

## **EXPLANATORY MEMORANDUM TO**

### **The Rates (Regional Rates) Order (Northern Ireland) 2010**

#### **S.R. 2010 No. 3**

#### **1. Introduction**

- 1.1. This Explanatory Memorandum has been prepared by the Department of Finance and Personnel to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Article 7(1) and (3) of the Rates (Northern Ireland) Order 1977 (S.I. 1977/2157 (N.I. 28) and is subject to the affirmative resolution procedure.

#### **2. Purpose**

- 2.1. The Order, which is made annually, fixes the amounts of the regional domestic and non domestic rates that are to be used in the assessment of rates and the billing of ratepayers in Northern Ireland for the year ending 31 March 2011.
- 2.2. The Rates (Making and Levying of Different Rates) Regulations (Northern Ireland) 2006 (S.R. 2006 No. 498) authorise different regional rates to be made and levied on the rateable net annual values of hereditaments (non domestic) and the rateable capital values of hereditaments (domestic).
- 2.3. Article 1 contains the citation and commencement provisions.
- 2.4. Article 2 provides that the Order applies to the financial year ending 31 March 2011.
- 2.5. Article 3 sets out the non domestic (paragraph 1) and domestic (paragraph 2) regional rates for 2010/2011.

#### **3. Background**

- 3.1. The annual Regional Rates Order is entirely of a routine nature. It represents the technical outworking of the budgeting process and as such it is a key element in the annual financial planning cycle. The percentage increases in the regional rates are decided as part of the budget process, and contribute towards services provided by Northern Ireland Departments.

#### **4. Consultation**

- 4.1. The proposal for the level of the regional rates during 2008/2009 was announced in the Assembly as part of the draft budget announcement on 25 October 2007. The levels were confirmed in the budget debate on 22 January 2008. In addition to the levels for 2008/2009 it was also agreed at that time that the domestic regional rate would be frozen for the next 3 years (i.e. to 31 March 2011) and for the same period the increase in the non domestic rate would be pegged to the rate of inflation, which at that time was 2.7%, to ensure no increase in real terms over the period of 3 years.

- 4.2. However in view of the economic downturn the Minister announced in the December 2008 monitoring round and Executive response to the economic downturn, that in order to provide much needed support quickly and effectively, and as an interim measure, the non domestic rate for 2009/2010 would be frozen in cash terms. The measure was worth around £8 million to Northern Ireland businesses. For 2010/2011 the level of regional non domestic rates will revert to that agreed in 2008; i.e. a 2.7% increase. The regional domestic rate remains frozen.
- 4.3. No consultation takes place on the Regional Rates Order as it is technical and routine in nature.

## **5. Equality Impact**

- 5.1. There are no equality impact implications.

## **6. Regulatory Impact**

- 6.1. No Regulatory Impact Assessment was prepared. The Order applies the regional rate to all domestic and non domestic property in Northern Ireland through the billing and collection of rates.

## **7. Financial Implications**

- 7.1. It is estimated that, for the purposes of funding public expenditure, the regional rates will raise approximately £ 556.2m in 2010/2011 (the estimated revenue raised in 2009/2010 is £555.6m).

## **8. Section 24 of the Northern Ireland Act 1998**

- 8.1. It is the view of the Department that this Order is compatible with section 24 of the Northern Ireland Act 1998.

## **9. EU Implications**

- 9.1. Not applicable.

## **10. Parity or Replicatory Measure**

- 10.1. There is no corresponding Great Britain legislation.

## **11. Additional Information**

- 11.1. Not applicable.