EXPLANATORY MEMORANDUM TO THE
RATES (REGIONAL RATES) ORDER (NORTHERN IRELAND) 2006

SR 2006 No. 7

1. General

1.1 This Explanatory Memorandum has been prepared by the Department of Finance and Personnel and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 The Order was made on 16th January 2006 and fixes the amount of the regional rates for the year ending 31st March 2007. It fixes 28.17 pence in the pound as the amount of the regional rate for non-domestic property and 226.86 pence in the pound for domestic property.

2.2 In addition it also fixes 28.69 pence in the pound as the amount by which the normal regional rate is reduced in respect of domestic property and for properties, which although not domestic, are used partly for domestic purposes.

3. Matters Of Special Interest

3.1 There are no matters of special interest.

4. Legislative Background

4.1 The Order, which is made annually under Articles 7(1) and 27(4) of the Rates (Northern Ireland) Order 1977 [S.I. 1977 No. 2157 (N.I. 28)], is subject to the affirmative resolution procedure of the Northern Ireland Assembly. During suspension of the Assembly, it is subject to negative resolution under Paragraph 7(3) of the Schedule to the Northern Ireland Act 2000 and is to be laid before Parliament.

4.2 It does not have any EU implications.

5. Extent

5.1 The Order applies only to Northern Ireland.

6. European Convention On Human Rights

6.1 Article 1 of Protocol 1 of the Human Rights Act (c. 42) provides for the protection of property in that persons are entitled to peaceful enjoyment of their possessions. However it does not impair in any way the right of a State to secure the payment of taxes as these, according to the case law of the Strasbourg Court, are matters of public law. The Court acknowledges also that a State is in a better position to assess the economic needs of society and should therefore be allowed some discretion in setting its objectives.

6.2 As the domestic and non-domestic regional rates are taxes, convention rights are not applicable.

7. Policy Background

7.1 The spending plans in the Northern Ireland budget are funded by allocations received in the Spending Review announced by the Chancellor of the Exchequer and also by revenues raised through the regional rates. The percentage increases in the regional rates are decided annually as part of the budget process and reflect the decisions made in the budget, which contribute towards services provided by Government departments.

7.2 The Secretary of State, Peter Hain MP, announced the percentage increases for 2006/2007 of 19% and 3.3% for the domestic and non-domestic sectors respectively on 25th October 2005 and confirmed these on 14th December 2005 at the launch of the Revised Priorities and Budget for 2006/2008. Angela E Smith MP made a written ministerial statement also on the Budget on 14th December 2005. The draft Budget (Northern Ireland) Order 2006 was laid at Westminster on 26th January 2006.

7.3 No consultation takes place as the Regional Rates Order a technical Order that simply fixes the appropriate monetary values to be applied for the incoming financial year.

7.4 There is a high degree of media, political and general public interest when both the annual percentage increases in the regional rates and the actual rates in the pound as contained in this Order are announced.

7.5 The Order is legally important in that it allows for the billing, collection and recovery of rates from 1st April of any year. Failure to bring the Order into operation on that date would lead to significant adverse consequences for the funding of public services through delays in billing and collection of rates.

7. Impact

8.1 No Regulatory Impact Assessment was prepared. The Order applies the regional rates to all rateable non-domestic property in Northern Ireland through the billing and collection of rates.

8.2 It is estimated that, for the purposes of funding public expenditure, the regional rates will raise approximately £506m in 2006/2007.

8. Contact

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