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| <b>Report on</b>         | Non-domestic Rating Revaluation 2023 |
| <b>Date of Meeting</b>   | 7 October 2021                       |
| <b>Reporting Officer</b> | Director of Finance                  |
| <b>Contact Officer</b>   | Director of Finance                  |

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| <b>Is this report restricted for confidential business?</b><br><br>If 'Yes', confirm below the exempt information category relied upon | Yes |   |
|  | No  | X |

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| <b>1.0</b> | <b>Purpose of Report</b>   |
| 1.1        | To provide Members with an update in relation to the Department of Finance's (DoF) non-domestic Rating Revaluation 2023.   |
| <b>2.0</b> | <b>Background</b>  |
| 2.1        | Members will be aware that the DoF undertakes through Land and Property Services (LPS) periodic revaluations of rateable hereditaments in an effort to ensure that, insofar as practicable, and having regard to the principles upon which the NI rating system is based, the rates burden is distributed equitably and transparently between ratepayers.  |
| 2.2        | Although it is possible for LPS to undertake revaluation exercises within both the domestic and non-domestic sectors, recent revaluations have been in the non-domestic sector.  |
| 2.3        | The most recent revaluation was effective from 1 <sup>st</sup> April 2020 and was based on rental values of properties at 1 April 2018.  |
| <b>3.0</b> | <b>Main Report</b>   |
| 3.1        | LPS recently issued a letter to the Chief Executive as part of raising awareness of the Non-Domestic Rates Revaluation, scheduled to take effect in April 2023 (see 6.1 below)   |
| 3.2        | Members will recall that previous non-domestic revaluation exercises have resulted in the shifting of rate liability between non-domestic ratepayers.  |
| 3.3        | Typically, the effect of a revaluation is to redistribute the aggregate amount of rate burden borne by all the non-domestic ratepayers in each district council area between all of the non-domestic ratepayers in the council area. This redistribution is on the basis of the LPS' assessment of the relative net annual rental value of each rateable property within the district council non-domestic sector. |

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| <p>3.4</p> <p>3.5</p> <p>3.6</p> <p>3.7</p> <p>3.8</p> | <p>Experience of previous revaluations indicates that each revaluation will result in “winners” and “losers”. Winners will see their property valuation (for rating purposes) fall; losers will see their property valuation rise.</p> <p>Although the movements in property valuation (for rating purposes) will directly contribute to the amount of rates payable in the years following the revaluation (until a subsequent revaluation), the amount of rates paid by non-domestic ratepayers will also be directly impacted by the percentage increase (or decrease (not normal)) in both district Rate and regional Rate.</p> <p>Members may recall that at the time of the last non-domestic revaluation (1<sup>st</sup> April 2020), some non-domestic ratepayers indicated that they had no recollection of being contacted by LPS when LPS were apparently undertaking a data collection exercise equivalent to that which they are currently undertaking.</p> <p>The purpose of this report could therefore be stated to be giving Members a “heads up” that LPS are currently seeking to engage with non-domestic property owners with a view to gathering information, such as rents paid, to inform their valuation of properties for rating purposes. In other words, Members may wish to reflect on how best the current LPS exercise could be brought to the attention of non-domestic ratepayers as a failure of non-domestic ratepayers to engage with the LPS process may result in LPS making assumptions, etc. that some non-domestic ratepayers may later view as inappropriate for whatever reason.</p> <p>Attachments detailed at 6.2 below have been downloaded from the LPS website on NI Reval2023 (as referred to in the letter to the Chief Executive referred to above).</p> |
| <p><b>4.0</b></p>                                      | <p><b>Other Considerations</b></p>  |
| <p>4.1</p>   | <p><b>Financial, Human Resources &amp; Risk Implications</b></p> <p>Financial:<br/>Although not directly related to this paper, Members will be aware that the non-domestic rates base is likely to significantly impacted by the Covid 19 pandemic, the effects of which on many non-domestic ratepayers has been largely cushioned by financial rating support from the NI Executive. This support manifested in the Council received a significantly increased rates finalisation in 2020/21, which may be replicated (on perhaps a lesser scale) in 2021/22.</p> <p>The withdrawal of the rates support schemes in due course will therefore undoubtedly have a significant negative impact on the Council’s rates income regardless of the outcome of the forthcoming non-domestic revaluation.</p> <p>Human:<br/>N/A</p>  |

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|            | <p>Risk Management:<br/> See financial above together with consequences of impact of revaluation on non-domestic ratepayers within the Council district and the associated feedback to Members and the Council.</p> |
| <b>4.2</b> | <b>Screening &amp; Impact Assessments</b>   |
|            | Equality & Good Relations Implications: N/A (from a Council perspective)  |
|            | Rural Needs Implications: N/A (from a Council perspective)  |
| <b>5.0</b> | <b>Recommendation(s)</b>  |
| 5.1        | That Members note the contents of the report.   |
| <b>6.0</b> | <b>Documents Attached &amp; References</b>  |
| 6.1        | Copy of letter from LPS to the Chief Executive as part of raising awareness of the Non-Domestic Rates Revaluation, scheduled to take effect in April 2023   |
| 6.2        | Extracts from the LPS website on NI Reval2023 (as referred to in the letter to the Chief Executive at 6.1 above)  |