

NORTHERN IRELAND REGIONAL RATES 2005/2006

The spending plans in the Northern Ireland budget are funded by allocations received in the Spending Review announced by the Chancellor of the Exchequer, borrowing under Reinvestments and Reform Initiative (RRI) and also by revenues raised through the Regional Rates. The Regional Rates are decided annually and during Direct Rule are approved by Westminster. The current rate increases reflect the budget decisions made in the Priorities and Budget 2005 - 08 and contribute towards services provided by the Government departments (for further information on the budget see www.pfgbudgetni.gov.uk).

Rates are a property tax based on the rental value of properties occupied by households and businesses, usually referred to as the Net Annual Value (NAV). The NAVs of Non-Domestic properties are based on 2001 rental values, however the NAVs of Domestic properties are based on 1976 rental values.

In Northern Ireland the ratepayer receives a combined rate bill consisting of the Regional Rate and the District Rate, which is set by each District Council. The Regional and District Rates are both collected by the Rate Collection Agency. The product of the District Rates is paid over to each Council while the product of the Regional Rate supports expenditure by the Government departments. Individual rate bills are calculated by multiplying the properties NAV by the Regional and District Rate poundages respectively.

There is a strong link between the Regional Rate and access to borrowing under the terms of Reinvestment and Reform Initiative (RRI), which contributes to the overall resources available for capital investment. The Priorities and Budget spending plans are based on the revenue necessary to ensure continued access to borrowing at the level of £200 million per annum. On this basis the Government intends to maintain the level of Regional Rate increase by increasing the Domestic Regional Rate by 9% and the Non-Domestic Regional Rate by 3.3% for 2005/06. The rate poundages are shown on the table below:

Regional and Average District Rate Poundages 2005/2006

	2004/2005	2005/2006	% Change
Regional Rate Poundages			
Non-Domestic Regional Rate	26.40p	27.27p	3.3%
Domestic Regional Rate (after DRAG)	152.78p	166.53p	9.0%
Average District Council Rate Poundages			
Average Non-Domestic District Rate	17.54p	18.51p	5.5%
Average Domestic District Rate	141.24p	149.08p	5.6%
Overall Average Rate Poundages			
Overall Average Non-Domestic Rate	43.94p	45.78p	4.2%
Overall Average Domestic Rate	294.02p	315.61p	7.3%