget limits.

As before, we will work closely with our parent Department, the Department of Finance and Personnel to deliver the Reform Programme so that public services continue to be improved and developed for the benefit of the citizens of Northern Ireland.

### Land and Property Services Management Board

The LPS Management Board deal with strategic, financial and personnel issues and the relationship with the Department, and comprises:

<a href="#">John Wilkinson</a>	Chief Executive and Chief Accounting Officer (from 2 April 2007)
<a href="#">David Rainey</a>	Director of Valuation Services and Commissioner of Valuation (retired on 7 April 2008)
<a href="#">Alan Bronte</a>	Director of Rating Services
<a href="#">Arthur Scott</a>	Director of Corporate Services and, from 15 October 2007 to year-end, Director of Rating Operations
<a href="#">Trevor Steenson</a>	Director of Corporate Services (from 3 January 2008 to year-end)
<a href="#">Patricia Montgomery *</a>	Chief Executive of Land Registers of Northern Ireland
<a href="#">Iain Greenway *</a>	Chief Executive of Ordnance Survey of Northern Ireland

\* Please note that the salaries of both Patricia Montgomery and Iain Greenway were paid by their respective Agencies.

Members of the LPS Management Board also serve on the LPS Audit Risk Committee, which is chaired by the Director of Corporate Services.

### Financial Performance

The Income and Expenditure account on page 32 shows expenditure of £31.95m within which £18.11m was spent on staff costs, £1.36m on depreciation and £12.47m on other operating costs. Interest on capital employed amounted to £0.20m.

### Fixed Assets

Our fixed assets comprise of computer equipment, applications software, office machinery and construction in progress valued at £5.93m. There was £1.45m of additions acquired by LPS during the year. There was also £1.17m of computer equipment transferred out to IT Assist.

LPS has adopted departmental capitalisation thresholds and has reconciled its own and Departmental Fixed Asset Registers.

### Prompt Payment Code

LPS is committed to the prompt payment of bills for goods and services received in accordance with the Better Payment Practice Code and British Standards 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.

The Departmental System continually monitors for any payment outside the 30-day period. Regular reviews conducted to measure how promptly LPS paid its bills, found that 84.02% were paid within this standard.

### The LPS Estate

Both the former RCA and VLA operated from office locations in Belfast and across Northern Ireland. As part of the merger process, LPS is reviewing its accommodation needs to ensure the most effective and efficient delivery of services to the citizen and to take account of the requirements of the Workplace 2010 strategy <sup>(2)</sup>.

(2) Workplace 2010 is a five to seven year programme of work to transform the Northern Ireland Civil Service (NICS) office estate, improving the working environment for many staff and facilitating new ways of working in a way that demonstrates value for money for the taxpayer.

## Employee Policies 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.

Throughout the year we sought to increase the involvement of staff and operational managers in clarifying their contribution to overall LPS goals. The views of all staff continued to be canvassed via staff information events, discussions with the Chief Executive, team briefings and information circulars. In addition, there were regular meetings between management and the local employee representatives and in 2007-08 the Chief Executive and NIPSA representatives agreed a new Whitley Constitution for Land and Property Services.

## Equality of Opportunity

LPS follows the NICS policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of ability, qualifications and aptitude for the work.

## Disabled Employees

We follow the Northern Ireland Civil Service Code of Practice on the employment of disabled people. LPS aims to ensure that disablement is not a bar to recruitment or advancement. In 2007-08 the Agency employed 24 disabled staff.

## Health and Safety

We continue to pay special attention to the welfare of staff and clients, including matters relating to their health and safety. Our Health and Safety policy is subject to continuous review, especially with regard to staff working in the field.

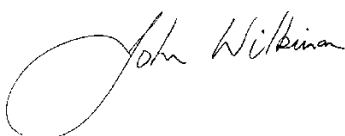
## Sustainability

LPS will continue to follow DFP guidance as set out in the Department's Sustainable Development Action Plan, which sets out strategic objectives and targets including:

- Installation of renewable technologies;
- Conservation of fuel and power;
- Participation in Workplace 2010 and the subsequent streamlining of the office accommodation portfolio and the meeting of higher thermal standards;
- The improved recycling of waste; and
- Taking account of sustainable development principles when procuring works, supplies and services.

## Auditors

The financial statements are audited by the Comptroller and Auditor General in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. All relevant information was made available to auditors. The audit certificate is reproduced on pages 30 and 31.



**John Wilkinson**

Chief Executive

2 July 2008

## 3.0 Annexes

### 3.1 Annex A - Unaudited Summary of 2007-08 Rate Collection

District Council	Total Rates Due £'000	Collected £'000	Collected % of Total Rates Due
Antrim	35,428	32,646	92.1%
Ards	40,630	36,573	90.0%
Armagh	29,449	25,975	88.2%
Ballymena	38,606	35,347	91.6%
Ballymoney	12,497	11,409	91.3%
Banbridge	22,969	20,803	90.6%
Belfast	293,086	249,590	85.2%
Carrickfergus	20,754	19,151	92.3%
Castlereagh	40,524	36,877	91.0%
Coleraine	40,021	36,626	91.5%
Cookstown	17,351	15,738	90.7%
Craigavon	52,681	45,955	87.2%
Derry	71,486	63,154	88.3%
Down	35,712	31,746	88.9%
Dungannon	26,697	24,053	90.1%
Fermanagh	30,661	27,771	90.6%
Larne	19,079	17,769	93.1%
Limavady	16,044	14,689	91.6%
Lisburn	67,746	60,673	89.6%
Magherafelt	17,841	16,552	92.8%
Moyle	9,224	8,642	93.7%
Newry	52,861	46,339	87.7%
Newtownabbey	53,091	47,984	90.4%
North Down	50,494	45,589	90.3%
Omagh	27,952	25,293	90.5%
Strabane	16,428	14,372	87.5%
Northern Ireland	1,139,314	1,011,316	88.8%
Cash Unallocated to Ratepayer Accounts		4,218	
Final Collection % in Northern Ireland			89.1%
Ministerial Target			98.0%

## 3.2 Annex B - Summary Statement of Rate Levy and Collection

	2007-08		2006-07	
	£m	£m	£m	£m
Debtors at 1 April		88.3		48.5
Assessments during year		1,043.8		961.8
Credits carried forward to next period		16		9.5
		1,148.1		1,019.8

### Less: Discharged During Year

Credits brought forward from last year	9.5	4.1
Net Receipts (ie receipts less refunds)	880.2	836.0
Vacancies	32.3	21.6
Rebates / Rate Relief / DPA	33.0	28.7
Residential Home Relief	6.4	6.2
Non-Domestic Vacant Rating Relief	34.0	24.9
Allowances	8.0	5.0
Discounts	4.2	3.7
Written-off as Irrecoverable	0.9	1.3
Transitional Relief / Capping	15.5	0.0
Education Relief	0.3	0.0
	1,024.3	931.5
Debtors at 31 March	123.8	88.3

Note 1: Figures for 2006-07 have been restated to reflect all non-domestic vacant rate reliefs within discharges, which include 3-month free period, 50% relief and exclusions from vacant rating.

Note 2: The variation in the amounts written off in the table below and the amount above is accounted for by monies received by way of dividends in respect of previous years' write-offs.

	Bankruptcies	Liquidations	Other Recoverables	Total
	£'000	£'000	£'000	£'000
2007-08	463 *	601	0	1,064
2006-07	799 *	320	430	1,549

\* Includes Individual Voluntary Arrangement of £142,107 in 2007-08

\* Includes Individual Voluntary Arrangement of £216,417 in 2006-07

## 4.0 Remuneration Report

### Remuneration Policy

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

The officials covered in 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 are 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)

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of LPS were as follows:

### Senior Management Remuneration (audited)

Name and Title	2007-08		2006-07	
	Salary (as defined below) £'000	Benefits in Kind (rounded to nearest £100) £'000	Salary (as defined below) £'000	Benefits in Kind (rounded to nearest £100) £'000
<b>John Wilkinson</b> Chief Executive (from 2 April 2007)	106 - 110	-	n/a	n/a
<b>David Rainey</b> Director of Valuation and Commission of Valuation (retired 7 April 2008)	71 - 75	-	66 - 70	-
<b>Alan Bronte</b> Director of Rating Services	66 - 70	-	61 - 65	-
<b>Arthur Scott</b> Director of Corporate Services and, from 15 October 2007 to year-end, Director of Rating Operations	66 - 70	-	56 - 60	-
<b>Trevor Steenson</b> Director of Corporate Services (from 3 January 2008 to year-end)	51 - 55	-	51 - 55	-
<b>Patricia Montgomery *</b> Chief Executive of Land Registers of Northern Ireland	76 - 80	-	66 - 70	-
<b>Iain Greenway *</b> Chief Executive of Ordnance Survey of Northern Ireland	76 - 80	-	76 - 80	-

\* Please note that the salary and pension provision for these senior managers are contained in both this, the Land and Property Services Annual Report and Accounts for 2007-08, and in the Annual Report and Accounts of their respective Agencies. Their salaries were paid by the respective Agency.

### Salary

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

## Benefits in Kind

The monetary value of benefits in kind covers any benefit provided by the employer and treated by the Inland Revenue as a taxable emolument. No director was in receipt of any benefit in kind in the year.

## Pensions of Senior Management (audited)

Name and Title	Total Accrued pension at age 60 as at 31/03/08 and related lump sum	Real increase in pension at age 60 and lump sum	CETV at 31/03/07**	CETV at 31/03/08**	Real increase in CETV after adjustment for inflation and changes in market investment factors	Employer contribution to partnership pension account including risk benefit cover
	£'000	£'000	£'000	£'000	£'000	Nearest £100
<b>John Wilkinson</b> Chief Executive (from 2 April 2007)	0 - 5 & 0 - 5	0 - 2.5 & 0 - 2.5	0	31	27	-
<b>David Rainey</b> Director of Valuation and Commission of Valuation (retired 7 April 2008)	31 - 35 & 96 - 100	0 - 2.5 & 0 - 2.5	650	729	13	-
<b>Alan Bronte</b> Director of Rating Services	21 - 25 & 71 - 75	0 - 2.5 & 0 - 2.5	414	402	11	-
<b>Arthur Scott</b> Director of Corporate Services and, from 15 October 2007 to year-end, Director of Rating Operations	26 - 30 & 76 - 80	0 - 2.5 & 2.6 - 5	420	743	17	-
<b>Trevor Steenson</b> Director of Corporate Services (from 3 January 2008 to year-end)	21 - 25 & 61 - 65	0 - 2.5 & 0 - 2.5	327	376	0	-
<b>Patricia Montgomery *</b> Chief Executive of Land Registers of Northern Ireland	26 - 30 & 76 - 80	0 - 2.5 & 0 - 2.5	512	576	16	-
<b>Iain Greenway *</b> Chief Executive of Ordnance Survey of Northern Ireland	16 - 20 & 0 - 5	17.6 - 20 & 0 - 2.5	8	249	233	

\* Please note that the salary and pension provision for these senior managers are contained in both this, the Land and Property Services Annual Report and Accounts for 2007-08, and in the Annual Report and Accounts of their respective Agencies. Their salaries were paid by the respective Agency.

\*\* Due to certain factors being incorrect in the 2006-07 CETV calculator there may be a slight difference between CETV figures as at 31 March 2007 stated above and the figures at 31 March 2007 used in the calculation of the CETV at 31 March 2008.

## Pension

Pension benefits are provided through the Civil Service Pension (CSP) 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 Prices 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 1/80<sup>th</sup> 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 1/60<sup>th</sup> 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 as per 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. 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).

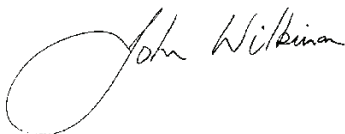
Further details about the CSP arrangements can be found at the website [www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk)

### Cash Equivalent Transfer Values (CETV)

A CETV is the actuarially assessed capitalised value 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 pension 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 CSP arrangements and for which the Civil Service Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension 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 the end of the period.



**John Wilkinson**  
Chief Executive

2 July 2008

## 5.0 Accounts

### Statement of Accounting Officer's Responsibilities

Under section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel requires the 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 state of affairs of the Agency 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:

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

The Department of Finance and Personnel has designated the Chief Executive as the Accounting Officer of Land and Property Services. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for the keeping of proper records and for safeguarding the Agency's assets, are set out in the Accounting Officers' Memorandum issued by the Department of Finance and Personnel and published in Government Accounting Northern Ireland.

### Statement on Internal Control

#### Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Agency policies, aims and objectives, set by the Department's Ministers, whilst safeguarding the public funds and Agency's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland (GANI).

#### 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 Agency 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 LPS for the year ended 31 March 2008, and up to the date of approval of the Annual Report and Accounts, and accords with Department of Finance and Personnel guidance.

## Capacity to handle Risk

Risk management is led by the Audit Risk Committee, which comprises the LPS Management Board and representatives from DFP Internal Audit and the Northern Ireland Audit Office. Ownership of significant risks is allocated to appropriate members of the Management Board. The Audit Risk Committee meets formally several times a year.

All members of the Committee have received training in the identification, assessment and control of risk. A number of key projects are ongoing and these are controlled by managers trained in Prince2 and project risk management. Project risks are reviewed on a monthly cycle and reported to Management Board.

At operational level, Risk Control Frameworks have been developed in conjunction with the Department's Internal Audit Unit and are implemented across all areas of operations. They are reviewed on a regular basis and are subject to annual formal review.

## The Risk and Control Framework

We have carried out appropriate procedures to make sure that we have identified our 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 staff, and the Agency has set out its attitude to risk to the achievement of the Agency objectives.

The Management 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 Risk Committee formally reviews risks and controls on a regular basis. Risk management has been incorporated fully into the corporate planning and decision-making processes of Land and Property Services.

The Management Board receives periodic reports concerning internal control. The appropriate steps have been taken to manage risks in significant areas of responsibility and to monitor progress reports on key projects.

Key projects are managed within a programme environment. Each project is owned by the appropriate member of the Management Board and managed within a Prince2 project structure, by a project manager trained in Prince2 and risk analysis. The Gateway review process has been implemented for priority projects. These projects, and associated risks, are subject to monthly review by the Management Board.

The Department has an Internal Audit Unit, which operates to standards defined in the Government Internal Audit Manual. The LPS Audit Risk Committee agrees with the Head of this Unit a strategy for review of Risk and Control Frameworks for the incoming period, and receives Internal Audit reports on these reviews and manages the implementation of any recommendations contained therein. At end-of-year I receive the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the LPS system of internal control with recommendations for improvement.

## Review of Effectiveness

As Accounting Officer, I 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 Internal Auditors and the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, as well as 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 Risk Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Audit Risk Committee meets on a regular basis to review the Risk and Control frameworks and is advised by the relevant risk managers, by Gateway Review reports (for priority projects) and the Head of Internal Audit.

### New Accounting System

The Department of Finance and Personnel and its agencies implemented a new Oracle-based accounting solution on 3 December 2007. The system, which is known as AccountNI, has seen the transfer of financial transaction processing from the Department's Finance Division to a new Shared Service Centre and a new common accounting system that will eventually be implemented across all Northern Ireland Civil Service departments. The 2007-08 Departmental Resource Accounts and Agency Accounts have been prepared using the new AccountNI system. Balances in respect of transactions processed during the first eight months of the financial year on the Department's old accounting system were transferred across to the new system and were subject to reconciliation. Post go-live, the stabilisation of the system is being closely monitored by the AccountNI Shared Service Centre and the Department and has included work to reconcile balances, ensure the effective operation of payments processing and checking postings to provide assurances on the integrity and completeness of the underlying data.

In addition, Internal Audit has been involved in the development phase of the AccountNI project through attendance at Conference Room Pilots. This was a valuable process for both users and auditors, allowing the exchange of knowledge and experience in designing the system and associated processes and controls. As all procedures were not finalised until close to go-live, it was not practical nor possible to perform specific internal audit reviews at that time. However, some reviews were accommodated during 2007-08 namely: an evaluation of the Procure to Pay system prior to go-live; a review of contract payments and subsequent follow-up of recommendations made; and an audit of the general ledger data migration. Final Internal Audits Reports have issued on the first two assignments and the report emanating from the third review is currently being drafted. Additionally, a draft four-year Internal Audit Strategy has been compiled by DFP Internal Audit. This Strategy encompasses all auditable systems within Account NI. A draft Internal Audit Plan for the 2008-09 financial year has also been developed to ensure that all systems will be reviewed within the 2008-09 financial year. The Audit Strategy and Plan will be finalised in the summer of 2008.

LPS has identified a number of key risks to the financial statements in relation to the new system and has put in place a number of mitigating controls.

### Significant Internal Control Problems

In preparing the Department and Agency year-end Accounts, an issue was identified in relation to purchase orders. Where purchase orders were not matched with the invoices subsequently received, a duplicate entry was made on the system. An exercise was undertaken to identify any such entries and corrections were made accordingly.

In the Annual Assurance Report for the period, the Head of Internal Audit has advised that a "limited" level of assurance is appropriate for LPS, meaning that there is considerable risk that the system will fail to meet its objectives. The assurance rating arose from significant internal control problems in the following areas:

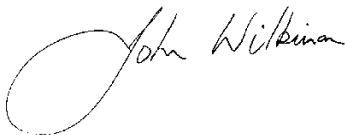
- Inadequate control over the accuracy of valuation / re-valuations, including issues with management checks on changes to valuation cases on the AO system and site inspections;
- Inadequate IT systems, resulting in rate collection recovery backlogs, including lack of follow-up recovery action for 19,000 cases "on hold", which included notifications not being issued to ratepayers;
- Incomplete disaster recovery plans and associated risks to loss of rates revenue if there is a prolonged period of inactivity;

- Significant domestic and non-domestic valuation backlogs still existing, which in turn has an adverse impact on the timing and value of rate collection; and
- Incomplete bank reconciliation for 2006-07 onwards in the rate levy account.

The Agency is taking a number of steps to address the above issues, including the introduction of management checks on valuation case registration, the allocation of more resources to clear backlogs in both valuation and rate collection and the deployment of specialist accounting staff within Operational Finance. The Agency will ensure that Internal Audit recommendations arising from the above are implemented and further follow-up reviews by Internal Audit will provide assurances in this regard.

#### Fraud in Rate Collection Cash Offices

One actual and one suspected incident of fraud arose in rate collection cash offices during the year. The combined amounts involved were less than £1k. Controls have been tightened in this area of the business.



John Wilkinson

Chief Executive

2 July 2008

## Land and Property Services

### The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of Land and Property Services for the year ended 31 March 2008 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Income and Expenditure Account and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

The Agency and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration 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 Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited 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 Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. I report to you whether, in my opinion, the information, which comprises the Management Commentary included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

In addition, I report to you 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 the Department of Finance and Personnel regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with the Department of Finance and Personnel's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to 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 the Chief Executive's Review, Annexes and the unaudited part of the Remuneration Report. 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 Opinions

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 most appropriate to the 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 the Assembly 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.

## Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the 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 2008, and of the net cost of operations, recognised gains and losses and cash flows 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 Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- information, which comprises the Management Commentary, included within the Annual Report, is consistent with the financial statements.

## Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

## Report

I have no observations to make on these financial statements.



JM Dowdall CB

Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast BT7 1EU

3 July 2008

## Accounts

### Income and Expenditure Account

For the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
<b>Income</b>	2	1,773	1,108
Miscellaneous income payable to Consolidated Fund			1
<b>Total</b>		<b>1,773</b>	<b>1,109</b>
<b>Expenditure</b>			
Staff Costs	4	18,113	17,404
Depreciation	8	1,362	832
Other Operating Costs	5	12,474	11,003
<b>Total Expenditure</b>		<b>31,949</b>	<b>29,239</b>
<b>Cost of Operations before Interest</b>		(30,176)	(28,130)
Loss on Disposal of Tangible Fixed Assets		0	(1)
Interest on Capital Employed	7	(201)	(169)
<b>Net Cost of Operations</b>		<b>(30,377)</b>	<b>(28,300)</b>

The net cost of operations arises wholly from continuing operations.

The notes on pages 35 to 45 form part of these Accounts.

### Statement of Recognised Gains and Losses

For the year ended 31 March 2008

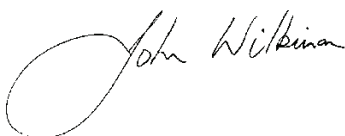
	Notes	2008 £'000	2007 £'000
<b>Unrealised Surplus / (Deficit) on Revaluation of Fixed Assets</b>	13	176	208

The notes on pages 35 to 45 form part of these Accounts.

## Balance Sheet

As at 31 March 2008

	Notes	2008 £'000	£'000	2007 £'000
<b>Fixed Assets</b>				
Tangible Fixed Assets	8		5,934	5,932
<b>Current Assets</b>				
Stock	9	0		36
Debtors	10	3,184		1,981
		3,184		2,017
<b>Current Liabilities</b>				
Creditor amounts falling due within one year	11	(2,646)		(2,569)
<b>Net Current Assets / (Liabilities)</b>			538	(552)
<b>Total Assets less Current Liabilities</b>			6,472	5,380
Provision for Liabilities and Charges	12		(84)	(107)
			<b>6,388</b>	<b>5,273</b>
<b>Financed by:</b>				
<b>Capital and Reserves</b>				
General Fund	13		5,943	4,785
Revaluation Reserve	13		445	488
			<b>6,388</b>	<b>5,273</b>



John Wilkinson  
Chief Executive

2 July 2008

The notes on pages 35 to 45 form part of these Accounts.

## Cash Flow Statement

For the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
<b>Operating Activities</b>			
Net cash outflow from continuing operating activities	15	(25,629)	(22,705)
Purchase of Fixed Assets	8a	(1,815)	(2,019)
Payment of amounts due to Consolidated Fund			(2)
<b>Net cash outflow before financing</b>		<b>(27,444)</b>	<b>(24,726)</b>
<b>Financing</b>			
Net cash inflow from financing	16	27,444	24,726
<b>Increase / Decrease in Cash</b>		<b>0</b>	<b>0</b>

The notes on pages 35 to 45 form part of these Accounts.

## Notes to the Accounts

### 1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2007-08 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel. The accounting policies contained in the FReM follows UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the FReM permits a choice of accounting policy, the accounting policy that has been judged to be the most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view, has been selected.

#### 1.1 Accounting Convention

The Accounts have been prepared in accordance with the historical cost convention, modified to include the revaluation of fixed assets at their value to the business by reference to their current costs.

#### 1.2 Fixed Assets

LPS fixed assets comprise computer equipment and applications software, which are revalued annually using appropriate indices compiled by the Central Statistical Office. The threshold for capitalisation as an individual or grouped fixed asset remains at £500 to ensure consistency throughout the Department of Finance and Personnel.

Where appropriate Surpluses and Deficits on revaluation are taken to the Revaluation Reserve and permanent reductions in the value of fixed assets are charged to the Income and Expenditure Account.

LPS does not own the property it occupies, but incurs a notional accommodation charge.

#### 1.3 Depreciation

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

Mainframe Application Software	5 years
Mainframe Computer Equipment	7 years
Other Computer Equipment	3 - 10 years
Office Equipment	5 - 10 years

#### 1.4 Pensions

The PCSPS(NI) is an unfunded defined benefit scheme, which produces its own resource accounts, LPS 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 2007-08 employers' contributions were:

Salary Bands		%
up to £19,999		16.5
£20,000 to £40,699		17.5
£40,700 to £87,799		21.5
£87,800 and over		23.5

#### 1.5 Early Departure Costs

LPS is required to account for the cost of paying pensions of employees who retire early from the date of their retirement until they reach normal pensionable age.

LPS provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes in the year. The total costs of these programmes are recognised in the year the announcement is made.

## 1.6 Research and Development

Ongoing expenditure on research and development incurred by LPS is expended in the year in which it is incurred.

## 1.7 Taxation

VAT is reclaimed centrally by the Department of Finance and Personnel. All items in the accounts are therefore exclusive of VAT. However, balances in respect of trade debtors and creditors have been adjusted to include the VAT component.

## 1.8 Recoverable Legal Expenses

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

## 1.9 Capital Charge

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

## 1.10 NIHE (Northern Ireland Housing Executive) Administration Expenses

As a consequence of the programme of Rating Reform a new rate relief scheme was introduced in Northern Ireland from 1 April 2007. Regulation 6(1)(b) of the Rate Relief (General) Regulations (Northern Ireland) 2007 provides that rate relief shall be administered by the NIHE on behalf of LPS insofar as it relates to persons who are tenants of the Executive, private tenants or tenants of registered housing associations.

## 1.11 Stocks

Stocks are expensed in year.

## 2. Income

Charges are not levied for Statutory Rating work. However, charges are recovered for Valuation List Extracts and Bookmakers Valuations.

	2008 £'000	2007 £'000
<b>Income comprises:</b>		
Chargeable Clients work	1,773	1,100
Rating	0	8
	<b>1,773</b>	<b>1,108</b>

### 3. Segmental Analysis of Business attracting Fees and Charges

	2008 £'000	2007 £'000
<b>Valuation</b>		
<b>Client Services</b>		
Income	1,773	1,100
Expenditure	(4,160)	(3,638)
Deficit *	(2,387)	(2,538)
<b>Rating Valuation</b>		
Income	0	8
Expenditure	(11,278)	(12,935)
Deficit	(11,278)	(12,927)
<b>Deficit for the Year</b>	<b>(13,665)</b>	<b>(15,465)</b>

\* The financial objective relating to Client Services is to recover the full-cost of services provided. If within the Income and Expenditure account for Client Services, notional income of £1,341k (2007: £1,142k) were included, sales adjusted upwards to reflect increased notional WiP of £435k (2007: £358k) and CAU salary costs of £182k excluded, there would be a deficit for the year in Client Services of £429k (2007: Deficit £1,038k). This represents a cost recovery of 90% (2007: 72%).

	2008	2007
<b>Rating Operations</b>		
Rate Collection **	(14,538)	(11,251)
Housing Benefit	(2,174)	(1,584)
<b>Cost of Rating Operations</b>	<b>(16,712)</b>	<b>(12,835)</b>
<b>Total Cost of Operations</b>	<b>(30,377)</b>	<b>(28,300)</b>

\*\* The table above shows Rate Collection costs to be £14,538k. This figure includes a portion of LPS Programme Office costs based on headcount within LPS. If these costs were apportioned equally across all four legacy bodies including Land Registers and Ordnance Survey of Northern Ireland the cost of Rate Collection would be reduced to £14,407k.

#### 4. Staff Numbers and Related Costs

	2008 Number	2007 Number
The average number of full-time equivalent persons employed, (including Senior Management), during the year, was as follows:	<b>671</b>	<b>672</b>
Permanent	586	574
Temporary	85	98
	<b>671</b>	<b>672</b>

	£'000	£'000
<b>The costs incurred in respect of employees were:</b>		
Salaries and Wages	14,773	14,264
Social Security Costs (ERNI)	1,001	947
Pension Costs (Superannuation)	2,339	2,193
<b>Total</b>	<b>18,113</b>	<b>17,404</b>

The PCSPS(NI) is an unfunded defined benefit scheme, which produces its own resource accounts, but LPS 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, details of which are available in the PCSPS(NI) resource accounts.

For 2007-08, employers' contributions of £2,338,805.24 were payable to the PCSPS(NI) (2006-07: £2,192,806.09) at one of four rates in the range 16.5 to 23.5 per cent of pensionable pay, based on salary bands. 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. Employer contributions of £4,153 (2006-07: £4,180) 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 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employee contributions of £1,201 (2006-07: £372) 0.8 per cent of pensionable pay 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.

No contributions to partnership pension providers were prepaid at the Balance Sheet date.

## 5. Other Administration Costs - Operating Costs

	2008 £'000	2007 £'000
Early Departure Costs - Increase in Provision (Note 12)	5	92
Travel and Subsistence	397	282
Computer Operational Expenses	1,528	392
Supplies and Services consumed / General Admin	4,832	4,684
Impairment of Fixed Assets	(43)	8
Work in Progress	0	20
Notional Costs (see Note 6)	3,967	4,007
Loss on Disposal of Assets	0	1
NIHE Administration Expenses	1,393	1,269
Bad Debts	306	81
Non Recoverable Legal Expenses	89	167
<b>Total</b>	<b>12,474</b>	<b>11,003</b>

## 6. Notional Costs (without transfer of cash)

	2008 £'000	2007 £'000
<b>Services Provided by DFP:</b>		
Finance	246	237
Personnel	148	143
Miscellaneous	1,164	1,221
	<b>1,558</b>	<b>1,601</b>
<b>Other Notional Costs:</b>		
Northern Ireland Audit Office	17	17
DFP Accommodation	2,262	2,287
Miscellaneous	130	102
	<b>2,409</b>	<b>2,406</b>
	<b>3,967</b>	<b>4,007</b>

**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 LPS activities.

## 7. Interest on Capital Employed

	2008 £'000	2007 £'000
Interest on tangible Fixed Assets	208	159
Interest on Working Capital	(7)	10
	<b>201</b>	<b>169</b>

Interest on capital is calculated at 3.5% (2006-07: 3.5%) of the average capital employed during the year.

## 8. Tangible Fixed Assets

	Computer Equipment £'000	Software £'000	Office Machinery £'000	Construction in Progress £'000	Awaiting Disposal £'000	Total £000
<b>Cost of Valuation</b>						
At 1 April 2007	1,161	11,841	66	31	10	13,109
Additions	31	1,110	4	300	0	1,445
Disposals	(1)	0	(2)	0	(4)	(7)
Inter-Departmental Transfers	(1,171)	(3)	(1)	0	0	(1,175)
Revaluation	(1)	68	0	0	0	67
Impairment / Indexation	0	242	1	0	0	243
<b>At 31 March 2008</b>	<b>19</b>	<b>13,258</b>	<b>68</b>	<b>331</b>	<b>6</b>	<b>13,682</b>
<b>Accumulated Depreciation</b>						
At 1 April 2007	877	6,231	59	0	10	7,177
Provided In-Year	2	1,357	3	0	0	1,362
Disposals	(1)	0	(2)	0	(4)	(7)
Inter-Departmental Transfers	(876)	0	0	0	0	(876)
Revaluation	0	24	0	0	0	24
Impairment	0	67	1	0	0	68
<b>At 31 March 2008</b>	<b>2</b>	<b>7,679</b>	<b>61</b>	<b>0</b>	<b>6</b>	<b>7,748</b>
<b>Net Book Value</b>						
At 1 April 2007	284	5,610	7	31	0	5,932
<b>At 31 March 2008</b>	<b>17</b>	<b>5,579</b>	<b>7</b>	<b>331</b>	<b>0</b>	<b>5,934</b>

## 8a. Purchase of Fixed Assets

	2008 £'000	2007 £'000
Fixed Asset Acquisitions as per Note 8	1,445	2,604
(Increase) Decrease in Capital Accruals	370	(583)
<b>Cash Outflow from Acquisition of Fixed Assets</b>	<b>1,815</b>	<b>2,021</b>

## 9. Stocks and Work in Progress

	2008 £'000	2007 £'000
Stocks	0	36
	<b>0</b>	<b>36</b>

## 10. Debtors and Prepayments

Amounts falling due within 1 year.

	2008 £'000	2007 £'000
Trade Debtors	1,507	991
Accrued Income / Work in Progress	306	282
Legal Debtors	1,649	903
(Bad Debt Provision)	(382)	(261)
Other Debtors	40	4
Prepayments and Accrued Income	64	62
	<b>3,184</b>	<b>1,981</b>

## 11. Creditors and Accruals

Amounts falling due within 1 year.

	2008 £'000	2007 £'000
Trade Creditors	175	0
Accruals	2,461	2,437
National Insurance Creditor	2	0
Tax and other Social Security Costs	8	132
	<b>2,646</b>	<b>2,569</b>

## 12. Provision for Liabilities and Charges

Early Departure Schemes:

	Current Scheme £'000	Total £'000
At 31 March 2007	107	107
Provisions made in year	5	5
Payments to Participants in year	(28)	(28)
<b>At 31 March 2008</b>	<b>84</b>	<b>84</b>

### 13. Reconciliation of Movement in Reserves and Government Funds

	General Fund £'000	Revaluation Reserve £'000	Total £'000
At 1 April 2007	4,785	488	5,273
<b>Movements on Reserve:</b>			
Net Cash inflow from Financing	27,444		27,444
Total Expenditure	(30,377)		(30,377)
Notional Costs	3,967		3,967
Capital Charges	201		201
Transfer of Assets in year	(298)		(298)
Open Balance Fixed Assets Adjusted	2		2
On Revaluation of Fixed Assets		176	176
Transfer of Realised Elements	219	(219)	0
<b>At 31 March 2008</b>	<b>5,943</b>	<b>445</b>	<b>6,388</b>

### 14. Capital Commitments and Contingent Liabilities

LPS has entered into a contract with LogicaCMG for Assessment Office (AO) enhancement days as follows over the next three years (there is a 10% allowance carry over from one year to another).

	2009-10	2008-09
LogicaCMG - Enhancement Days Cost	£246,300	£283,500

LPS has entered into a capital commitment with HELM in respect of "Sequel Server Contract" the capital commitment at 31 March 2008 was £22,500.

## 15. Reconciliation of the Net Cost of Operations to Net Cost Outflow from Continuing Operating Activities

	2008 £'000	2007 £'000
Cost of Operations before Interest	(30,176)	(28,130)
<b>Adjustments for Non-Cash Transactions</b>		
Depreciation Charge	1,362	832
Impairment	(43)	8
Notional Costs	3,967	4,007
Loss on Disposal	0	1
Bad Debts	306	81
(Increase) / Decrease in Stock	36	0
(Increase) / Decrease in Debtors	(1,323)	(12)
Increase / (Decrease) in Creditors	449	665
Use of provision for Bad Debts	(184)	(157)
Increase / (Decrease) in Provision for Early Retirement	(23)	0
	<b>4,547</b>	<b>5,425</b>
<b>Cash Inflow / (Outflow) from Operating Activities</b>	<b>(25,629)</b>	<b>(22,705)</b>

## 16. Financing

	2008 £'000	2007 £'000
Gross Parliamentary Grant	29,042	25,940
Accruing Resources	(1,598)	(1,214)
<b>Net Parliamentary Grant [DFP Vote 1]</b>	<b>27,444</b>	<b>24,726</b>
This was used to finance:		
Net Cash Outflow from Operating Activities (Note 15)	(25,629)	(22,705)
Purchase of Fixed Assets (Note 8a)	(1,815)	(2,021)
	<b>(27,444)</b>	<b>(24,726)</b>

## 17. Related Party Transactions

The Department of Finance and Personnel is regarded as a related party. During the year, LPS has had material transactions with the Department, and with other entities for which the Department is regarded as the parent Department.

In addition, the Land and Property Services has had a significant number of material transactions with other Government Departments and other central Government bodies.

During the year, none of the Board members, members of key management staff or other related parties have undertaken any material transactions with the Agency.

## 18. Financial Instruments

Land and Property Services has no borrowings and relies primarily on Departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

## 19. Post Balance Sheet Events

### Equal Pay

Since the Balance Sheet date, the former Minister for Finance and Personnel announced measures to address equal pay issues in the Northern Ireland Civil Service. This is likely to involve the payment of back pay in excess of £100m to some 9,000 civil servants across Northern Ireland Civil Service Departments and their agencies. Details of the final settlement will be progressed over the coming months and an exact figure will not be available until this process has concluded.

The Accounts were authorised for issue on [3 July 2008](#) and by the Accounting Officer.

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

**Online**

[www.tsoshop.co.uk](http://www.tsoshop.co.uk)

**Mail, Telephone, Fax & E-mail**

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Fax orders: 0870 600 5533

E-mail: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)

Textphone 0870 240 3701

**TSO Shops**

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

**TSO@Blackwell and other Accredited Agents**

ISBN 978-0-337-09093-6



9 780337 090936