EXPLANATORY MEMORANDUM TO THE LOCAL GOVERNMENT (GENERAL GRANT) (AMENDMENT) REGULATIONS (NORTHERN IRELAND) 2005

2005 No. 101

1. This Explanatory Memorandum has been prepared by the Department of the Environment (DOE) and is laid before Parliament by Command of Her Majesty**.**

2. Description

2.1 The Regulations change the point in time for the updating of data used in the calculation for distribution of the general grant to district councils from every three years to annually.

3. Matters of special interest to the Joint Committee on Statutory Instruments

None.

4. Legislative Background

4.1 The Local Government (General Grant) Regulations (Northern Ireland) 2003 (the 2003 Regulations), introduced a new formula for determining the resources element of general grant payable by the DOE to district councils. The formula requires the DOE to use "gross penny rate product" data which reflects the income that may be raised from one penny of district rates on rateable and derated properties, as determined by the Department to calculate a district council's wealth as a proportion of the Northern Ireland.

4.2 The Department of Finance and Personnel (DFP) has conducted a review of rating policy in Northern Ireland. As a consequence, changes have been introduced to non-domestic vacant rating; also the exemption for industrial properties is being phased out over a six year period. With these and forthcoming changes to the rating of domestic properties it is no longer considered appropriate to update the information used in the calculation of the general grant every three years.

4.3 The Regulations are made using powers in the Local Government (Miscellaneous Provisions) (Northern Ireland) Order 2002.

5. Extent

5.1 The Regulations apply to Northern Ireland.

6. Policy Background

6.1 An extensive review of the formula used in calculating the general grant payable to district councils was completed in December 2002. The outcome of this review was given effect through the Local Government (Miscellaneous

Provisions) (Northern Ireland) Order 2002 and the 2003 Regulations. The 2003 Regulations provided for the distribution of the resources element of the general grant using the latest data available to the DOE in the financial year ending 31 March 2003 and on the 31 March in each third successive year thereafter in order to assist councils with forward planning.

6.2 The review of rating policy and the gradual introduction of changes such as the removal of industrial derating means that significant changes to the data used in distributing the resources element of the general grant could occur within a three-year period. The Regulations provide that the data used in the calculation will now be updated annually which will result in a more accurate distribution of the general grant.

7. Impact

7.1 A Regulatory Impact Assessment has not been prepared for these Regulations as they will not impact on the private or voluntary sector. The Regulations affect district councils and two government departments – the DOE and DFP.

8. Contact

Marie Finnegan at the Department of the Environment Tel: 028 9054 1009 or e-mail: marie.Finnegan@doeni.gov.uk, can answer any queries about these Regulations.