Belfast City Council

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Councillors' Guide to Rates

Revised July 2015

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FOREWORD

The finances of local authorities and other public sector organisations are under pressure because of the economic downturn and it is essential that Belfast City Council provides value for money in the provision of its services and maximises its income.

It is facing ever-increasing scrutiny and the public / ratepayers are demanding more information on how their money is spent and on how the rating system works due to the increasing financial burden they face through taxation, rates and the rise in the cost of living.

Belfast City Council members and officers are likely to face more questions on these issues than ever before and, as a result, we commissioned this Councillors' Guide to Rates.

The guide sets out to explain, in straightforward terms how the City Council is financed and how the rating system works and impacts on BCC finances.

The guide has been jointly written by Patrick Doherty, CPFA, IRRV (Hons), a leading expert in the rating field and a past President of the Institute of Revenues Rating and Valuation and David Magor OBE, IRRV (Hons), the Chief Executive of the Institute.

Belfast City Council is committed to communicating with our ratepayers and we believe this guide will enable our officers and councillors to do so in a more effective way.

Councillor Declan Boyle
Chair, Strategic Policy and Resources Committee

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Director of Finance and Resources

ACKNOWLEDGEMENTS

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CHAPTER 1

BACKGROUND TO THE RATING SYSTEM IN NORTHERN IRELAND

INTRODUCTION

The purpose of this short guide to local government finance with a particular emphasis on rates in Northern Ireland is to provide the elected members of Belfast City Council with a general knowledge of the financing of the City Council and of the principles on which rates are based, where the money goes and how rates bills are calculated.

The guide will also provide you with knowledge of the reliefs and exemptions that are available to taxpayers and which should be helpful to you in your role as a constituency councillor.

Rates are supported by a comprehensive legal structure involving case law that goes back over many hundreds of years. The legal background is not covered in this guide because it would make it unnecessarily long and complicated. The guide draws out the broad principles and the main points of significance.

Rates are a tax on property that raises large sums of money to supplement the Northern Ireland budget and thus support vital services such as hospitals, schools and roads, as well as directly funding the essential work carried out by district councils, such as refuse collection, building control, economic development, recycling, markets and street cleaning.

RECENT REFORMS

The existing domestic rating system was introduced in April 2007 following the completion of a review initiated by the previous Northern Ireland Executive in May 2000 and taken forward under direct rule. The main changes to the previous rating system included:

- a move from the use of rental values to capital value as the basis of valuation for domestic properties,
- the introduction of a low-income rate relief scheme,
- a maximum capital value,
- the establishment of a new valuation tribunal
- the reintroduction of business rates for the manufacturing sector
- the rating of vacant business properties at 50% liability

Since 2007, the Executive has initiated further reviews of the domestic rating system and has introduced a number of changes / additions that have been incorporated into the relevant sections of this edition of the Guide.

The changes / additions include the following:

- a 20% discount for ratepayers aged 70 and over living alone;
- an increase in the savings threshold from £16,000 to £50,000 for pensioners under the existing lower income relief scheme;
- measures to improve the take up of reliefs;

- a deferment scheme as a choice for pensioners who own their homes (now closed);
- a reduction in the maximum capital value from £500,000 to £400,000;
- rebates to encourage the provision of energy efficiency measures for homes in Northern Ireland (now closed);
- the rating of empty homes
- a reduction in landlord allowances

In addition, the Executive introduced a small business rate relief scheme from April 2010, which has since been extended to include business properties with an NAV of £15,000 and also excludes any ratepayer who is already in receipt of support from Sport and recreation relief, industrial de-rating and freight transport relief.

Since the reform of rates in Northern Ireland there are, effectively, two rating systems i.e. a rating system for domestic properties that are valued on the basis of individual capital values and a rating system for non-domestic (business) properties that are valued based on rental values. An explanation of how properties are valued for both domestic and non-domestic rating purposes is given in Chapter 5 of this guide.

THE DOMESTIC RATING SYSTEM

The objectives of the rating system are to achieve: -

- revenue yields at levels appropriate to local needs;
- a fair share of the tax burden is borne by households and businesses;
- that the impact of the system should be consistent with the Executive's priorities and policy objectives;
- the provision of an effective and appropriate means of financing local government;
- a transparent and readily understood system that can improve local accountability;
- a system that is capable of contributing to particular economic and social objectives.

The main elements of the domestic rating system are: -

Individual Capital Values

An individual capital value system was introduced for domestic properties in 2007. The evidence from consultations and independent research indicated that this system would be fairer than the former rental based system, which was seen as both out-dated and inequitable. The new basis for valuation is also easier for ratepayers to understand. The rest of the UK has Council Tax which is a banded system.

Rate Relief Scheme

In addition to the housing benefit scheme and a reformed Disabled Persons Rate Allowance scheme a new rate relief scheme was introduced that: -

- provides targeted assistance to those ratepayers who are on low incomes but are just above the housing benefit threshold;

- is targeted at those in greatest need and focuses on ability to pay;
- is additional to, and separate from, the current housing benefit system;
- provides for those who have applied, but are not eligible, for housing benefit and may be entitled to assistance under the terms of the scheme.

Further information on all the reliefs available to ratepayers is given in Chapter 6 of the guide.

Maximum Capital Value

Direct Rule Ministers agreed to a ceiling on individual rate bills. The system, which was introduced in April 2007, established a maximum capital value known as the cap. This cap was initially set at £500,000 but subsequently reduced by the Northern Ireland Executive to £400,000 meaning that any property with a capital value of more than £400,000 is treated for rating purposes as if the value is £400,000.

The new cap was set to ensure that the highest rate bills in Northern Ireland would not be greater than the average Council Tax bills in the highest band in Great Britain. The reduction from £500,000 to £400,000 benefited 1080 households in the new Belfast City Council area. The current cost of the cap to the City Council is £1,473,650.

Appeals

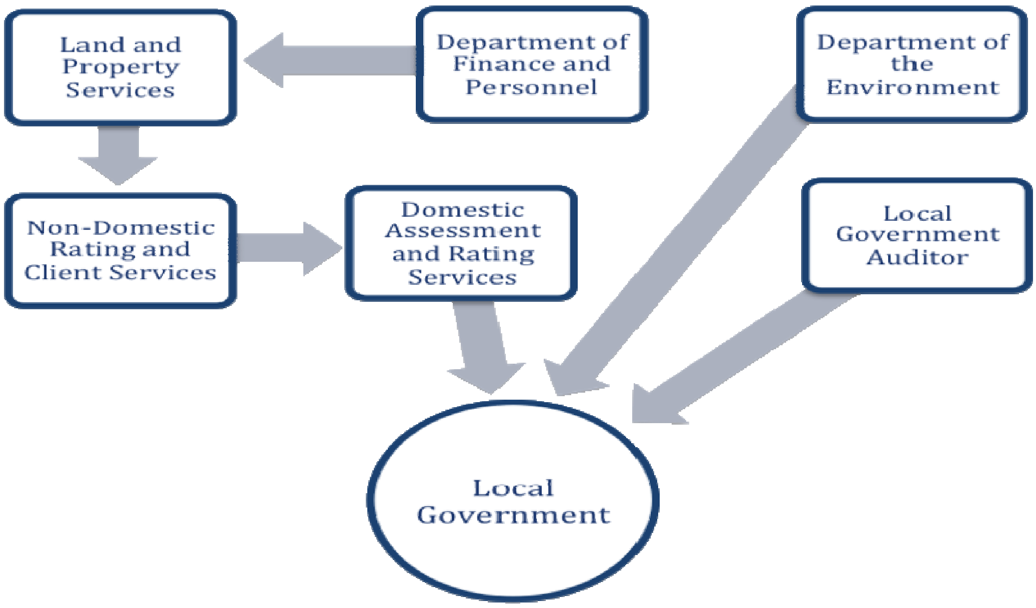
The appeals system was revised and a new independent valuation tribunal introduced for domestic property. Where a ratepayer is dissatisfied with the capital value assessment, the award of Disabled Person's Allowance or the award of Lone Pensioner Allowance, they can challenge these through the new Valuation Tribunal for Northern Ireland.

CHAPTER 2

RELATIONSHIP BETWEEN CENTRAL AND LOCAL GOVERNMENT

Introduction

A strength of local government in NI is that it raises a high proportion of its funding through the District Rate, which each Council sets independently. The Assembly does not interfere. However, when it comes to the administration of finance and rates, there are important linkages and relationships, which are summarised in the following illustration: -



Department of Finance and Personnel

Land and Property Services is a Directorate within the Department of Finance and Personnel. It is responsible for providing a valuation for all properties in Northern Ireland that are subject to rates and for maintaining the valuation list, which shows the values of all properties assessed for rating. It is also responsible for the billing and collection of rate bills and the administration of the relief schemes.

Rating Policy Division within the Department is part of a separate Directorate and is responsible for rating policy and legislation in Northern Ireland.

Department of the Environment

Local Government Policy Division within the Department of the Environment has a responsibility to produce and update legislation that provides for the modernisation, administration, finance and audit of district councils. The Division also has the responsibility for the legislation governing a number of council functions i.e. burial grounds, entertainment licences and crematoria.

Local Government in Northern Ireland

All district councils have the same powers, though a different emphasis may be placed on them in some areas (e.g. economic development or tourism in Belfast). Councils of either city or borough status have certain additional ceremonial functions, e.g. the right to confer on distinguished persons, the freedom of the city or borough.

District Council functions can be divided into 3 groups

- Direct,
- Representative, and
- Consultative.

Direct functions give councils responsibility for a wide range of local services. These include the provision and management of recreational, social, community and cultural facilities; environmental health; refuse collection and disposal; street cleansing; the provision and management of tourist development facilities; the promotion of economic development; consumer protection; the enforcement of building regulations; litter prevention; management of cemeteries and crematoria (at present Belfast City Council is the only council with responsibility for crematoria); miscellaneous licensing registration provisions; and dog control.

Under the reform of local government further powers are to be transferred to BCC (see Chapter 3)

Representative functions permit councils to nominate representatives to sit as members of various statutory bodies established to administer regional services such as education and library services, health and social services, drainage services and fire protection.

Consultative functions allow councils to represent the views of their population on the way in which regional services are operated throughout each district. This consultative role covers functions such as planning, roads, water and conservation which are centrally administered and where there is an obligation, either by statute or by voluntary agreement to consult district councils about proposals affecting their area.

The income to fund these responsibilities is provided from a number of sources:

- Rates from domestic and non-domestic ratepayers;
- Fees and charges;
- Rate support grant (RSG); BCC does not receive RSG)
- De-rating grant;
- Other grants; and
- Rents

STATUTORY RESPONSIBILITIES OF BELFAST CITY COUNCIL

The responsibilities of the City Council are, in broad terms, as indicated above in relation to the provision of services. To meet the costs of these services the City Council is legally bound to prepare and determine a budget within the law and guidelines set by central government. Although the City Council is not responsible for the billing, collection and enforcement of rates they are legally required to strike the district rates (the domestic rate and the non-domestic district rate), before the 15th February each year, at a level estimated to adequately meet their financial needs in the next financial year.

The district rate will be set at a level to meet net expenditure, which is gross expenditure on services less grants and other income received. (Further explanation is given in Chapter 4)

Local Government Finance Act (Northern Ireland) 2011

The Act modernises the legislative framework relating to local government finance and councillors' remuneration in Northern Ireland, which had been set out mostly in Part V of the Local Government Act (Northern Ireland) 1972 ("the 1972 Act"). Although Part V of the 1972 Act had been updated by subsequent legislation, provisions in relation to borrowing and council funds remained mostly unchanged. Through engagement with key stakeholders, it was identified that the legislation for local government finance needed to be updated to reflect modern accounting practices. This was confirmed by the Local Government Taskforce Finance Sub-group, which issued its report in July 2006. Membership of that sub-group included elected members and officers from local government and officials from central government. This Act replaces Part V of the 1972 Act.

The Act introduced a new capital finance system and sets out the legislative framework within which a district council may manage its finances and central government may regulate that activity.

The Act allows district councils greater freedom to manage their own financial affairs without having to obtain consent from the Department of Environment. Control by central government will be exercised, where necessary, through subordinate legislation and guidance.

Articles 3 to 6 of the Local Government (Miscellaneous Provisions) (Northern Ireland) Order 2002 ("the 2002 Order") make provision for the payment to district councils of a general grant, consisting of a resources element and a derating element. The separation of the general grant into two elements has caused some confusion in the past. The Department has removed this confusion by replacing the general grant with two new grants – the de-rating and rates support grants – that will be calculated using the same statutory formulae used to calculate the separate elements of the general grant.

The Act extends the general power to pay grants to district councils, which previously applied only to the Department of the Environment, to all departments to enable them to pay grants in relation to their areas of responsibility.

The Act updates and consolidates the provisions of the 1972 Act that deal with payments to councillors, taking account of the recommendations of the Councillors' Remuneration Working Group ("the CRWG"), following its review of councillors' remuneration in Northern Ireland.

The CRWG's recommendations included the introduction of a requirement for councils to make and publish schemes of the allowances they intend to pay to their councillors, and provision for the establishment of an independent remuneration panel to advise the Department on payments by councils to councillors. The Act makes provision for schemes of allowances and the establishment of the panel.

Further information on the financial impact of the Act is provided in Chapter 4 of the guide.

Local Government Act (Northern Ireland) 2014

The Act provides the regulation for the new local councils and their functions.

The Act introduced a general power of competence for councils and repealed the previous special expenditure provisions of the Local Government Finance Act 2011.

Role of Elected Members

Councillors have a variety of roles in relation to the administration of the City Council.

They have a corporate role, which means that:

- They are involved in the decision-making and leadership of the council for the services provided by the council.
- They are responsible for the overall strategy and strategic development of the City Council by identifying needs, developing priorities, policies and action plans.
- They have ultimate responsibility for ensuring that the council makes a reasonable and appropriate budget and they are responsible for striking the rate.
- They are responsible for monitoring performance and ensuring that services are delivered efficiently, effectively and economically.
- They are responsible for representing the City Council as a collective unit on external bodies, central government working groups, partnership organisations and with other stakeholders.

In addition to the corporate role councillors have an individual role in that they are a bridge between the community and the council, working to address local issues based on local needs and knowledge. Their role demands the ability to balance the needs of one community with a wider agenda covering the entire council's area.

In relation to the stewardship of the local authority and providing advice to constituents it is essential that councillors have an understanding of the financing of the city council and the implications that spending decisions have on the level of the district rate.

The Northern Ireland Local Government Association (NILGA) has issued a 'Councillors' Guide', which is available from their website –*www.nilga.org/Publications---Reports.aspx*

This guide sets out the role and responsibilities of newly elected councillors but experienced councillors may also wish to refer to the guide to update themselves on current local government and wider representation issues.

The Role of Officers

To ensure the effective delivery of services there must be a strong working relationship between councillors and officers, which is based on mutual trust and respect. Officers should undertake their roles in a way that is sensitive to the political environment and give advice that is politically impartial.

All decision-making should be supported by sound professional advice and this principle should be enshrined clearly in the protocols that form part of the written constitution of the City Council. It is important that: -

- There is a clear distinction between the strategic, representational and policy roles of the elected members and the operational roles of officers, and
- Officers are free to give their professional advice to the City Council.

The Role of the Director of Finance and Resources (Chief Financial Officer)

The primary responsibility of the Director of Finance and Resources is the management of the financial affairs of the council in all its dealings.

Section 1 of the Local Government Finance Act (Northern Ireland) 2011 specifies that:

'1—(1) A council shall make arrangements for the proper administration of its financial affairs.

(2) A council shall designate an officer of the council as its chief financial officer.

(3) Arrangements made by a council under subsection (1) shall be carried out under the supervision of its chief financial officer.'

The officer designated as the Chief Financial Officer is responsible for:

- Providing financial advice to the City Council and its committees;
- Providing advice on the management of capital and revenue budgets;
- Providing financial management information;
- Providing an effective internal audit function and providing assistance to management in ensuring safe and efficient financial arrangements;
- Advising on treasury and cash flow management; and
- Advising on the safe custody of assets, insurance and risk management.

In order to facilitate this role there are five key areas that are critical to achieving these responsibilities:

- The maintenance of strong financial management underpinned by effective financial controls;
- Contributing to corporate management and leadership;
- Supporting and advising elected members;
- Supporting and advising officers in their operational roles; and
- Leading and managing an effective and responsive financial service.

Key within the responsibilities of the Director of Finance and Resources is the preparation of the City Council budget and the advice provided in relation to the striking of the district rate. (Further information is provided in Chapter 4) and in that context Section 4 of the Local Government Finance Act (Northern Ireland) 2011 requires the chief financial officer to submit a report on the robustness of the estimates to the council and requires the council to have regard to the chief financial officer's report when considering the estimates for the next financial year.

CHAPTER 3

Reform of Local Government in Northern Ireland

New Shape of Local Government

There were formerly 26 local authorities in Northern Ireland but following the review of public administration these were reduced in number to 11. The new structures came into force on the 1st April 2015.

The new local Government map of NI is as follows: –

Source: Department of Environment, Northern Ireland

Transferred Powers

The new local authorities, including BCC, assumed all the powers of existing councils. In addition the powers of planning, off street car parking and local economic development ~~will~~ transferred from Central Government to the new councils on 1 April 2015. The new power of Community Planning was also introduced for the first time in Northern Ireland. The further transfer of urban regeneration is planned for April 2016. Councils also have a new statutory duty of Community Planning and a General Power of Competence.

Community planning

This provides a framework within which BCC, departments, statutory bodies and other relevant agencies and sectors can work together to develop and implement a shared vision for promoting the economic, social and environmental well-being of their area based on effective engagement with the community.

General Power of Competence

This will enable BCC, in broad terms, to act with similar freedom to an individual, unless there is a law to prevent it from doing so. It would provide BCC with the ability to act in its own interest and to develop innovative approaches to addressing issues in its area.

Managing Rates Convergence

As noted above, one of the strengths of local government in NI is its financial independence, which has allowed councils to determine their priorities, service levels and spending patterns. Unlike other parts of the British Isles there is no system of equalisation grants to help local authorities that have a "less wealthy" tax base. So it is not surprising that major variances in district rate levels have developed across Northern Ireland and between adjoining council areas; areas that are now joining together as part of the re-organisation. Boundary changes also affected ratepayers, such as the 24,000 ratepayers (both domestic and non domestic) who moved from parts of Castlereagh and Lisburn into the new Belfast City Council area.

It is within this context that DFP and DOE considered the issue of rates convergence; an issue that is critical to the success of the local government reform programme.

The financial modelling carried out by the Departments showed that ratepayers in some existing council areas would experience significant rate increases and in some cases, decreases if district rates were simply combined at the point of local government reorganisation.

The Executive has set aside up to £30m to support the transition scheme with the objective of mitigating the impact of rates convergence on ratepayers where there are disparities in the level of district rates between the merging councils.

The scheme developed allows councils to strike a new district rate in the normal way, but with LPS applying a direct subsidy in the rate bills to those ratepayers – both domestic and commercial - who would otherwise face sudden and excessive increases in rates as a result of the mergers and other boundary changes.

This works through an adjustment to the district rate figure for those ratepayers that need protection over the next few years. It applies to a number of ratepayers and it will allow the change in district rate bills to be gradual.

The scheme introduced from April 2015, will run for four years. The following levels of discount will be applied to the district rate increase over that time.

Period	Year	Discount on district rate increase
Year one	2015/16	80% discount
Year Two	2016/17	60% discount
Year Three	2017/18	40% discount
Year Four	2018/19	20% discount

Funding of functions transferred from central government

Also, as stated above some responsibilities and functions have been transferred from central government with further transfers planned for April 2016. In order to fund these responsibilities and functions, the Department of the Environment and Department of Finance and Personnel are proposing to introduce a mechanism that would operate like a grant, but it will use the rating system without interfering with it. In effect the mechanism gives each of the new councils an on-going supplement to their rate base, which will equate to the settled net cost of delivering the new functions and services. A Net Annual Value (NAV) will be established for each Council and set out in subordinate legislation. This will be used each year to calculate the amount of grant. In subsequent years the amount of grant will increase in line with increases in the district rate.

CHAPTER 4

FINANCING BELFAST CITY COUNCIL

INTRODUCTION

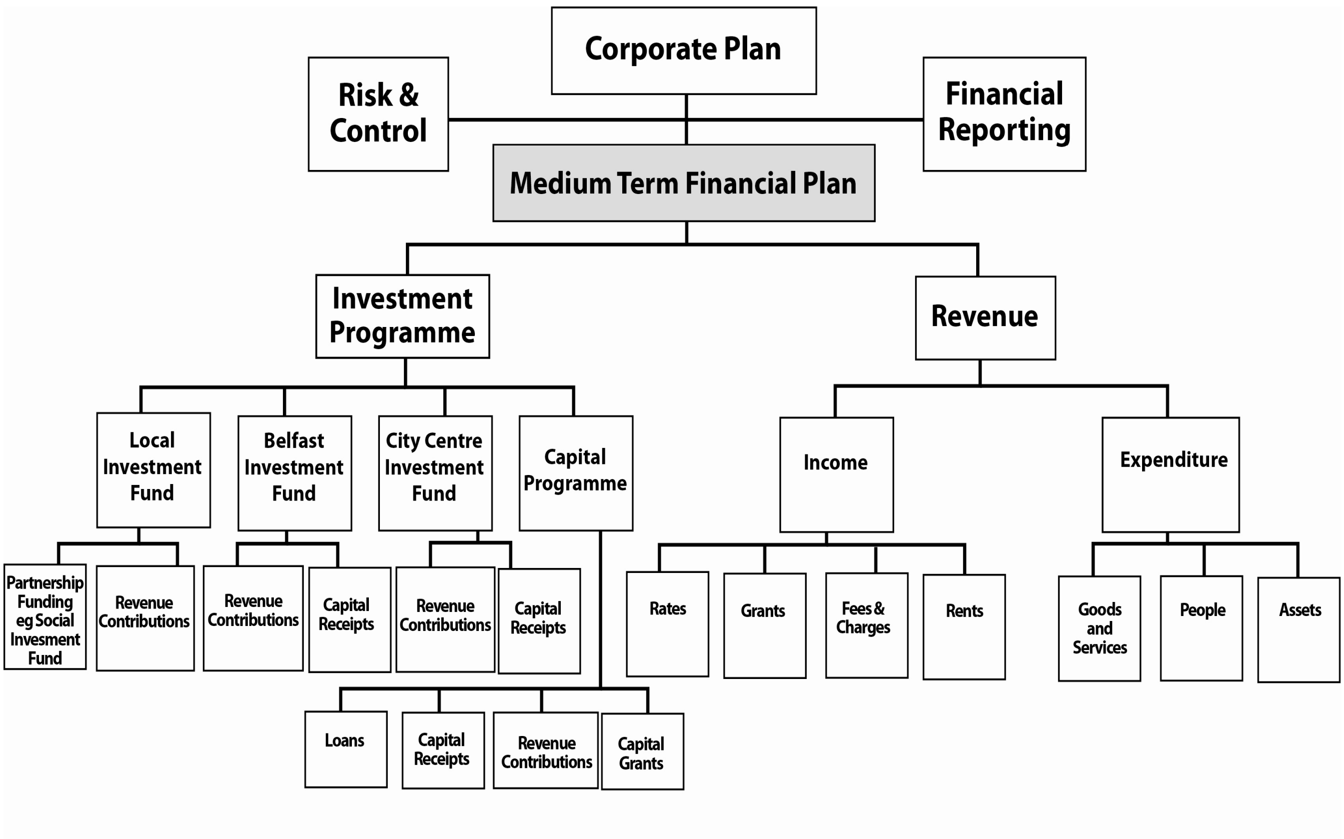
Managing the finances of Belfast City Council:

- is an essential element of good corporate governance;
- forms part of the firm foundations of City Council, underpinning service quality and improvement; and
- is the basis of accountability to stakeholders for the stewardship and use of resources.

Financial management is a key management discipline. It is something that all elected members, chief officers and managers within the organisation are responsible for, individually and collectively. It is not just the job of the Director of Finance and Resources and his/her staff.

Financial management is as much about managing performance and achieving the City Council's strategic objectives, as it is about managing money. A key part of this is financial planning, the elements of which are illustrated in Table 1 below:

Table 1: Strategic Financial Management Framework:



The key elements of the financial planning process are the Medium Term Financial Plan and the Annual Budget, which concludes with the setting of the District rate.

One of the key delivery determinants of the financial planning process will be the Council's ability to align money to the agreed priorities outlined in the Corporate Plan within the context of an agreed district rate. The Medium Term Financial Plan manages this process to ensure that the Council's spending intentions are affordable and sustainable. The most successful organisations have achieved this by ensuring that their business planning and financial planning are very closely aligned.

USEFUL DEFINITIONS

Before reading the following sections it will be useful to members to have an understanding of the following terms –

Table 2: Financial Definitions:

Revenue Expenditure	Expenditure on day to day running costs including salaries, supplies and debt charges
Capital Expenditure	Expenditure on fixed assets such as land, buildings and vehicles
Capital Financing Strategy	A strategy to ensure that the council's capital spending plans are affordable and sustainable
Treasury Management Strategy	A strategy to ensure that capital expenditure is financed in the most efficient manner
Medium Term Financial Plan	A three year plan outlining spending plans and commitments in terms of the impact on the district rate

LOCAL GOVERNMENT FINANCE ACT (NORTHERN IRELAND) 2011

The Local Government Finance Act (Northern Ireland) 2011 proposed to modernise the legislative framework for Northern Ireland local government finance. In doing so it offers councils increased financial autonomy coupled with more extensive responsibility and accountability for their affairs.

The Act requires that financial administration is underpinned by:

1. A Capital Finance Strategy supported by Prudential Indicators which will set levels of affordability, prudence and sustainability for capital financing, external debt and capital expenditure for a three year period
2. A Treasury Management Strategy which identifies suitable treasury management practices and is based on treasury management indicators governing the structure of the councils borrowing and investment portfolios

A Medium Term Financial Plan (MTFP) which will contain detailed financial planning intentions for year one and will consider plans and commitments for years two and three in terms of affordability and sustainability.

REVENUE AND CAPITAL EXPENDITURE

The law requires local authorities to distinguish between revenue and capital expenditure, which can be defined as:

Revenue expenditure

Revenue expenditure is defined as expenditure that the City Council incurs on the day to day running costs of its services including salaries and wages, stationery, insurance, running expenses of premises and vehicles as well as the annual repayment of debt charges.

Capital Expenditure

Capital expenditure can be defined as expenditure on the acquisition of fixed assets or expenditure that adds to the life or value of an existing fixed asset.

Capital expenditure is treated differently than revenue expenditure because the life of an asset is greater than one financial year and is accounted for over a longer period. Capital expenditure is shown as an addition to fixed assets in the City Council's Balance Sheet.

Belfast City Council plans capital expenditure for four purposes, which together make up the councils Capital Investment Strategy.

Capital Investment Strategy

There are four strands to the Council's capital investment strategy:

1. *The Capital Programme* - This is a rolling programme of capital investment that either improves or replaces existing facilities, assets or infrastructure. The Council applies the Gateway process to its Capital Programme, for the systematic review of projects progress from inception to evaluation, to ensure successful delivery of organisational objectives
2. *The Belfast Investment Fund* - The purpose of the fund is to support capital projects on assets which are not owned by the council but contribute to the achievement of its corporate objectives.
3. *Local Investment Fund* - This enables the Council to commit resources to lever and/or compliment other potential funding streams to address investment priorities in local neighbourhoods.
4. *City Centre Investment Fund* – The purpose of the fund is to support the implementation of the council's City Centre Regeneration Framework.

Funding Capital Expenditure

Capital expenditure can be funded from a number of sources:

- *Revenue contributions from the revenue budget* - In normal circumstances relatively small items of capital expenditure can be funded from revenue

- *Capital grants* - Specific items of capital expenditure may be funded or part funded from capital grants from central government, the European Union or the National Lottery.
- *Capital fund* - The City Council can set up funds for various purposes in anticipation of expenditure. The money is set aside from the annual revenue budget and is allowed to accumulate in the funds until required.
- *Capital receipts* - This is income from the sale of fixed assets. Capital receipts may be used to meet capital expenditure, debt or other liabilities.
- *Borrowing* - The Local Government Finance Act (Northern Ireland) 2011 retains the current powers of a council to borrow sterling for purposes relevant to its functions. However, it removes the requirement for the City Council to seek permission from the Department of the Environment to borrow. The City Council is required to determine and keep under review the amount it can afford to borrow. In order to ensure the most effective management of this process and the most efficient use of resources, Councils must comply with the Chartered Institute of Public Finance's Prudential Code on Capital Finance and the Code on Treasury Management.

RELATIONSHIP BETWEEN REVENUE EXPENDITURE AND CAPITAL EXPENDITURE

Whilst revenue and capital expenditure are accounted for separately there is a relationship between the two in that the cost of any borrowing i.e. principal and interest, have to be met from revenue expenditure. Also if an asset is acquired that incurs running costs these will be met from the revenue budget e.g. if the City Council builds a new swimming pool and finances the construction from external borrowing the cost of repaying the loan will be met over a number of years from the annual revenue budget. The swimming pool when opened will require staffing and maintenance and the net cost (after admission charges) will be met from the annual revenue budget of the City Council.

SOURCES OF INCOME (REVENUE)

The City Council has a number of sources of income that support the revenue budget and these are set out in Tables 3 and 4 below:

Table 3: Breakdown of Income

Income Source	*Actual % 2014/15*
District Rate	72.68
De-Rating Grant	2.59
Service Specific Grants	3.73
Fees & Charges	11.07
Rent	3.96
Misc. Income eg Sales & Licences	5.97
Total Income	**100.00**

Table 4: Breakdown of Income

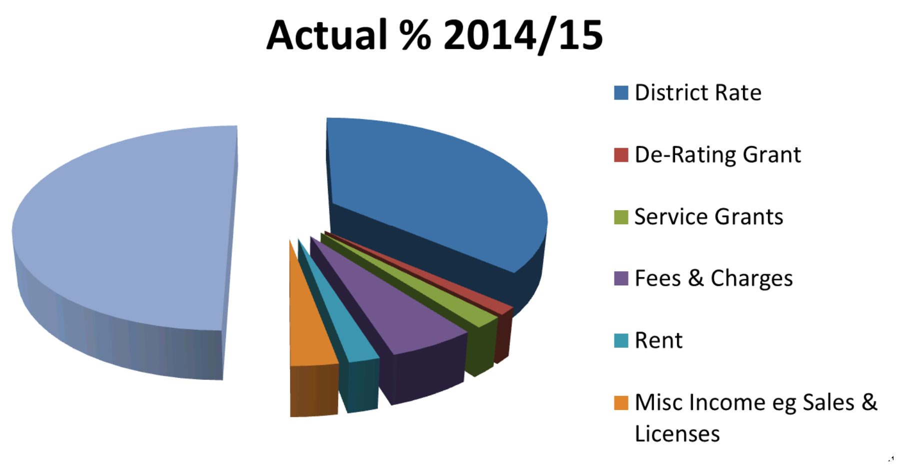
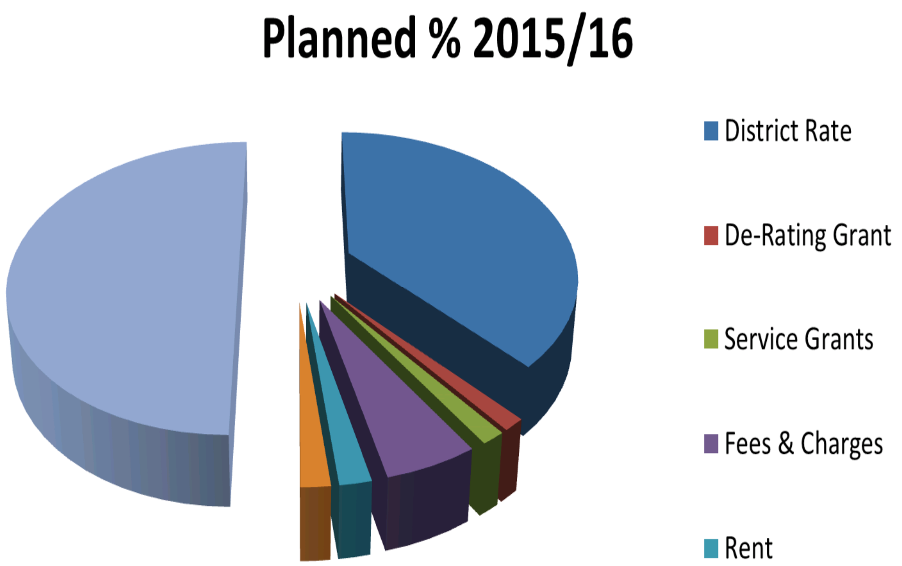


Table 5: Breakdown of Income

Income Source	*Planned % 2015/16*
District Rate	76.06
De-Rating Grant	2.71
Service Specific Grants	2.89
Fees & Charges	11.03
Rent	3.80
Misc. Income eg Sales & Licences	3.51
Total Income	**100.00**

Table 6: Breakdown of Income



District Rate

The District Rate accounts for some 75% of total income and is, therefore, singly the most important source of revenue income that supports the City Council's annual expenditure.

The City Council is legally required to strike the district rate (the domestic rate and the non-domestic district rate), before the 15th February each year, at a level that is estimated to adequately meet their financial needs in the next financial year. (An explanation of the District and Regional rates is given in Chapter 5)

Grants to Councils

The Department of the Environment pays a Rates Support Grant and a De-rating Grant to Councils annually.

The **De-rating Grant** compensates the City Council for the loss it incurs as a result of the de-rating of industrial properties.

The **Rates Support Grant** is distributed to Councils on the basis of a formula and is intended to compensate those local authorities whose resources relative to the population served are low. The Council does not receive any Rate Support Grant from the Department.

The Department of the Environment, any other Northern Ireland Department or the European Union may make **specific grants** to Council Services to assist in the financing of certain revenue expenditure.

Fees and Charges

Fees and Charges are the second most important source of income for the City Council raising some 10% of total income. They are raised from the users of services and are levied for a wide variety of reasons, for example:

- To raise revenues in order to cover costs;
- To assist the Council in meeting financial targets;
- To avoid the Council having to undertake additional borrowing;
- To reduce abuse of services; and
- To meet statutory requirements.

Charging exists in a complex policy environment, one which involves important legal, political and financial factors surrounding such issues as the cost of providing the service (as opposed to the charge imposed) and the ability and willingness of service users to pay the charge.

Beyond its financial importance, charging also has the potential to be a significant policy instrument to help the City Council achieve its service and strategic objectives:

- By setting charges below competitive rates councils can encourage the use of services. For example, if the City Council wanted people to use its city centre car parks to use local shops or markets it could deliberately keep them free, or
- By setting charges high councils can discourage use of scarce resources; for example, car parks near stations, or discourage behaviours that have undesirable consequences; for example, tackling town centre congestion and pollution by setting car parking charges to discourage the use of cars.

Rent

Some 4% of the revenue budget is met from rents from the various commercial properties, including the markets, owned by the City Council.

Miscellaneous Sources of Income

The City Council receives income from a number of other sources including:

1. **Investment Income.** The management of the City Council's cash flow, banking, money market and capital market transactions ensures that income from the Council's investments produces a small source of income.
2. **Sales.** The principal source of income is from the sale of electricity generated at the North Foreshore. There is also a small amount of income generated through shop sales in the zoo and other leisure and recreational centres.
3. **Licensing,** for example, public entertainment licences, licensing of cinemas and amusement arcades.

THE BUDGETARY PROCESS

The budgetary process is built around two distinct cycles:

1. The compilation of the budget and setting the district rate, and
2. Monitoring and reporting the budgetary performance

The annual budget is the financial representation of the City Council's policies and its preparation is one of the most extensive and visible products of the Council's financial management system. The compilation of the annual budget and the Medium Term Financial Plan begins in April and concludes the following February when the City Council sets the District Rate as set out in Table 7 below.

Table 7: Compilation of the budget and setting the district rate

	Budget Panel and SP&R	Indicative rate, efficiency target and overview of efficiency programme
Jun	Budget Panel and SP&R	Year End Report Agree Efficiency Programme
Aug	Budget Panel and SP&R	Issue Guidance on estimates and medium term financial plan to Departments Q1 Finance Report
Sep-Oct	Budget Panel and SP&R	Update on Rates Position Scenario analysis Update on Medium Term Financial Plan Capital Investment Programme
Nov	SP&R	Further update on rate to highlight key issues Q2 Finance Report
Dec	Budget Panel and SP&R	Discuss and finalise options for rates position taking into account Medium Term Financial Plan, capital financing strategy and treasury management strategy
Jan	SP&R Department Committees SP&R	Recommendation to Council on district rate and medium term financial plan,
Feb	Council	Agree district rate Q3 Finance Report

The annual budget agreed at the February meeting of the City Council is **monitored** throughout the year with reports on financial performance brought to Strategic Policy and Resources Committee and Standing Committees at the end of each quarter.

The Strategic Policy and Resources Committee consider the following issues at the quarterly budget monitoring meetings:

1. Year to date variance for the City Council and each Standing Committee;
2. Forecast variance for the City Council and each Standing Committee;
3. Capital Programme year to date and forecast variance;
4. Reserves analysis and forecast;
5. Analysis of debt, debtors and creditors.

These reports also play a key role in determining the budget for the forthcoming financial year as the impact of in-year balances are factored into the budget setting process.

RATE SETTING

The District Rate plays a significant part in the financing of the services provided by the City Council and funds some 75% of gross expenditure; therefore it is essential that the Council is confident that it is receiving the maximum income from the rates that are levied.

The level of rate struck by the Council is dependent on two factors:

1. Net expenditure less de-rating grant as explained previously incurred by the City Council in providing its services, and
2. The Estimated level of the Penny Product as notified by Land and Property Services

The Estimated Penny Product

The Estimated Penny Product is defined as the amount of rates that would be collected if the rate poundage were set at 1 penny after allowing for losses on collection and costs of collection. (For explanation of these terms see following paragraphs)

Land and Property Services undertake the calculation of the Estimated Penny Product and notify the Northern Ireland local authorities of the calculation for each of their areas. The Estimated Penny Product enables local authorities to set the rate poundage in line with their budgetary requirements. At the end of the financial year the actual penny product is calculated, which reflects the annual outturn and determines the final distribution of the rate income.

Land and Property Services provides the City Council with an estimate of the penny product in October, with a revised estimate in December in advance of the financial year, which is used for budgeting purposes to enable the City Council to strike a rate. It should be noted that there is no specific responsibility on the part of the Department of Finance and Personnel (through Land and Property Services) to provide local authorities with an Estimated Penny Product. The regulations only specify that the actual penny rate product has to be calculated and the City Council notified of under or overpayments.

Rates Income

Income from rates is generated from domestic and non-domestic ratepayers. Domestic ratepayers contribute approximately one third of rate income with non-domestic ratepayers contributing two thirds of the council’s rate income. However, in collecting rates Land and Property Services will incur a number of losses and costs.

Losses on Collection

It is inevitable that with any tax system not all income will be collected. In the case of a property tax like rates where liability is based on occupation there will be inevitable losses due to properties becoming vacant or reliefs and exemptions being allowed to individual ratepayers. It is important, however, that all changes to individual liability, for whatever reason, are monitored by LPS so as to ensure that maximum collection is made. Any shortfall in collection results in a loss of rate income, which in turn reduces the actual penny product, which increases the rate level. Similarly, a high level of arrears that results in debts being written off will result, ultimately, in a higher rate level.

There is always pressure on the Government to allow relief or exemption to one group or another but it should be remembered that when exemptions or reliefs are allowed to ratepayers the cost of this is effectively met by other ratepayers and results in a higher district rate.

The main losses on collection are:

Rating of empty homes – As of 1st October 2011 vacant domestic properties are required to pay rates. However, losses will be incurred where the vacant property is covered by one of a number of exclusions.

Allowances – this is where a discount is offered to landlords for collecting rates on behalf of LPS.

Non-domestic vacancies – properties with a net annual value less than £2,000 are not required to pay rates when vacant

Irrecoverables – Bad debts that are written off

Non-domestic Vacant Rating (NDVR) – there are three categories of loss within NDVR:

1. **3 month Vacant Rating –** Non-domestic properties are exempt from paying rates for the first three months after they become vacant
2. **NDVR 50%.** After three months the vacant property rate is 50% of the normal occupied rate
3. **NDVR Exclusion**. Aside from the initial rate-free period of three months there are a number of exemptions associated with the rating of vacant non-domestic properties. These are referred to as exclusions, e.g.
    - **Qualifying industrial properties**
    - **Possession is prohibited by law**
    - **Listed buildings and monuments**
    - **Bankruptcy**
    - **Administration**
    - **Developer exclusion**

Cost of Collection

The administration and collection of rates obviously incurs costs e.g. staffing costs, computer costs, stationery, postage, etc.

The cost of collection incurred by LPS is apportioned between local authorities on the basis of net annual value and capital rateable value in each Council area and is included in the calculation of the penny rate product so ultimately it is the ratepayers who meet the cost.

Financial Governance

Belfast City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

Specifically Section 1 of the Local Government Finance Act (Northern Ireland) 2011 provides that 'a council shall make safe and efficient arrangements for the receipt of money paid to it and the issue of money payable by it and those arrangements shall be carried out under the supervision of such an officer of the council as the council designates as its chief financial officer'. For the City Council this is the Director of Finance and Resources.

The City Council's Standing Orders, Scheme of Delegation and Financial Regulations provide the strategic framework for managing the City Council's financial affairs, and ensuring the efficient, effective, and economic use of resources.

They are given operational effect by the City Council's Accounting Manual, which set out the detailed procedures and processes for the management of the City Council's financial affairs.

The City Council's governance arrangements are formally set out and reported on each year in the City Council Annual Governance Statement, which forms part of the City Council's published financial statements.

AUDIT & RISK PANEL

Belfast City Council has an Audit & Risk Panel comprised of Elected Members from each political party, supported by an independent non-Executive Member. The purpose of Belfast City Council's Audit & Risk Panel is to provide an independent assurance to those charged with governance (Members and senior management) on the adequacy of the city Council's risk management framework and associated internal control environment. It also provides an independent scrutiny of the City Council's financial and non-financial performance to the extent that it exposes the City Council to risk and weakens the control environment. It meets on a quarterly basis.

Internal Audit

The Local Government (Accounts and Audit) Regulations (NI) 2006 place a requirement on Belfast City Council to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control. The City Council is committed to the provision of an effective, independent internal audit service and has a continuous internal audit function, operating under the independent control and direction of the Head of Audit, Governance and Risk Services and his staff. The purpose of the Service is to review and report on the City Council's internal control, risk management, governance and assurance processes. It operates as a service to senior management (the Corporate Management Team and the Audit Assurance Board) and the Board (Strategic Policy and Resources Committee through the Audit & Risk Panel). Audit, Governance and Risk Services attend each meeting of the City Council's Audit & Risk Panel to report on the issues arising from its work.

External Audit

The Local Government (Northern Ireland) Order 2005, as updated by the Local Government (Northern Ireland) Act 2014, provides the Department of the Environment (the Department) may, with the consent of the Comptroller and Auditor General (the C&AG), designate persons who are members of staff of the NIAO as the Local Government Auditor and the Deputy Local Government Auditor. Once designated, these auditors carry out their statutory and other responsibilities, and exercise their professional judgement, independently of the Department and the C&AG.

The statutory responsibilities and powers of the designated Local Government Auditor are set out in the 2005 Order. In discharging these, the Local Government Auditor is required to carry out her work in accordance with a Code of Audit Practice. The scope of external audit in Local Government is extended to cover not only the audit of the financial statements, but also the audited bodies arrangements for securing economy, efficiency and effectiveness in its use of resources and its performance improvement arrangements. The Code focuses on how the Local Government Auditor should carry out her wider range of functions and the audit of the financial statements is conducted in accordance with International Auditing Standards issued by the Financial Reporting Council

The Local Government Auditor can, if considered appropriate, make a Public Interest Report on any matter coming to notice in the course of an audit

Reporting

The results of work undertaken by the Local Government Auditor are reported to the Members, primarily through the City Council's Audit & Risk Panel. Her report on the audit of accounts is published with the accounts by the City Council. She also provides an Annual Audit Letter to the City Council, which is also published.

The Northern Ireland Audit Office (NIAO) is the City Council's external auditor. Designated members of NIAO staff act in the capacity of the Local Government Auditor.

CHAPTER 5

THE RATING SYSTEM

INTRODUCTION

Rates are covered by a comprehensive legal structure, involving case law, some of which goes back many hundreds of years and all the details cannot be covered in this short guide. This Chapter draws out the broad principles and the main points of significance that should help you as a councillor understand how the system works.

As a broad generalization taxes on property are used internationally to support expenditure by local government - although there are many variants because of historical circumstances and cultural and political choices. The general pattern is that central governments collect personal and income related taxes, whereas local and/or regional tiers of government rely on property taxes for a large proportion of their income.

Property taxes are common internationally because they are generally found to be easy and relatively economic to collect and difficult to evade.

THE IMPORTANCE OF RATES IN NORTHERN IRELAND

On average approximately 68 per cent of district councils' income requirement in Northern Ireland is met by the district rates, both domestic and non domestic. In relation to Belfast City Council this figure is some 75% - as outlined in Chapter 2 – therefore, rates is an extremely important element of the Council's income base.

Land and Property Services (Department of Finance & Personnel) undertake the collection of the rates.

The rates bills consist of two distinct elements:

1. The District Rate; and
2. The Regional Rate

The District Rate helps the City Council to fund the following services:

- Waste Management,
- Street Cleaning,
- Waste Disposal,
- Environmental Health Services,
- Parks,
- Recreation Grounds,
- Cemeteries,
- The Ulster Hall and Waterfront Hall,
- Community Services,
- Economic Initiatives,
- Belfast Zoo, and

- Leisure Facilities.

The Regional Rate is decided by central government - the income from which contributes to regional services such as health, education, personal social services, roads, agriculture and rural development.

District rates are struck independently of the regional rate, and determined by the respective local councils and are calculated to provide funding towards the cost of services provided by local councils. Unlike the rest of GB district councils in Northern Ireland are free to set their own levels of rates and there is no central capping of increases.

THE ASSESSMENT OF PROPERTIES FOR RATING PURPOSES

All property taxes need to have as a foundation a list containing a valuation for each property, which forms the basis of the tax. In Northern Ireland there are two lists:

1. Domestic Capital Value List, and
2. Non Domestic Net Annual Value List

The Domestic Capital Value List

Since 1st April 2007 all domestic properties have been valued on the basis of their capital value, which is the amount a domestic property could reasonably have sold for on the open market on 1st January 2005 - which is the date in legislation that is specified as the date of valuation. This date is known as the antecedent valuation date and is used to ensure that all values are consistent and any new properties that are built have to be valued as at 1st January 2005 not their current value.

Land and Property Services undertake the valuation and, in order to assess the capital values for the new List, information on the sale prices of all houses across Northern Ireland was collected and analysed. When assessing the capital value for rating purposes in order to ensure fairness between the valuations of similar houses legislation directs that some assumptions are made; for example, properties are assumed to have the same standard of kitchen and bathroom for their age, type of property and location.

After the List has been published properties are valued by comparison with properties already in the List thereby insuring that similar properties are valued fairly and relatively one with the other.

Prior to 1st April 2007 rates were based on how much it would have cost to rent a house in 1976. The amount paid in rates compared to other people was based on a comparison of rental value between one house and another. The system was changed because of the relatively small number of rented properties in the domestic sector and the inability to obtain sufficient rental evidence to undertake a revaluation and also since it had been over 30 years since a revaluation some households were paying a larger share and others were paying a smaller share than they should and this was seen as unfair.

Currently there are no plans for a revaluation of domestic properties.

Non-Domestic Net Annual Valuation List

Non-domestic property in Northern Ireland is assessed on the basis of its rental value (known as the net annual value). The current valuation list for non-domestic properties came in to effect on 1 April 2015 and is based on rental values as at 1 April 2013. Each non-domestic property has been valued in line with comparable properties in the vicinity.

Whilst the majority of non-domestic properties such as offices and shops are valued on the basis of rental values some properties require specialist assessment to reflect their particular characteristics e.g. schools, licensed premises, petrol filling stations, sporting facilities. The valuation of such properties involves the application of specialised methods of assessment, which may involve examination of the property's receipts and expenditure, or its estimated replacement costs.

Whichever method of assessment is used the aim in all cases is to produce a valuation list that reflects the true net annual value of the particular non-domestic property.

Appeals against the rating assessment

If a ratepayer (domestic or non-domestic) is not satisfied with the assessment of their property - usually they think that the assessed value is too high - they can make an application to the District Valuer and if still dissatisfied can appeal to the Commissioner of Valuation, both of whom are Officers in Land and Property Services. If not satisfied with his / her decision a further appeal can be made to the Northern Ireland Valuation Tribunal for domestic properties and to the Lands Tribunal for non-domestic properties.

Rates still have to be paid whilst awaiting the outcome of the appeal but if the valuation is reduced as a result of the appeal, a refund of any amount overpaid is made together with interest.

LIABILITY TO PAY RATES

Rating of occupiers

In accordance with the Rates (Northern Ireland Order) 1977 it is normally the occupiers of owner-occupied and private sector rented property that are liable to pay rates.

Rating of owners

There are circumstances, however, where the owner and not the occupier is held liable for the payment of rates

Mandatory rating of owners

Owners are held to be liable to pay rates on properties that are subject to certain net annual value / rateable capital value thresholds. The following table shows the circumstances where an owner is liable –

Table 8: Liability of Owners:

Capital value (Domestic Property)	*Net Annual Value (Non-Domestic Property)*	*Frequency of rent payment / collection*	*Who is liable for rates?*
Up to £55,000	Up to £750	Any frequency	Owner / landlord
£55,001 - £150,000	Up to £1,590	Less than quarterly or tenancy agreement does not specify frequency	Owner / landlord
£55,001 - £150,000	Up to £1,590	Quarterly or longer	Owner / landlord

Owners receive a 7.5% allowance on the total amount due if the bill is paid in full by 30th September of the relevant financial year. The allowance does not apply to the owner's residential address and any personal holiday homes / second homes the person may own.

Discretionary rating of owners

Owners of other rented properties (outside of the above capital value limits) can be entitled to a 15% allowance if they enter in to a voluntary agreement with Land and Property Services to pay the rates whether the property is occupied or unoccupied.

This discretionary allowance can be made available to anyone with a rented property regardless of the capital value for a domestic property or net annual value for a non-domestic property. Again the owner's residential address and any personal holiday homes / second homes the person may own cannot be included.

The owner is also obliged to pay in respect of houses in multiple occupation where three or more persons that do not constitute a single household occupy a house.

House in Multiple Occupation (HMO)

A House in Multiple Occupation is defined as a property that is let to three or more tenants who come from two or more different families. An example of this would be a house let out to a number of students.

The owner / landlord is responsible for the collection and payment of rates for HMOs regardless of capital value or frequency of rent payment.

Public sector tenants

Public sector tenants pay their rates with their rent to the Northern Ireland Housing Executive. The Executive has an agreement whereby it pays the rates in respect of the public sector properties to Land and Property Services.

HOW THE RATE BILL IS WORKED OUT

Domestic properties

For domestic properties, the rateable capital value is multiplied by the total of the domestic regional rate and the domestic district rate, e.g. £200,000 (rateable capital value) x £0.007136 (the total of the domestic regional rate and the domestic district rate) = £1,427.20 (gross amount due).

Domestic rates are charged on the basis of a maximum capital value of £400,000. This means that if a property has a rateable capital value more than this, the amount that is paid is worked out as if the rateable capital value was £400,000.

Non-Domestic properties

The amount payable by individual ratepayers for non-domestic rates is calculated by using the Net Annual Value multiplied by the total of the non-domestic regional rate and the non-domestic district rate, e.g. £15,000 (net annual value) x 0.573,418 (the total of the domestic regional rate and the domestic district rate) = £8.601.27 (Gross amount due)

If the property has mixed use, (such as a shop (non-domestic) with a flat (domestic) above it) each part will be assessed separately for rates.

In many cases not all ratepayers will pay the full amount based on the above calculations. Many ratepayers will be entitled to a relief or an exemption and further information on these is given in Chapter 6.

RATES IN RESPECT OF VACANT PROPERTIES

Non Domestic properties

Vacant non-domestic properties with a rateable value of £2000 or above are liable for vacant rating. This means that the person entitled to possession (usually the owner) is liable to pay 50% of the rates due after a three-month exemption period that applies to vacant properties.

There are exclusions to the three-month rule. These are:

- If a change of ownership occurs during the three month 'free' period and the property remains vacant, the new owner is only entitled to the balance left of the three months
- If a change of ownership occurs after the three month 'free' period and the property remains vacant, the new owner is not entitled to another three months
- Additional three month 'free' periods can only be granted when the property has been occupied for a continuous period of at least six weeks and then becomes vacant

However, not all properties are subject to vacant rating:

- ***The rateable net annual value of the property is less than £2,000***.
- ***Occupation is prohibited by law***

  The person entitled to possession is prohibited by law from occupying, or allowing, the property to be occupied.

- ***Occupation is prohibited by reason of action taken by any public body***

  The property is kept vacant by reason of action taken by or on behalf of any public body with a view to prohibiting its occupation or to acquiring it.

- ***The property is a listed building or is the subject of a building preservation notice***

  Any building or part of a building comprising the property or part of the property is included in a list compiled under Article 42 of the Planning (Northern Ireland) Order 1991 or is the subject of a building preservation notice within the meaning of Article 42A of that Order.

- ***The property is a historic monument***

  Any building or part of a building comprising the property or part of the property is included in a Schedule of monuments compiled under Article 3(1) of the Historic Monuments and Archaeological Objects (Northern Ireland) Order 1995.

- ***The property is the responsibility of the personal representative of a deceased person***

  The person entitled to possession is entitled to possession only in their capacity as the personal representative of a deceased person.

- ***Bankruptcy order***

  The person entitled to possession is subject to a bankruptcy order

- ***Trustee under deed of arrangement***

  The person entitled to possession is entitled to possession of the property in their capacity as a trustee under a deed of arrangement.

- ***Act of violence***

  The exclusion applies to homes that have been vacated as a result of an act of violence, threats or intimidation.

- ***Winding up order***

  The person entitled to possession is a company which is subject to a winding-up order made under the Insolvency (Northern Ireland) Order 1989 or which is being wound up voluntarily under that Order or is subject to an administration order.

- ***Liquidator***

  The person entitled to possession is entitled to possession of the property in their capacity as liquidator by virtue of an order made under Article 98 or Article 123 of the Insolvency (Northern Ireland) Order 1989.

- ***Foyle, Carlingford and Irish Lights Commission***

  It is a property, other than a fishery, where the Foyle, Carlingford and Irish Lights Commission under the North/South Cooperation (Implementation Bodies) Order 1999 is entitled to possession.

- ***Developer Exclusion***

  A temporary exclusion from unoccupied rates is given on properties that were on the valuation list before 1st April 2012. If the date the property was first shown on the valuation list or completed is between 1 April 2007 and 31 March 2012, the exclusion period is 42 months (the exclusions came in to operation and were first applied from 1 October 2011) or if the date the property is first shown on the valuation list or completed is after 31 March 2012, the exclusion period is 12 months.

It is worth noting that the level of rates on empty non-domestic property in Northern Ireland remains at 50% of the full charge as compared to 100% in GB.

Domestic properties

From 1 October 2011 the same level of rates will be due on all domestic properties even if they are empty. The person liable to pay the rates will be the 'person entitled to possession' of the property - generally the owner and a property is classified for rating purposes as vacant if it is unoccupied, unfurnished and not used for storage.

There are exclusions from rates on empty homes, as set out below –

- ***Rateable capital value under £20,000***

  Empty properties with a rateable capital value of under £20,000 are exempt from rates on empty homes.

- ***The owner of a newly built home that has never been occupied***

  There are a number of criteria to satisfy, including that the home:

  i. Was first included in a valuation list after 31st March 2007;
  ii. Is included in the capital value list;
  iii. Has not previously been occupied, and
  iv. Has been unoccupied for a continuous period not exceeding 12 months or, in the case of a home which in certain circumstances is treated as having become unoccupied before 1st April 2012, 18 months, and
  v. The person entitled to possession is a developer.

  "*Developer*" means a person who has undertaken, arranged or carried out development work and who is also the first owner of the home;

  "*Development work*" means any building operations which results in a new building; and

  "*Owner*" means any person for the time being receiving or entitled to receive, on his own account, the rack rent of the domestic property in connection with which the word is used or who, if the property were let at a rack rent, would so receive or be entitled to receive that rent.

  The exclusion does not apply if it appears that the property will be used for other than domestic purposes when next in use.

  The exclusion will only apply once, while all the criteria are met, and is time bound. It will end where the property becomes occupied, is sold or the time bound period ends.

- ***The empty home cannot be legally occupied.***

  This refers to empty homes where occupation is legally prohibited.

- ***The empty home cannot be occupied due to the actions of a public body.***

  This refers to homes that are empty because a public body is prohibiting its occupation. Alternatively the public body may intend to acquire the property to support a public works scheme such as building a new road.

- ***Listed buildings***

  The empty home is a listed building.

- ***The owner is the personal representative of a deceased person***

  The person who owns the empty home does so only in their capacity as the personal representative of the former owner, who is now deceased.

- ***The owner is subject to a bankruptcy order***

  This means that the owner has been declared bankrupt.

- ***The owner(s) are in care (nursing home, residential care or hospital)***

  This applies when all the current owners of the property live in a nursing home, residential care home or hospital (as their main home) and when they last occupied the empty house it was their sole or main residence.

- ***The owner(s) are in detention***

  This applies when all the current owners of the property are detained (due to, for example, a court order) and have their main residence there. When they last occupied the empty house it must have been as their sole or main residence.

PAYMENT OF RATES

Land and Property Services provides a variety of ways in which ratepayers can make payment, however, if domestic ratepayers (including the owners of vacant properties) make payment in full in a single amount by a date specified on the rate bill then they will be entitled to a discount of 4%.

Ratepayers who do not wish, or cannot, make payment in one payment can opt to make payment by a maximum of 10 instalments by making application to Land and Property Serviceswhen they receive their bill.

The methods of payment offered by Land and Property Services are:

Payment by direct debit

Payment by direct debit is encouraged because it is administratively the most convenient and cost effective method of payment. Ratepayers have to sign a direct debit mandate but once done all the administrative work of setting up, and collecting, the payments is undertaken by Land and Property Services.

Payment by standing order

The difference between standing orders and direct debit is that the standing order when completed will have to be taken to the ratepayer’s bank by the ratepayer in order for the standing order instruction to be set up by the bank. This will have to be done on an annual basis whereas with direct debit the mandate once signed stays in force until cancelled by the ratepayer.

Payment by cash or debit card

Payment can be made in commercial premises, such as shops, garages and newsagents, which display the PayPoint network logo

Payment can be made at a variety of outlets:

- LPS automated payment telephone line
- Local Post Offices
- Bank or building society
- Telebanking, or
- Over the internet

NON-PAYMENT OF RATES

Effective and timely enforcement of rates is an important element of rate collection as inefficient enforcement leads to high rate arrears leading to the possibility of debts being written off at a later stage. If debts are written off this impacts on the actual penny product and leads to a higher rate level - in effect other ratepayers meet the cost of the non-payers.

In the event that ratepayers fail to pay the legislation provides for the enforcement of outstanding payments:

Payment by instalments

If a payment becomes overdue Land and Property Services will issue a reminder notice asking for payment within 7 days. If payment is made as requested the ratepayer can continue to pay by instalments, however, if payment is not made or an arrangement for payment has not been made a final notice will be issued asking for payment in full and the right to pay by instalments is lost.

Payment in full

If the ratepayer has not requested to pay by instalments then following non-payment a final notice will be issued asking for payment in full.

The final notice

A final notice is sent 40 days after the issue of the original bill and it asks for payment in full within 10 days. It is still possible at this stage, if the ratepayer cannot afford to pay the full amount, for them to contact Land and Property Services to see if an arrangement to pay can be made.

Process in Debt Proceedings

If a suitable arrangement to pay is not made with Land and Property Services or payment in full made following the issue of the final notice a Process in Debt Proceedings will be issued and this will involve additional costs that will have to be paid by the ratepayer. Even at this stage it is possible for the ratepayer to pay the amount outstanding plus costs before the date of the Court and that is the end of the matter.

Magistrates' Court

If full payment is not made before the date of the hearing the case is presented to the Magistrates' Court on the day stated. The ratepayer has the right to appear before the Court to state their case but in normal circumstances ratepayers only normally appear if they wish to raise a legal objection to the application by Land and Property Services for a decree.

If the ratepayer has lodged an appeal against the value of his property this is not grounds for defending the issue of a decree, as the law requires that payment must be made pending the outcome of an appeal. If the ratepayer does not attend the court will normally award a decree. If the Magistrate awards a decree on the date of the court hearing, this will be issued to the ratepayer approximately 14-21 days after the court date.

Notice of Intention

A Notice of Intention is issued to ratepayers who have not paid or made an arrangement following the award of a Decree. The Enforcement of Judgements Office issues this document on behalf of Land and Property Services and it allows the ratepayer 10 days to pay the outstanding balance in full. Once the case is lodged with the Enforcement of Judgements Office it will be published in Stubbs Gazette - and this fact alone can have a detrimental impact on the ratepayer's credit status.

THE ENFORCEMENT OF JUDGEMENTS OFFICE

The Enforcement of Judgements Office is essentially a centralised unit within the Northern Ireland Court Service for enforcing judgments of the courts. The powers and procedures to act are contained in the Judgments Enforcement (Northern Ireland) Order 1981, and Judgment Enforcement Rules (Northern Ireland) 1981.

When an application for enforcement is lodged with the Enforcement of Judgements Office, further substantial costs are added to the account in question, ranging from £150.00 to £250.00 on a sliding scale depending on the amount of debt.

The Enforcement of Judgements Office may take a range of action to enforce the judgement, the main ones are: -

Attachment of Earning Order

When a debtor is in employment the Enforcement of Judgements Officecan make this order to deduct a regular sum of money from his/her salary. He / she is given a 'protected earnings rate' after a report has been done on them to assess their means. The rate is based upon individual debtor's circumstances and will include an allowance for the debtor, their partner, and any children.

Instalment Order

If a debtor is self-employed his/her income cannot be attached by the above means, the office then considers what appears to be a reasonable amount for him/her to pay over a period of time either weekly or monthly which is paid directly to the creditor. It is therefore the responsibility of the creditor to keep the office informed of all monies paid or indeed if the debtor defaults in payment. A debtor may be committed to prison for failure to keep up payments due on an Instalment Order.

Orders Charging Land

If a debtor owns land or has an interest in land / property the Enforcement of Judgements Office may 'charge' that land/property to secure payment of the debt and the order has the effect of a charge created by the debtor in favour to the creditor. It is the responsibilityLand and Property Services to register the Order in the Land Registry or Registry of Deeds accordingly. Under current legislation the order ceases to have effect on the expiration of 12 years from the date of the judgment. Also, when a debtor has paid their debt in full, including any interest payable direct to the creditor, they need to apply for a “Certificate of Satisfaction” to give proof of it and have the charge removed.

Attachment of Debt Order (also know as Garnishee Order)

This order gives the Office the power to 'freeze' a debtors' bank account. It is served personally on the Third party (Garnishee) i.e. a bank, building society or other financial institution and is conditional, which means that the garnishee has an opportunity to appear before the Master to give reasons why the money should not or cannot be paid. The Master has the power to determine any dispute and if in doubt to refer the matter to the High Court.

Seizure Orders

This is an order directing the Chief Enforcement Officer to seize the debtors' goods to pay the debt/s and enforcement costs. The Enforcement of Judgements Officemay issue this type of Order when it appears that the debtor has sufficient goods to satisfy the debt. However, it is normal practice to look first at the alternative methods of enforcement e.g. Attachment of Earnings, Instalment Order before issuing this order but if a debtor is un-cooperative or does not have direct financial means and appears to have sufficient goods an application can be made to the Master for an Order of Seizure.

Under the Order goods owned by the debtor may be seized and the range of items that can be seized includes not only tangible goods but also intangibles such as life insurance policies and premium bonds. There are, however, some goods that cannot be seized such as:

- Motor Vehicles or other goods subject to Hire Purchase
- Perishable goods
- Tools of the trade up to £200
- Any goods in the hands of a Receiver appointed by a court
- Debtors’ clothes and essential household furniture.

Goods seized can then be sold if payment including costs is not made.

Insolvency Proceedings

Land and Property Services can initiate Bankruptcy or Liquidation proceedings against debtors. If the debtor has an accumulated debt of £750 outstanding the debtor may be served with a Statutory Demand. Failure to comply with the Statutory Demand will result in proceedings for a bankruptcy petition being taken. The initiation of bankruptcy action will result in substantial costs being added to the ratepayer’s account.

CHAPTER 6

RELIEFS AND EXEMPTIONS FROM THE RATING SYSTEM

INTRODUCTION

Reliefs and Exemptions are the main means through which the rating system can be used as a tool of social, economic and environmental policy. Reduction or removal of the requirement to pay a tax can be used to provide incentives to particular types of activity.

This is important to policy areas such as social welfare, economic development, urban regeneration and rural development and a wide range of reliefs and exemptions for particular users and uses of property have developed over the years within rating legislation. Most of this development has been piecemeal but all of it has been directed to provide assistance to particular disadvantaged groups and individuals. The reform of domestic rating provided the opportunity for a considered approach to reliefs and resulted in the introduction of new forms of relief, which are explained below.

The Government is always under pressure from many quarters to provide relief for particular groups of ratepayers. Providing reliefs or even blanket de-rating of broad sectors of the business economy – notably industry, freight transport and agriculture - means forgoing revenue in a way that may not be the most effective means of encouraging economic prosperity.

It is important to recognise that whatever system is adopted it is essentially householders and businesses who contribute to the cost of public sector services and any reduction in the number of ratepayers or the amount due from rates may undermine the system by:

- Passing the burden onto a smaller group of people and / or reducing expenditure on services
- Complicating the system
- Accelerating pressure for further reliefs from groups that pay more.

DOMESTIC RATE RELIEFS

Set out below is a brief description of the reliefs that are available to domestic ratepayers. The descriptions are not comprehensive but will provide a good indication of the criteria that have to be met in order for a ratepayer to qualify for relief.

Housing Benefit

Housing Benefit (also known as rate rebate) is a Social Security benefit that helps people on a low income pay their rates. Land and Property Services is responsible for the administration of housing benefit for people who own and occupy their own homes.

Following changes to the payment of housing benefit in Great Britain it was expected that similar changes would follow in Northern Ireland, however, this has not yet happened due to Welfare Reform stalling in NI. The existing schemes will continue for time being and the only change is that HB rate rebate is now a devolved policy matter and funding from HMT has been moved over to DEL, from AME with a 10% cut. The 10% cut in funding is in line with what has happened in GB where funding to local authorities for council tax support has been reduced by 10%. For the time being the NI Executive has agreed to make up the shortfall in funding from public expenditure.

There is also a further scheme that provides assistance to those on low incomes who live in rented accommodation whether in the public or the private sector. The Housing Executive administers this further scheme. This guide is concerned with the rate rebate scheme only.

The person eligible to apply for housing benefit is the ratepayer and the basic criteria that will give rise to eligibility are being in receipt of:

- A low income, or
- Income Support, or
- Income-based Job Seeker's Allowance, or
- Pension credit, and

If the ratepayer has more than £16,000 in savings then he / she will not be eligible to apply for housing benefit.

In making the application the ratepayer must provide information in relation to their:

- Income from all sources;
- Savings;
- Personal circumstances - including details of:
    - Their and their partner's employer;
    - Their age and the ages of other people living in the property;
    - Their dependent children;
    - Any disabilities;
    - Any other people living in the household including children who are no longer dependent.

There are particular rules specified by the Department for Social Development (DSD) that Land and Property Services has to follow when they are deciding how much housing benefit the ratepayer may be entitled to.

Firstly they will look at how much money the ratepayer's household needs to live on each week, taking into account:

- The number of people in the house,
- The ages of the people in the house,
- Whether anyone is a full-time carer.

The rates, which are known as the applicable amounts, are set by the Department for Social Development each year and are intended to reflect basic weekly living expenses.

Land and Property Services will then look at the ratepayer's income together with that of his / her spouse. This can include:

- Wages;
- Benefits and tax credits;

- Pensions;
- Rent from sub tenants or lodgers;
- Maintenance payments.

Some income is disregarded i.e. Income Tax, National Insurance, 50% of occupational pension contributions and some of the ratepayer's earnings.

The assessed income is then compared to the applicable amounts and if the ratepayer's income is below the applicable amount then he / she will be entitled to maximum rebate i.e. the amount of rates for which the ratepayer is liable, less an amount for anyone who lives in the property and who is not a member of the ratepayer's family. (This is known as the non-dependent deduction).

If the ratepayer's income exceeds the applicable amount then the ratepayer is not entitled to a maximum rebate. The amount by which the maximum rebate is reduced is 20% of the amount by which the ratepayer's income exceeds his / her applicable amount. This is known as the "taper" - the higher the excess income - the higher the amount deducted from the maximum benefit payable until such point as the taper exceeds the maximum benefit - clearly then there will no entitlement to housing benefit.

For those ratepayers who are in receipt of income support Land and Property Services does not have to undertake a calculation of their income or a comparison to the applicable amounts as the Department for Social Development has already undertaken this exercise when calculating the ratepayer's entitlement to income support.

Land and Property Services will be notified by the Department for Social Development of the award of income support and will automatically calculate the maximum rebate less any non-dependent deductions.

Some people are not entitled to apply for a rate rebate:

- A student unless classified as vulnerable;
- Those subject to immigration controls;
- Prisoners;
- Those living in a nursing home or residential care.

Those ratepayers in receipt of housing benefit have a legal obligation to inform Land and Property Services if any of their circumstances change as even small changes can affect the amount of entitlement.

Finally, local councillors have a significant role to play in their Wards by raising the awareness of housing benefit (and the rate relief scheme - see next paragraph) and by encouraging ratepayers to apply for housing benefit.

Rate Relief Scheme

The Rate Relief Scheme was introduced in April 2007 and it is intended to provide targeted assistance to those low income households who are just beyond the thresholds for the statutory Housing Benefit Scheme or who are in receipt of partial Housing Benefit. It is additional to, and separate from, the current housing benefit system.

The scheme itself is based on the current housing benefit scheme but with one significant difference - whereas the housing benefit scheme is a national scheme across the United Kingdom and the Government sets all the allowances, the rate relief scheme is particular to Northern Ireland and the devolved government can determine the various parameters within the scheme. This provides the Northern Ireland government with the ability to target those in greatest need and focus on ability to pay, e.g. pensioners. The Northern Ireland Executive funds the rate relief scheme from its block grant.

The scheme is administered by Land and Property Services for owner-occupier households and by the Northern Ireland Housing Executive for the rented sector, including Housing Associations and application for relief is made using the existing housing benefit application form.

Basically the rate relief scheme can provide help to those who are:

- Pensioners and have savings of less than £50,000;
- Those under pension age who have savings of less than £16,000;
- Getting Housing Benefit for only part of the rate bill; or
- Just outside the income limit for receiving Housing Benefit.
- Those who are carers

Disabled Persons Allowance:

The disabled person's allowance is a non means tested relief, which is intended to assist those who because of their disability have had their property modified in order to provide a better quality of life to meet the needs of the person in the household with the disability.

An application is made to Land and Property Services and the ratepayer will have to show that they, or someone else in the household is a person with a disability and that the property has been suitably adapted or has additional features that meet the needs of that person.

The types of adaptations that qualify are –

- A room, other than a kitchen, bathroom or toilet, which is mainly used by the person with a disability;
- An extra kitchen for the person with a disability;
- An extra toilet for the person with a disability;
- An extra bathroom;
- Sufficient floor space to use a wheelchair easily.

If the conditions are satisfied then the ratepayer is entitled to an allowance of 25% of the rates bill.

Lone Pensioner Allowance

With effect from 1st April 2008 and following the 2007 Executive Review of Rating Reform, a Lone Pensioner Allowance was introduced. This relief is not means tested and provides an allowance of 20% off the rates bill (after the deduction of any housing benefit and / or rate relief) for persons aged 70 or over who live alone.

Whilst the primary condition to receive this relief is that the ratepayer lives alone there can be exceptions to this:

- Where the applicant is aged 70 or over and they receive a prescribed benefit and have a person living with them who provides care for more than 35 hours per week, who is not a disqualified relative. A disqualified relative means a person who is the spouse of the other or they live together as husband and wife or if the person is the civil partner of the other or if they live together as if they were civil partners.
- Where the applicant is in hospital, nursing home or residential care and their main residence is in a hospital, nursing home or residential care home the allowance may still be paid.
- If a doctor has certified that the person living with the applicant has a severe mental impairment, which appears to be permanent.
- Anyone under 18 years old living in the property or over 18 if someone is in receipt of child benefit for them.
- If the applicant provides care for the person who lives with them.

The scheme is application based and is administered jointly by Land and Property Services and the Northern Ireland Housing Executive. Each of these organisations uses a different application form.

Maximum Capital Value

Direct Rule Ministers agreed to a ceiling on individual rate bills. The system, which was eventually introduced in April 2007, established a maximum capital value known as the cap. This cap was set at £500,000 but was subsequently reduced to £400,000 - meaning that any property with a capital value of more than £400,000 is treated for rating purposes as if the value is £400,000.

The cap was set at £400,000 to ensure that the highest rate bills in Northern Ireland are broadly in line with the average bills within the highest band under the council tax system (around £3,000). While this move would only benefit a small number of ratepayers (around 2,300) the aim was to help allay some of the fears around the excessive impact of the new system on those in higher value properties.

NON-DOMESTIC RATE RELIEFS AND EXEMPTIONS

There are a number of exemptions and reliefs available to non-domestic ratepayers -

Automatic Telling Machines in rural areas

Full exemption from rates is allowed in respect of Automatic Telling Machines (ATMs) located in designated rural areas and which are used only for the purposes of a machine that provides automatic telling and other services on behalf of a bank or building society. Land and Property Services apply this exemption automatically, which means that no net annual value appears in the valuation list.

The rural ATM relief is applicable until 1st April 2016.

Charitable Organisations

If a property is 'occupied and used for public benefit or for charitable purposes,' which includes formally constituted trusts for:

- The advancement of religion;
- The advancement of education;
- The relief of poverty; and
- Other purposes beneficial to the community.

It is exempt from rates but only if the organisation occupying the property is not established or conducted for profit, and that the use of the premises directly facilitates the charitable objectives e.g. a church, that is held by trustees whose main objects are the advancement of religion, and the church building is used in connection with these objects.

The use of premises for recreation or other leisure time occupation may also be considered to be charitable if the facilities are provided in the interests of social welfare and are for the public benefit.

The use of premises as a charity shop will attract exemption if the charity sells goods that are wholly donated, however if they also sell bought in goods the valuation of the property will be apportioned between the two uses.

Small Business Rate Relief Scheme

The Small Business Rate Relief Scheme is a Northern Ireland Government initiative, whose aim is to support the growth and sustainability of small businesses in Northern Ireland, by providing some small business owners with rate relief.

- **Eligibility**

  Eligibility is based on the net annual value of each business property.

  There are three levels of Small Business Rate Relief for:

  1. Business properties with a net annual value of £2,000 or less, and
  2. Business properties with a net annual value of more than £2,000 but not more than £5,000.
  3. Business properties with a net annual value of more than £5,000 but not more than £15,000

- **The amount of relief**
  1. Business properties with a net annual value of up to £2,000 receive a reduction of 50%;
  2. Business properties with a net annual value of more than £2,000 but not more than £5,000 receive 25% relief.
  3. Business properties with a net annual value of more than £5,000 but not more than £15,000 receive 20% relief

  There is no application procedure for the Small Business Rate Relief, as Land & Property Services apply relief automatically to all businesses that qualify.

- **Exclusions**

  Excluded are properties that are unoccupied or partially unoccupied, property used for the display of advertisements, car parks, sewage works, telecommunications masts, government buildings and ratepayers already in receipt of support from Sport and recreation relief

Rate Relief for Small Post Offices

The Small Business Rate Relief provides enhanced rate relief for small post offices. The aim of the scheme is to help maintain services in disadvantaged areas, particularly in relation to smaller, independent post offices.

- **Eligibility**

  Eligibility is based on the net annual value of each post office and there are two levels of Rate Relief:

  1. Post offices with a net annual value of £9,000 or less will be awarded 100% relief;
  2. Post offices with a net annual value of more than £9,000 but not more than £12,000 will receive 50% relief.
  3. Post offices with a net annual value exceeding £12,000 but not exceeding £15,000 will receive 20% relief.

- **Application for Rate Relief**

  There is no application procedure for the Small Business Rate Relief as it is applied automatically by Land & Property Services to all post offices that qualify.

Sport and Recreation

Properties which, or any part of which, are used solely for the purposes of a prescribed recreation; and which are occupied for the purposes of a club, society or other organisation that is not established or conducted for profit and that does not employ professionals are entitled to rate relief by way of a reduction of 80% of the rates due on qualifying facilities, which means that part of the property which is used solely for recreation.

Hardship Relief

Relief may be given by way of hardship relief to those non-domestic ratepayers who find themselves in difficulties and unable to pay their rates. Relief may be allowed by way of reducing or remitting the amount that any liable person has to pay providing the ratepayer can show that:

1. There are exceptional circumstances; and
2. Without such reduction or repayment, that person would suffer hardship.

The intention is that hardship relief will provide support for businesses and organisations that are in crisis because of 'exceptional circumstances'. If allowed hardship relief would remove the need for the ratepayer to pay rates during the period that his / her business suffers a crisis as a result of exceptional circumstances.

Application must be made to Land and Property Services.

Industrial De-rating

De-rating of industrial property in Northern Ireland is an operating subsidy to industry that dates back to 1929. Following a comprehensive review of rating policy industrial rates were due to be removed from April 2005 on a phased basis with the intention of removing all de-rating by 2011. The objectives behind this change in policy were to share the tax burden more equitably and to raise additional revenue that would facilitate borrowing.

To qualify for de-rating a property has to be, technically, a 'factory' which is defined in the Factories Act legislation as a property which is mainly used for activities that:

- involve a physical article
- are made, altered or adapted for sale
- are done by way of trade or for purposes of gain, and
- Employs manual labour in the activity.

Even if technically a factory, industrial derating will not apply if the primary use of premises is for:

- the purposes of a retail shop
- the purposes of a distributive wholesale business
- the purposes of storage
- the purposes of a public supply undertaking
- any purposes which are held to be not those of a factory.

Whilst it was originally intended to phase out industrial de-rating by 2011 following a further review of rating policy initiated by the Assembly, it was decided to cap liability at the current level of 30% until the end of 2011. A further decision has now been made by the Assembly to extend the relief until 31st March 2016.

In effect this means that ratepayers of properties that have been classified as industrial for rating purposes have paid the following proportions of the full rate bill:

- 1st April 2005 to 31st March 2006 15%
- 1st April 2006 to 31 March 2007 25%
- 1st April 2007 to 31 March 2011 30%
- 1st April 2011 to 31st March 2016 30%

Freight Transport Relief

The occupiers of properties occupied for the purpose of freight transport receive 75% relief from rates. The Department of Finance and Personnel reviewed this relief and it was considered that as the overall sum involved is relatively modest and that any increase may be substantially passed on into the wider economy it was decided to retain the level of relief at 75%.

Residential Homes Rate Relief

The occupiers of the following types of property are entitled to a reduction in the rates payable providing they are used wholly or mainly for one or more of following purpose:

- The provision of residential accommodation for the care of persons suffering from illness or the after-care of persons who have been suffering from illness;
- The provision of facilities for training or keeping suitably occupied persons suffering from illness or persons who have been suffering from illness;
- The provision of such accommodation or facilities as are mentioned above for disabled persons not falling within that sub-paragraph;
- The provision of personal social services for disabled persons;
- The provision of facilities under section 15 of the Disabled Persons (Employment) Act (Northern Ireland) 1945.

Application for relief must be made to Land and property Services.

CHAPTER 7

GLOSSARY OF TERMS

Actual Penny Product	The actual penny product is defined as the amount of rates that would be collected if the rate poundage were set at 1 penny after allowing for losses on collection and costs of collection.
Audit	An independent examination of the organisation's activities or accounts. Local Government Audit conducts the Council's annual statutory audit, including an independent examination of the annual financial statements.
Department of the Environment	Has responsibility to produce and update legislation that provides for the modernisation, administration, finance and audit of district councils.
Base Budget	Starting point - usually previous year's budget - to build the next year's budget.
Budget	A statement defining the council's policies over a specified period in terms of finance.
Capital Charges	Charges to service revenue accounts such as depreciation to reflect the cost of fixed assets used in the provision of services.
Capital Expenditure	Capital expenditure can be defined as expenditure on the acquisition of fixed assets or expenditure that adds to the life or value of an existing fixed asset. Expenditure that does not fall within this definition has to be charged to a revenue account.
Capital Receipts	The proceeds from the disposal of land or other fixed assets.
Capital Value	Domestic property in Northern Ireland is assessed for rating purposes on the basis of its capital value.
Cash Flow	The movement of cash in and out of the Council from day-to-day direct operations and other activities, such as capital expenditure, borrowing and investment.

Contingency	Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.
Cost of Collection	The cost incurred by Land and property Services in collecting rates. This cost is apportioned out to all the district councils in Northern Ireland.
Current Expenditure	Running costs, including employee costs, premises costs and supplies and services, but not including debt charges.
Debt Charges	A colloquial term for the interest paid on loans raised and repayments of principal. Also known as capital financing costs or loan charges.
Deferred Charges	These represent expenditure of a capital nature where no fixed asset is created but which may properly be financed over a period of years, e.g. renovation grants. It is written down against revenue over appropriate periods.
De-rating Grant	Grant which compensates the Council for the loss it incurs as a result of the de-rating of industrial properties.
Individual Capital Values	Individual capital value ascribed to domestic properties.
District Fund	The Council's principal account through which passes its day-to-day income and expenditure transactions. Sometimes called the "revenue account" the "current account" or the "general account".
The District Rate	The rate determined by the City Council to meet its planned net expenditure.
Domestic Rate	A levy on domestic properties based on the regional and district rate multiplied by the capital value of the property.

Estimated Penny Product	The estimated penny product is an estimate that is made before the beginning of the financial year by Land and property Services of the amount of rates that would be collected if the rate poundage were set at 1 penny after allowing for losses on collection and costs of collection. The purpose of the Estimated Penny Product is to enable district councils to set the rate poundage in line with their budgetary requirements.
Fees and Charges	Income raised by the City Council by charging for the use of services and facilities.
Financial Regulations	A written code of procedures approved by the Council intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative procedures and budgeting systems.
Financial Year	The period of time covered by the annual financial accounts – namely 1 April to 31 March.
Full Year Effect	The impact of a policy decision on future spending levels that have not been allowed for in the base budget for future years.
Gross Expenditure	The total cost of providing the Council's services before taking into account income from government grants and fees and charges for services.
Housing Benefit (Rate Rebate)	Assistance provided by Land and property Services to ratepayers on low incomes to help them pay their rate bill.
Land and Property Services Agency	An executive Agency within the Department of Finance and Personnel for Northern Ireland responsible for the valuation of properties for rating purposes and for the billing and collection of rate income and the assessment of rate rebates for owner-occupiers.
Losses on Collection	The shortfall in rates due to voids, write-offs, landlord allowances and collection costs.
Maximum Capital Value	A ceiling on individual domestic rate bills set at £400,000 capital value.

Non-Domestic Rate	A levy on businesses based on the regional and district rate multiplied by the net annual value of the property.
Net Annual Value	Non-domestic property in Northern Ireland is assessed on the basis of its rental value - known as the net annual value.
Net expenditure	Gross expenditure less specific service income, but before deduction of general grant.
Non-recurring	Items that are only in the budget for one year.
Outturn	Actual income and expenditure in a financial year.
Price Base	The pay and price levels used for calculating estimates, forecasts, policy options etc.
Provisions and Reserves	Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses that are likely or certain to be incurred, but the dates or the amounts on which they will arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves.
Rate Relief Scheme	New rate relief scheme that provides assistance to ratepayers. The scheme sits above the housing benefit scheme and helps those whose income or circumstances means they are not eligible or only partially eligible for housing benefit.
Rate Support Grant	Grant distributed to Councils on basis of a formula. It is intended to compensate those local authorities whose resources relative to the population served are low.
Regional Rate	The Regional Rate is decided by central government - the income from which contributes to regional services such as health, education, personal social services and roads and planning.
Reserves	Sums set aside to finance future spending for purposes falling outside the definition of a provision. Reserves set aside for stated purposes are known as specified; the remainder is unallocated.

Revenue Expenditure	Expenditure on day to day running costs including salaries, supplies and debt charges.
Sales, Fees and Charges	Charges made to the public for a variety of services such as the hire of sports facilities.
Specific Grants	Specific grants paid by government departments to assist the financing of certain revenue expenditure specific to an individual service.
Standing Orders	The rules adopted by the council that establish the procedures by which it should conduct its business.
Ultra Vires	District councils are empowered to do only those things authorised by statute. If they do anything not authorised by statute, that action is said to be ultra vires i.e. beyond their powers.
Virement	The permission to spend more on one budget head when this is matched by a corresponding reduction on some other budget head. i.e. a switch of resources between budget heads. Virement must be properly authorised by the appropriate committee or by officers under delegated powers.
Working Capital	The sums available to meet the day-to-day cost of Council operations.

ANNEX ONE

Council: BELFAST

CALCULATION OF ACTUAL RATE PRODUCT (DOMESTIC) 2014/2015 - March 2015 (unaudited)

GROSS RATE INCOME		£
2014/2015 Domestic Rates Assessed		110,345,521.35
Less COST OF COLLECTION		(1,468,964.11)
Less LOSS ON COLLECTION		
Allowances (Excl. Discount)	(3,095,329.07)	
Vacancies	(45,199.28)	
CAP	(3,240,921.71)	
Irrecoverables / Shorts	(1,362,128.16)	
REH discharge	356,579.15	(7,386,999.07)
Total Domestic Rate Product		101,489,558.17

Actual Domestic Penny Product = $\dfrac{\text{Total Domestic Rate Product}}{\text{Net Dom. Regional Rate + Dom. District Rate}}$ = 143,346,833.57

Amount due to BELFAST Council in 2014/2015

= Actual Domestic Product x 2014/2015 Domestic District Rate

= 143,346,833.57 x 0.3094

= 44,351,510.31

ANNEX ONE

Council: BELFAST

CALCULATION OF YEAR-IN RATE PRODUCT (NON-DOMESTIC) 2014/2015 - March 2015 (unaudited)

GROSS RATE INCOME		£
2014/2015 Non-Domestic Rates Assessed		230,468,504.56
Less COST OF COLLECTION		(3,326,969.96)
Less LOSS ON COLLECTION		
Allowances (Excl. Discount)	(34,567.44)	
Vacancies	(1,097,499.19)	
Vacant rating	(17,574,459.10)	
Irrecoverables / Shorts	(5,452,773.86)	(24,159,299.59)
Total Non-Domestic Rate Product		202,982,235.01

$$\text{Actual Non-Domestic Penny Product} = \frac{\text{Total Non Domestic Rate Product}}{\text{ND Regional Rate + ND District Rate}} = 3,331,203.72$$

Amount due to BELFAST Council in 2014/2015

= Actual Non Domestic Product x 2014/2015 Non-Domestic District Rate

= 3,331,203.72 x 27.0236

= 90,021,116.86

ANNEX ONE

Council: BELFAST

CALCULATION OF YEAR IN ACTUAL RATE PRODUCT 2014/2015 - March 2015 (SUMMARY-unaudited)

		£
Amount Due - Domestic		44,351,510.31
Amount Due – Non Domestic		90,021,116.86
	TOTAL	134,372,627.17
	AMOUNT PAID 2014/2015	129,716,358.00
ADJUSTING AMOUNT AS A RESULT OF PENNY PRODCT COLLECTION		4,656,269.17

ANNEX TWO

USEFUL CONTACTS

Routine Enquiries - Rates

The Regional Rating Offices deal with all routine aspects of rating including: enquiries, correspondence, recovery action, vacancy inspection, issue of refunds and setting up direct debits. Regional Office contact details for outside of the Belfast area are available at www.dfpni.gov.uk/lps/rating_regional_offices.htm

Office	*Council Areas*	*Address*	*Contact Details*
Belfast Regional Rating Office	Belfast, Lisburn, Castlereagh, North Down and Ards.	Land & Property Services Belfast Regional Rating Office Lanyon Plaza 7 Lanyon Place Town Parks BELFAST BT1 3LP	Tel: 0300 200 7801. Outside NI: +44 28 9049 5794 Text Relay: 18001 0300 200 7801 E-mail: belfast.rating@lpsni.gov.uk eastern.rating@lpsni.gov.uk

Other Rating Enquiries – Specific

Section	*Functions*	*Address*	*Contact Details*
Housing Benefit Central Unit	Administer the Housing Benefit and Rate Relief schemes	Land & Property Services Housing Benefit Central Unit Queens Court 56-66 Upper Queen Street Town Parks BELFAST BT1 6FD	Tel: 0300 200 7802. Outside NI: +44 28 9049 5801 Text Relay: 18001 0300 200 7802 E-mail: housingbenefit.rating@lpsni.gov.uk
Lone Pensioner Allowance	Administer the Lone Pensioner Allowance Scheme	Land & Property Services Lone Pensioner Allowance Section Lanyon Plaza 7 Lanyon Place Town Parks BELFAST BT1 3LP	Tel: 0300 200 7801. Outside NI: +44 28 9049 5794 Text Relay: 18001 0300 200 7801 E-mail: Applicationbased.raterelief@dfpni.gov.uk
Disabled Persons Allowance	Administer the Disabled Persons Allowance Scheme	Land & Property Services Disabled Persons Allowance Section Lanyon Plaza 7 Lanyon Place Town Parks BELFAST BT1 3LP	Tel: 0300 200 7801. Outside NI: +44 28 9049 5794 Text Relay: 18001 0300 200 7801 E-mail: Applicationbased.raterelief@dfpni.gov.uk

Central Collection	Administer collection of rates from public bodies and private Housing Benefit from the Northern Ireland Housing Executive	Land & Property Services Central Collection Team Lanyon Plaza 7 Lanyon Place Town Parks BELFAST BT1 3LP	Tel: 0300 200 7801. Outside NI: +44 28 9049 5794 Text Relay: 18001 0300 200 7801 E-mail: directdebit.rating@lpsni.gov.uk **Pubic Bodies** Publicbodies.lps@dfpni.gov.uk
Landlords Section	Administer landlord accounts and student relief	Land & Property Services Landlords Section Team Lanyon Plaza 7 Lanyon Place Town Parks BELFAST BT1 3LP	Tel: 0300 200 7801. Outside NI: +44 28 9049 5794 Text Relay: 18001 0300 200 7801 E-mail: landlords.rating@lpsni.gov.uk
Non – Domestic Vacant Rating (NDVR)	Administer the NDVR scheme	Land & Property Services Non Domestic Vacant Rating Section Lanyon Plaza 7 Lanyon Place Town Parks BELFAST BT1 3LP	Tel: 0300 200 7801. Outside NI: +44 28 9049 5794 Text Relay: 18001 0300 200 7801 E-mail: ndvr@lpsni.gov.uk
Direct Debit	Administer the Direct Debit Scheme	Land & Property Services Direct Debit Section Lanyon Plaza 7 Lanyon Place Town Parks BELFAST BT1 3LP	Tel: 0300 200 7801. Outside NI: +44 28 9049 5794 Text Relay: 18001 0300 200 7801 E-mail: directdebit.rating@lpsni.gov.uk

Valuation Enquiries

Enquiries involving valuations of property including Valuing Domestic & Non-domestic properties for rating, maintaining Valuation Lists and carrying out revaluations, valuation requests from HMRC, negotiating price for purchase/sale of property by public bodies, agreeing compensation where property or land is the subject of a compulsory purchase order - should be directed to the office below: -

Office	*Council Areas*	*Address*	*Contact Details*
Belfast Regional Valuation Office	Belfast, Lisburn, Castlereagh, North Down and Ards.	Lanyon Plaza 7 Lanyon Place Town Parks BELFAST BT1 3LP	Tel: 0300 200 7801. Outside NI: +44 28 9049 5794 Text Relay: 18001 0300 200 7801 E-mail: Belfast.valuation@lpsni.gov.uk
Valuation Documents: **Open Monday – Thursday 9.30 – 16.30 and Friday 10.00 – 16.30**	Appeals on District Valuers decision and Reviews of Rating legislation & preparation for Rating Revaluations. General Estate management advice to NI public sector property assents. Certified Extracts – Copy information from a Valuation List	Lanyon Plaza 7 Lanyon Place Town Parks BELFAST BT1 3LP	Tel: 028 9033 6589 Tel: 028 9033 6172 Tel: 028 9033 6168

Land & Property Services - Other Services

Office	*Areas*	*Address*	*Contact Details*
Belfast Regional Valuation Office: Customer Information Centre Rating Services Valuation information Mapping information and products Land Registry Registry of Deeds Statutory Charges	Public counter facility for information and services in respect of rating, valuation, mapping, and land registration	Lanyon Plaza 7 Lanyon Place Town Parks BELFAST BT1 3LP	Opening hours Monday – Thursday 9.30 – 16.30 Friday 10.00 – 16.30 Tel: 0300 200 7801. Outside NI: +44 28 9049 5794 Text Relay: 18001 0300 200 7801
LandWeb Direct and e-registration helpdesk	Provides information and guidance on business and technical issues	LandWeb Direct / E-Registration Team Lanyon Plaza 7 Lanyon Place Town Parks BELFAST BT1 3LP	Tel: 0300 200 7803. Outside NI: +44 28 9049 5827 E-mail – enquiries.landregistration@dfpni.gov.uk feedback.landregistration@dfpni.gov.uk

Customer Information Unit helpdesk	Provides information and guidance in respect of the three registries (listed above)		Tel: 0300 200 7803. Outside NI: +44 28 9049 5827 E-Mail – Customerinformation.landregistration@dfpni.gov.uk
Central Complaints and Correspondence unit Customer Correspondence Management Team	Deal with complaints, MP/MLA and Private Office queries and FAQs Manage correspondence, queries complaints and errors for all registrations	4th Floor Lanyon Plaza 7 Lanyon Place Town Parks BELFAST BT1 3LP	Tel: 0300 200 7805. Outside NI: +44 28 9049 5837 E-mail – customerservices@lpsni.gov.uk Tel: 0300 200 7803. Outside NI: +44 28 9049 5827 E-mail – cccu@lpsni.gov.uk

Government Websites

Northern Ireland Executive
www.northernireland.gov.uk

Department for Finance and Personnel
www.dfpni.gov.uk

NI-Direct
www.nidirect.gov.uk
The official government website for Northern Ireland citizens.

Northern Ireland Assembly
www.niassembly.gov.uk

Directgov
www.direct.gov.uk
The official United Kingdom Government website for citizens

Office of Government Commerce
www.ogc.gov.uk
OGC is responsible for improving Value for Money by raising standards and capability in procurement.

Department of Education Northern Ireland
www.deni.gov.uk

Other Links

Belfast City Council
www.belfastcity.gov.uk
General enquiries
Email: generalenquiries@belfastcity.gov.uk
Tel: 028 9032 0202

NI Business Info
www.nibusinessinfo.co.uk

Department for Business, Innovation and Skills
www.bis.gov.uk

DETI statistics on Northern Ireland economy
www.detini.gov.uk

Analytical Services Branch
www.doeni.gov.uk/index/information/csrb

NI Statistics and Research Agency
www.nisra.gov.uk

Qualifications and Curriculum Development Agency
www.qcda.gov.uk

Invest Northern Ireland
www.investni.com

Northern Ireland Housing Bulletin
www.dsdni.gov.uk/housing_bulletins

Bank of Ireland/University of Ulster Quarterly House Price Index
www.bankofireland.co.uk/bank-of-ireland-group/financial-news/boi-house-price-index

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