

EXPLANATORY MEMORANDUM TO
THE REGIONAL RATES (NORTHERN IRELAND) REGULATIONS 2023
2023 No. 198

1. Introduction

- 1.1 This explanatory memorandum has been prepared by the Northern Ireland Office and is laid before the House of Commons by Command of His Majesty.

2. Purpose of the instrument

- 2.1 These Regulations fix the amounts of the regional domestic and regional 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 31st March 2024.

3. Matters of special interest to Parliament

Matters of special interest to the Select Committee on Statutory Instruments

- 3.1 None.

4. Extent and Territorial Application

- 4.1 The extent of this instrument is Northern Ireland.
4.2 The territorial application of this instrument is Northern Ireland.

5. European Convention on Human Rights

- 5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation no statement is required.

6. Legislative Context

- 6.1 In the absence of a sitting Northern Ireland Assembly an Order under the Rates (Northern Ireland) Order 1977 (SI 1977/2157) setting the regional domestic and non-domestic rates for the year ending 31st March 2024 cannot be made. This is because such an Order is subject to the affirmative resolution procedure in the Assembly¹. Powers were therefore conferred on the Secretary of State to set the regional rates for the year ending 31st March 2024 by regulations by section 11(1) of the Northern Ireland (Executive Formation etc) Act 2022. Those powers are exercisable only during the current period while there is no Executive. The Assembly retains its ability to vary the rates set by the Secretary of State – including retrospectively – once an Executive is formed.

¹ This means that the instrument may not come into force until it has been affirmed by resolution of the Assembly – see section 41(5) of the Interpretation Act (Northern Ireland) 1954.

7. Policy background

What is being done and why?

- 7.1 The annual regional rates form a key element in the annual financial cycle within the Northern Ireland Executive's Budget. The regional rates set for the 2023/24 rating year will contribute towards services provided by Northern Ireland Departments.
- 7.2 These Regulations are made as a consequence of the current political impasse in Northern Ireland. The Secretary of State had to set the Northern Ireland Budget for 2022/23, which involved projected overspending of almost £600 million. The budget setting process resulted in a £332 million reserve claim that will be taken from the 2023/24 Northern Ireland Executive block grant. This means that the starting block grant position for the 2023/24 financial year is reduced.
- 7.3 The regional rate is the largest revenue raising power currently available to the Northern Ireland Executive and is distinct from the district rates that are set by individual councils. The eleven Northern Ireland District Councils have all taken the decision to increase their district rates by varying percentages for the coming financial year.
- 7.4 The Secretary of State has taken into account the previous decisions made on the levels of regional rate over the last number of years, including during previous periods of political difficulty, the current economic climate and level of inflation, and the reduced block grant starting position for the 2023/24 financial year, in order to make his decision. He has also taken into consideration, as he is required to do by virtue of section 11(4) of the Northern Ireland (Executive Formation etc) Act 2022², estimates of the amounts required to be raised by means of district rates for the 2023/24 financial year. The Secretary of State has decided to maintain the non-domestic poundage level at the rate of the 2022/23 financial year and increase the domestic poundage level by 6% of the rate of the 2022/23 financial year.

8. European Union Withdrawal and Future Relationship

- 8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act 2018.

9. Consolidation

- 9.1 Consolidation is not being done.

10. Consultation outcome

- 10.1 No consultation has been undertaken by the Northern Ireland Office or the Northern Ireland Department of Finance in relation to this Order which constitutes the standard outworking of the taxation systems for domestic and non-domestic rating as they typically apply in Northern Ireland.
- 10.2 The Northern Ireland Department of Finance do not consult on the regional rate in isolation and consultation has taken place as part of the wider budget setting process so it is not possible to identify a specific consultation outcome.

² Section 11(4) applies Article 7(4) of the Rates (Northern Ireland) Order 1977 (SI 1977/2157) to regulations made by the Secretary of State.

11. Guidance

11.1 Guidance is not required.

12. Impact

12.1 The impact on business, charities or voluntary bodies is that businesses will pay the same level of regional rate as in the 2022/23 financial year.

12.2 There is no, or no significant, impact on the public sector.

12.3 A full Impact Assessment has not been prepared for this instrument because the measures enacted by this Statutory Instrument have universal application to all hereditaments within the Northern Ireland rating system and it is in relation to the billing and collection of rates which is devolved policy and therefore out of scope of the Better Regulation Framework requirements which exclude regulatory provisions where they are in connection with imposing, abolishing, varying or in connection with any tax, duty, levy or other charge.

13. Regulating small business

13.1 The legislation does not apply to the regulation of activities that are undertaken by small businesses.

14. Monitoring & review

14.1 As mentioned above, the rates set by these Regulations may be varied, after the end of the current period in which there is no Executive, by an order made by the Department of Finance in Northern Ireland under Article 7(1) of the Rates (Northern Ireland) Order 1977.

15. Contact

15.1 Jenna Holmes at the Northern Ireland Office (jenna.holmes@nio.gov.uk) can be contacted with any queries regarding the instrument.

15.2 Ciarán Hayes, Deputy Director for Prosperity Group at the Northern Ireland Office can confirm that this Explanatory Memorandum meets the required standard.

15.3 The Secretary of State for Northern Ireland at the Northern Ireland Office can confirm that this Explanatory Memorandum meets the required standard.