

**NEWRY, MOURNE & DOWN DISTRICT COUNCIL**

Ref: NMD/FR

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**Minutes of the Meeting of Newry, Mourne and Down District Council Finance and Resources Committee (to which all Councillors were invited to attend) held on Tuesday 20 January 2015 at 6.00pm in the Boardroom, District Council Offices, Monaghan Row, Newry**

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**In the Chair: Cllr. T Hearty**

**In attendance: (Councillors)**

Cllr. T Andrews	Cllr. S Burns
Cllr. P Clarke	Cllr. C Casey
Cllr. D Curran	Cllr. G Donnelly
Cllr. V Harte	Cllr. D Hyland
Cllr. K McAteer	Cllr. R Mulgrew
Cllr. H Reilly	Cllr. G Stokes
Cllr. D Taylor	

**(Non Committee Members)**

Cllr. G Hanna	Cllr. R Burgess
Cllr. K Loughran	Cllr. D McAteer
Cllr. H McKee	Cllr. M Murnin

**(Officials)**

Mr L Hannaway, Chief Executive Designate  
Mr R Dowey Head of Finance  
Mrs C Miskelly, Head of Human Resources  
Mrs E McParland, Democratic Services Manager  
Mrs C McAteer, Committee Administrator

**FR/116/2015: APOLOGIES**

Apologies were received from Councillor Carr; Councillor Enright; Councillor Harvey; Councillor Walker; Councillor Fitzpatrick; Councillor B Quinn; Councillor S Doran and Councillor L Devlin.

**FR/117/2015: DECLARATIONS OF INTEREST**

It was noted there were no declarations of interest.

## **PRESENTATIONS**

### **FR/118/2015:        BRIEFING FROM LPS ON THE NON DOMESTIC REVALUATION**

Mr Alan Brontë (Commissioner of Valuation for NI) and Paul Boylan (Senior Valuer) from Land and Property Services were in attendance to give a briefing on the non domestic revaluation. (Presentation attached).

A question and answer session followed during which Members raised the following Issues:-

- The cost of rates has led to the closure of businesses in this District and reference was made to businesses in the Crossmaglen area which had closed due to the cost of the rates.
- How can some of the higher property values which resulted from the rates review be explained particularly in Newry city. Property owners were saying that they cannot even get their properties rented and there has been an increase in charity shops taking over empty properties. There has got to be a tipping point where the rates become such a burden that businesses have to close.
- Do business owners have to wait until 1 April 2015 to appeal or raise concerns about a valuation. An example was given of a public house on one side of a street in Newry with a valuation that did not increase and a florist on the other side whose valuation did increase.
- Business owners in Kilkeel seem to have been disproportionately harshly affected as a result of the revaluation. How can the LPS value a property that is not rented - there should have been some cap put on the rise to cushion the blow for those that have seen a big increase in the value of their property. There was a fear that many businesses will close as a result of this revaluation.
- Can the facts and figures which LPS used to determine the valuation of properties be made available for independent analysis?
- There seems to be an anomaly between businesses with some benefitting and some losing out. An example was given of a hotel whose valuation had risen considerably in comparison to other similar hotels in other Districts.
- A Member expressed strong disappointment at the revaluation and said the value of his own property had risen by over 60% even though there were no similar properties within a few miles to compare rental values. He had heard of other cases in the Kilkeel area where values had risen by 84% and 106% and said this could not be justified.
- A Member who is a business owner in Ballynahinch said the NVA had increased, particularly around The Square area and as a landlord himself he could assure LPS that rental values were down. There seemed to be a disproportionate increase in the valuations of local businesses and national companies.
- The last valuation had taken place in 2001 and it was now a different world in which the euro had decreased its value and people were doing a lot of on-line shopping. The impact would not have been so adverse if there had been valuations on a regular basis (say every 5 years).

- In some cases the valuations will change the whole character of an area particularly where there are local home grown businesses. A situation could arise where such businesses are driven out of their local areas into Industrial Estates to avail of cheaper rate values.

Councillor McKee left the meeting at 6.55pm.

- Members indicated that this was another form of taxation. Businesses should not be penalised because they are successful and the issue of profit and turnover was one which should be between the business and HMRC. There was a fear that by basing a valuation on rental value and turnover, this would discourage businesses from establishing themselves successfully.
- How many businesses have challenged their valuations to date and how many have been successful?
- Rates increases could lead to the closure of many businesses and this will have a knock-on affect on our towns and villages. Why has it taken so long to have a revaluation?
- If a business appeals through the formal appeals process, what is the length of time it will take for them to get a result from their appeal?

Councillor Burgess left the meeting at 7.00 pm.

Mr Bronte and Mr Boylan responded to the comments made by Members. They advised that the last revaluation in 2003 had its market rental value fixed at 1 April 2001. A further review had been postponed due to the recession and in 2012 the Minister had asked for a revaluation which resulted in the current review, with the valuation date fixed as 1 April 2015.

Mr Bronte emphasised that this is a non-domestic revaluation of businesses such as shops, offices, pubs, playing fields etc and that domestic properties were not involved.

Mr Bronte said that the revaluation would not result in additional revenue being raised – it is the same cake being divided up in a different way than it was before. He said it would be the Council who would set the District Rate which would raise the revenue and the value of properties in the District would be used to apportion out the bill.

Mr Bronte confirmed that the valuation of a property was based on its rateable value. Various evidence based information including evidence of actual rent paid on local properties was used to determine the value and was then applied to owner/occupied properties. These figures could not be released for independent analysis under Data Protection as they contained commercial information which had been provided in confidence.

Mr Bronte said there is recourse for each assessment to be challenged and reviewed to ensure the value is based on correct and solid information. There was also information in the presentation about help available for business rates and he said a number of properties in this area had benefitted from Small Business Rates Relief.

In relation to the valuations of pubs Mr Bronte said that they had to provide 3 years turnover figures and LPS had worked closely with Pubs of Ulster in this matter. Hotels were also similarly rated as they had to produce figures in terms of turnover and business.

In response to concerns expressed by Members about the adverse impact the revaluation could have on businesses in the area, Mr Bronte said that the job of LPS was simply to put a value on non domestic properties in the District. These values will then be used by the Council to set their District Rate – what a business pays in rates will be determined by the District Rate set by Councils and also the Regional Rate set by the Assembly.

Mr Bronte said LPS had published the values early to give people the opportunity to ask for a review of them. To date several thousand had contacted LPS but the actual appeal process would not begin until the values become statutory on 1 April 2015. The LPS aimed to deal with any appeals as soon as they can but there was no statutory period within which a decision had to be made.

Councillor Hearty thanked Mr Bronte and Mr Boylan for attending the meeting.

## **MINUTES**

### **FR/119/2015: ACTION SHEET FROM F&R COMMITTEE MEETING HELD ON TUESDAY 16 DECEMBER 2014**

**READ:** Action Sheet arising from the Finance and Resources Committee Meeting held on Tuesday 16 December 2014. **(Copy circulated).**

**NOTED:** Mr Hannaway confirmed that all actions had been progressed and it was agreed to mark the action sheet 'noted'.

## **FINANCE BUSINESS**

### **FR/120/2015: REPORT OF MEMBER WORKSHOP HELD ON TUESDAY 13 JANUARY 2015 RE:2015/2016 DISTRICT RATE:**

**AGREED:** It was **AGREED** on the **PROPOSAL** of Councillor Hyland, **SECONDED** by Councillor Andrews, to discuss this item "In Committee" due to the commercially sensitive nature of the business to be discussed. (Local Government Act NI, part 8, para (5), Schedule 6, part 1, para.3).

**Read:** Report of Member Workshop held on Tuesday 13 January 2015. (Copy circulated).

**AGREED:** It was **AGREED** on the proposal of Councillor Hyland, **SECONDED** by Councillor Andrews, to come "out of Committee".

**The Chief Executive reported that the report of the Members' Workshop held on Tuesday 13 January 2015 had been approved on the proposal of Councillor Hyland, seconded by Councillor Andrews, and that he had advised Members that the next Workshop would be held on Friday 30 January 2015.**

Councillors Hanna, Donnelly, Loughran, Murnin and D McAteer left the Meeting at 7.05 pm.

**FR/121/2015:            MANAGEMENT ACCOUNTS FOR NEWRY AND MOURNE DISTRICT COUNCIL TO 30 NOVEMBER 2014:**

**Read:**                    Management Accounts for Newry and Mourne District Council to 30 November 2014. (Copy circulated).

**AGREED:**                It was **AGREED** to mark the above report "noted".

**NOTED:**                Mr Dowey advised that the Management Accounts for Down District Council would be presented at the February Finance and Resources Committee Meeting.

**FR/122/2015:            PROGRESS ON I.C.T. ITEMS**

**READ:**                    Progress report dated 20 January 2015 on I.C.T. issues. (**Copy circulated**).

**NOTED:**                Mr Dowey said that an important next step was to agree a common URL address for the Web site and email communications.

**AGREED:**                It was **AGREED** to mark the above report 'noted'.

**NOTED:**                Councillor Andrews advised an email had been sent out from the Chief Executive's office but he had not received it. Mr Hannaway said he would investigate and resolve this issue.

Councillor Curran left the meeting at 7.10 pm.

**FR/123/2015:            e PROCUREMENT AND FINANCE SYSTEM CONVERGENCE**

**READ:**                    Report dated 20 January 2015 from Mr R Dowey giving an update on progress in relation to Sun Systems; Budgeting Software (Rocket); Cintra iQ Payroll System; eProcurement System; Stock System, Planning Invoicing and Phone System (**Copy circulated**).

The report recommended that Newry, Mourne and Down District Council pay £3,000 for a GOLD "Memorable" telephone number.

**AGREED:** It was **AGREED** on the **PROPOSAL** of Councillor Stokes, **SECONDED** by Councillor Andrews, to approve the above report and recommendation in relation to the payment of £3000 for a memorable **GOLD** telephone number, subject to officials ensuring the number is accessible for international callers, including callers from the south of Ireland, and also callers who make calls via the internet.

Councillor Hyland left the meeting at 7.15 pm.

**FR/124/2015: UPDATE ON INSURANCE BROKERAGE**

**Read:** Report dated 20 January 2015 from Mr R Dowey regarding Insurance Brokerage and recommending the appointment of Willis Risk Services (Ireland) Ltd for brokerage for the years 2015/2016 and 2016/2017 at a fee of £9,950 per annum for a two year period.

**AGREED:** It was **AGREED** on the **PROPOSAL** of Councillor Andrews, **SECONDED** by Councillor Reilly, to approve the above report and the recommendation to appoint Willis Risk Services (Ireland) Ltd for insurance brokerage.

**FR/125/2015: MEMORANDUM OF UNDERSTANDING BETWEEN LPS AND THE COUNCIL**

**AGREED:** It was **AGREED** on the **PROPOSAL** of Councillor Taylor, **SECONDED** by Councillor Andrews, that the Chief Executive Designate sign the Memorandum of Understanding between Land and Property Services and the Council (Version: 28/102014 Post LGR).

**POLICIES AND PROCEDURES**

**FR/126/2015: IT POLICIES AND PROCEDURES**

**Read:** Report dated 7 January 2015 from Mr R Dowey seeking approval to adopt the following IT Policies and Procedures for the Council, in their native form, on the premise that they will be appropriately amended to reflect the governance, security, audit and operational requirements of the Council:- (Copy circulated)

- IT Policy
- Account Privilege
- Password Policy
- Anti-Virus
- Asset Disposal
- Data Retention
- Email Communications
- Firewall Policy

- Internet Usage
- Building Security Policy
- IT Equipment
- Patch Management
- Bring Your Own Device
- Printer Use
- Remote Access
- Removable Media
- Security Incident
- Server Security
- Server Space Usage
- Software Acceptance
- Software Install
- Third Party Access
- Wireless Access
- Leavers Policy
- Social Media Policy

**AGREED:** It was **AGREED** on the **PROPOSAL** of Councillor Andrews, **SECONDED** by Councillor P Clarke, to approve the above report and recommendations.

**FR/127/2015:** **FINANCIAL AND ACCOUNTING POLICIES**

**NOTED:** The following Financial and Accounting Policies were listed for approval for the month of January 2015:- (Copy circulated)

- Fixed Assets.
- Postage.
- Requests for Payments/Raising of Cheques.
- Petty Cash.
- Refund Float – Technical/Leisure Services.

**AGREED:** It was **AGREED** on the **PROPOSAL** of Councillor Burns, **SECONDED** by Councillor McAteer, to approve the above Policies and Procedures and to grant authority to relevant officers to update these Procedures as and when required.

## **HUMAN RESOURCE BUSINESS**

**FR/128/2015:** **UPDATE ON CAPACITY BUILDING FOR ELECTED MEMBERS**

**Read:** Report dated from Mrs C Miskelly updating Members on the planned learning and development activities as part of the on-going Elected Member Induction Programme and advising Members that the Local Government Training Group has had course materials designed for a 2 hour awareness session for

Elected Members on the HR and Employment Law issues associated with the change process. (Copy circulated).

**NOTED:** The next Members' Training Workshop would be held on 29 January 2015 on the subject of Representing the Council on Outside Bodies and Mrs Miskelly encouraged Members to attend.

**AGREED:** It was **AGREED** to mark the above report "noted".

**FR/129/2015:** **UPDATED PEOPLE AND ORGANISATION DEVELOPMENT FRAMEWORK**

**Read:** Report dated 20 January 2015 from Mrs C Miskelly updating Members on the Local Government People and Organisation Development Framework and seeking Council agreement to the revised Strategic Framework (**comments required by Friday 30 January 2015**).

**AGREED:** It was **AGREED** on the **PROPOSAL** of Councillor P Clarke, **SECONDED** by Councillor Stokes, to approve the above report and to confirm the Council's agreement to the revised Strategic Framework by 30 January 2015.

There being no further business the Meeting ended at 7.25 pm.

**For consideration at the Shadow Council Meeting to be held on Tuesday 3 February 2015.**

**Signed:** Councillor T Hearty  
Chairperson

Mr L Hannaway  
Chief Executive Designate





Land & Property Services.



# REVAL 2015 NI

Briefing to  
Newry, Mourne & Down District Council  
Tuesday 20<sup>th</sup> January 2015

**Alan Brontë - Commissioner of Valuation for NI**  
**Paul Boylan – Senior Valuer**



# 2015 Revaluation: What?



- This is a Non-Domestic Revaluation.
- Shops, offices, factories, warehouses, pubs, playing fields, power stations .....
- Some 73,000 properties.
- Domestic property is not involved.



# Business rates – the basics



- Tax paid on business premises and other non-domestic properties.
- Billed at NI level using regional & local rate multipliers to calculate the bill.
- Funds contribute directly towards cost of district council services and regional services.



# Business rates: the basics - who's who?

- Department of Finance & Personnel (DFP) set policy framework, rate reliefs and regional rate
- District Councils strike district rate multipliers & fix total amount of district rates to be billed
- LPS (valuation) assess the rateable value (NAV) used to apportion out the liability
- LPS (revenues) calculate bills using multipliers, apply reliefs, collect rates, & redistribute monies.



# How do we re-value?



- LPS Valuers follow the market by analysing all relevant transactions and then assessing a rental value for every property as at set date.
- The last revaluation in 2003 had its market rental value fixed as at 1 April 2001.
- Under statute, for Revaluation 2015 the valuation date is fixed as 1 April 2013



# Why 2013?



- Date fixed two years in advance to ensure that information to support the valuation process is available.
- Common date ensures fairness and is the same for all ratepayers.
- In future, as new buildings built, valued at 2013



# 2015 Revaluation: How do we re-value?



- The revaluation process involves a number of key stages:
  - Information gathering – evidence of actual rent paid
  - Adjustment and analysis of that evidence
  - Market research
  - Preparation of valuation schemes
  - Application of those schemes to individual properties



# 2015 Revaluation: How do we re-value?



- In some cases we use trading receipts to establish rateable value.
- In others we use building costs and land values.
- Aim is always to establish rental value as at 1 April 2013.





# 2015 Revaluation: Why?



- Revaluation maintains fairness in the rating system by redistributing liabilities according to any differential movement in values that has occurred in the market over the period since the last revaluation.
- It is the process that brings Rateable Values back into line with modern Rental Values.
- Revaluation will create a closer, fairer and more uniform relationship between ability to pay and liability.



# 2015 Revaluation: Why?



- Revaluations in NI in 1976, 1997 and 2003. Cancelled 2010.
- In GB since 1990, happened every five years - last 2010, cancelled 2015, next 2017.
- NI must restore balance to the system – unfair distribution - major inequities. Hindering recovery.



# 2015 Revaluation: Its not about increasing taxes!



- An increase in the NAV of a property does not necessarily mean an equivalent increase in the rate bill.
- The district and regional rate - added together become the rate poundage used to calculate the rate bills.
- Rate poundage adjusted (often downwards) at revaluation, as revaluations are designed to be revenue neutral.



# Changes from 2001



- Changes from 2001 to 2013 (12 years!)
- Social, economic and political change
- How we shop, when we shop, where we work, where we eat.....
- The boom years followed by deep recession
- Some signs now of green shoots in NI



# 2015 Revaluation: Overall emerging outcome



	<b>2003 List</b>	<b>2015 List</b>	Overall change (growth) in value
Total NAV	£1,421 m	£1,536 m	8% - factor of 1.08 (rounded)



# Overall growth?

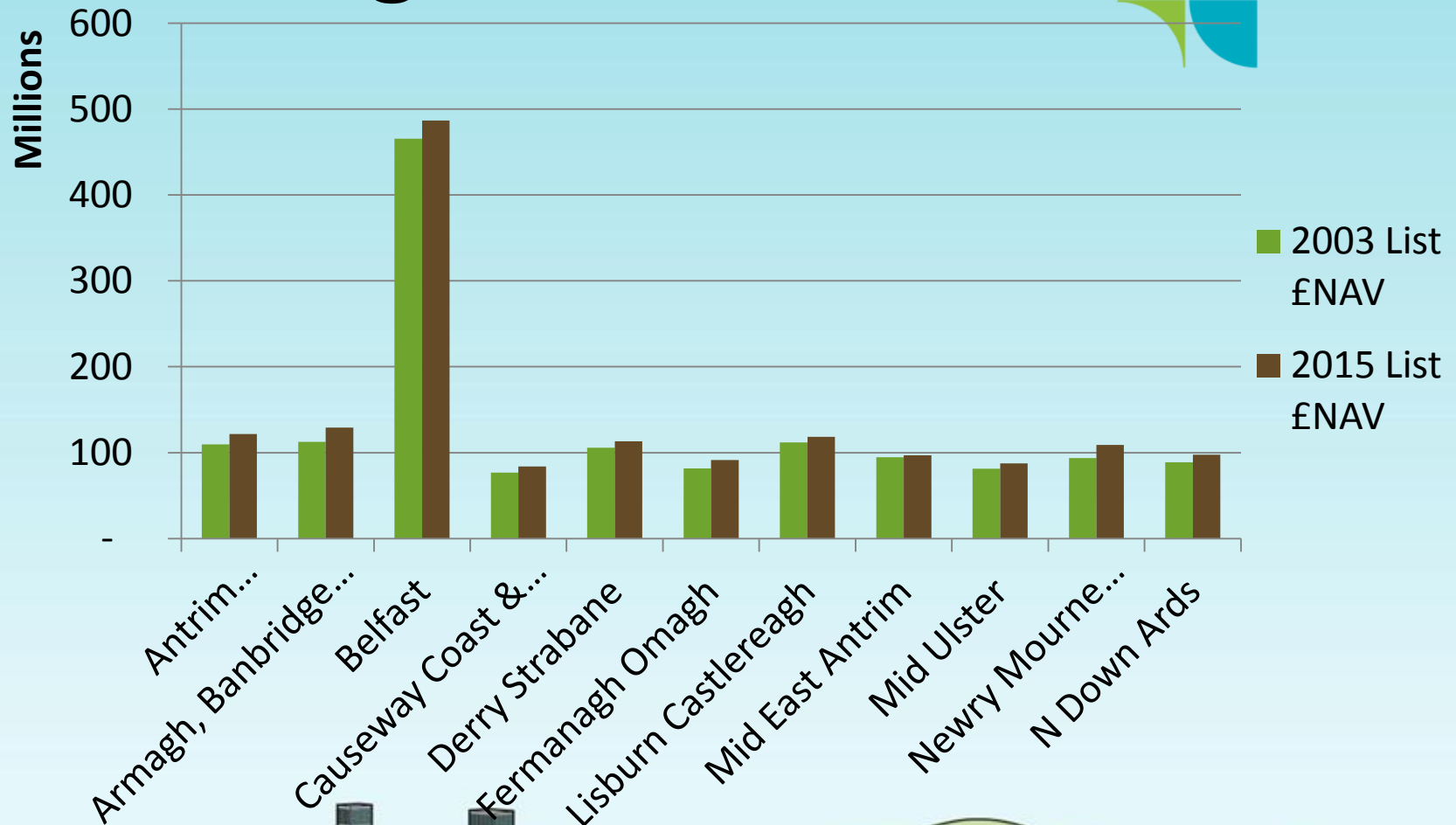


.....The Minister said: “This growth of course does not translate into a corresponding overall increase in rate bills, revaluations are revenue neutral. The Executive and new councils will not raise any more money because of the revaluation. However, the amount raised will be redistributed between non-domestic ratepayers on a fairer basis using modern rental values.”

(extract from Press Release by Finance Minister Simon Hamilton, MLA on 13 November 2014)



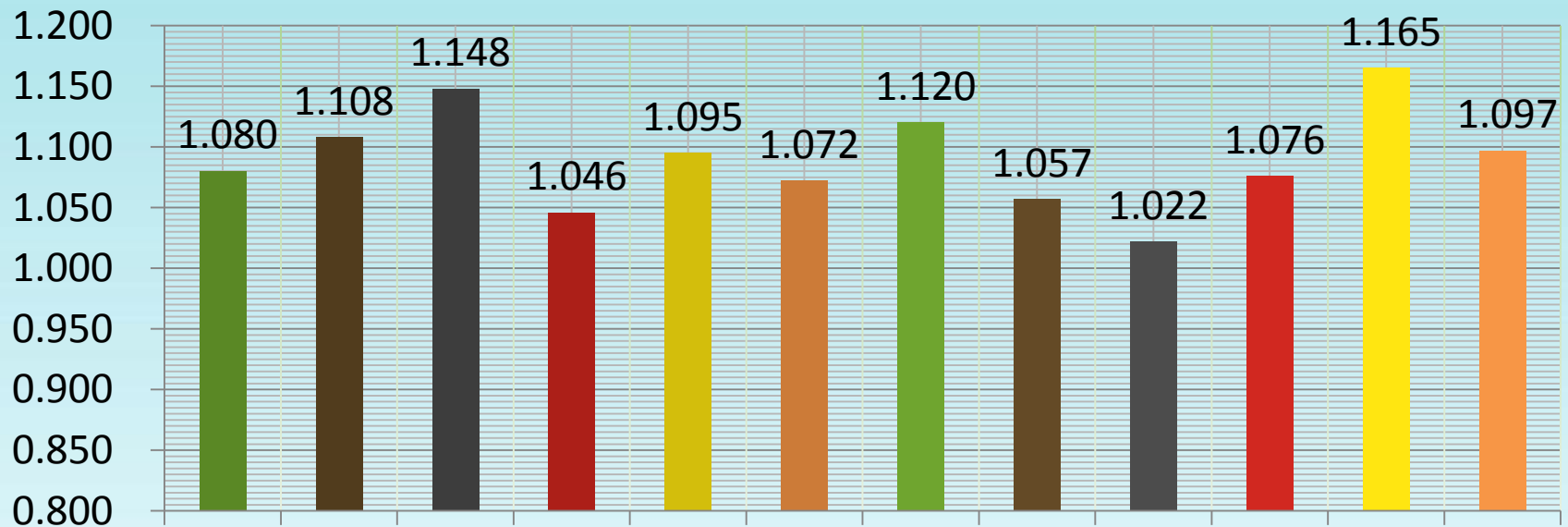
# NAV changes - Councils



# NAV changes - Councils



## Revaluation 2015 Growth Factors





# Hypothetically speaking – all properties



- Property current NAV of £10,000

Rate in £	<u>X</u>	<u>£0.61</u>
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Notional liability		£ 6,100
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- Property 2015 NAV of £10,800 (factor 1.08)

Rate in £	<u>X</u>	<u>£0.565</u>
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Notional liability		£6,100
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# Showing the principle of NAV up and liability down



- Shop 2003 NAV of £7,000  
Rate in £ X £0.61  
Notional liability £4,270
- Shop 2015 NAV of £7,420 (eg factor 1.06)  
Rate in £ X £0.565  
Notional liability £4,193 ( -2%)



# Showing the principle of NAV up but smaller liability increase



- Shop with 2003 NAV of £20,000

Rate in £  $\times$  £0.61

Notional liability of £12,200

- Shop with 2015 NAV of £22,000 (factor 1.10)

Rate in £  $\times$  £0.565

Notional liability of £12,430 (+2%)



# Timetable



- October 2014: Overall values to Councils to start rate setting – Estimated Penny Product (EPP). ✓
- November 2014: release of draft values online. ✓
- February 2015: rate poundages struck.
- February 2015: final List published online.
- 1 April 2015: rate bills issued using new values.



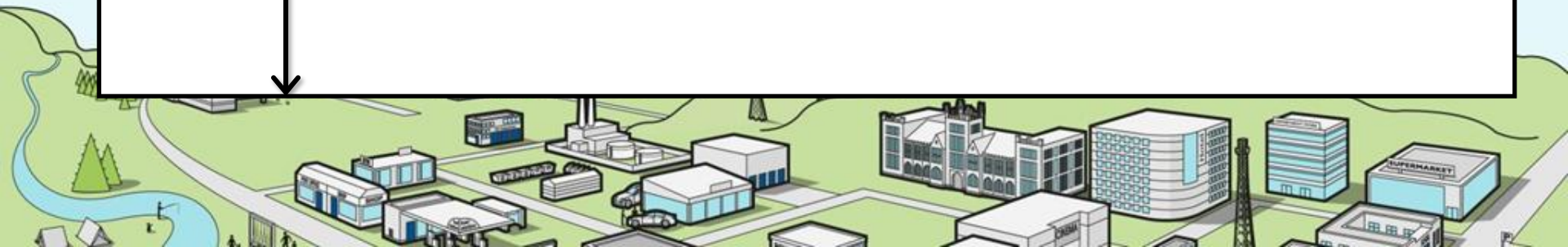
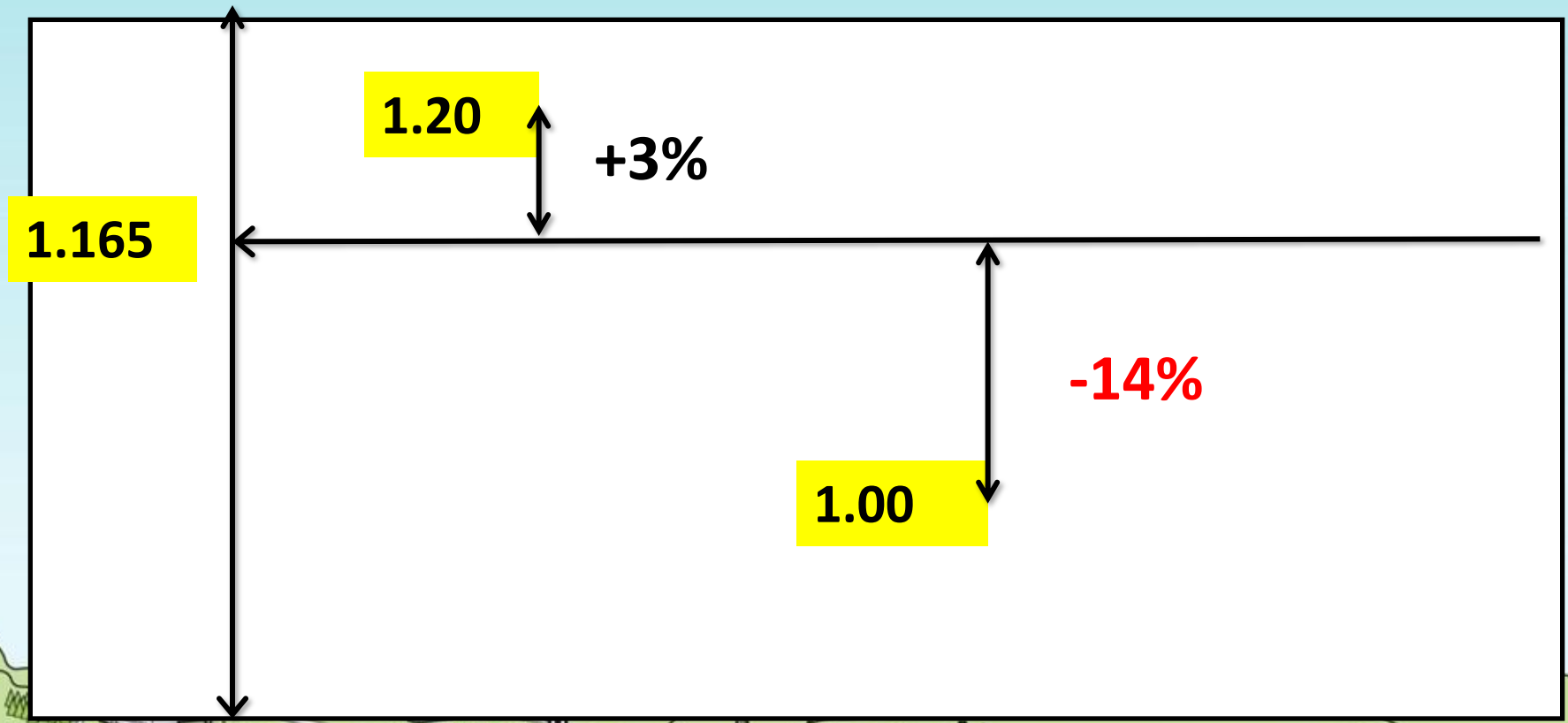
# Total NAV change by sector (Briefing - Table 2)



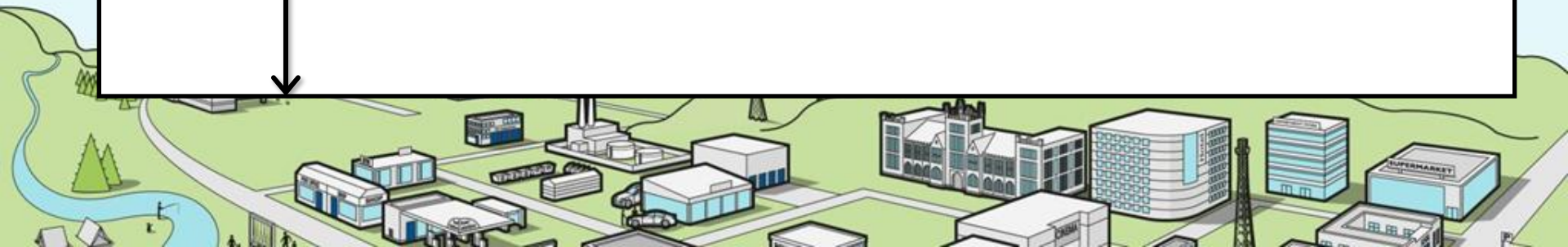
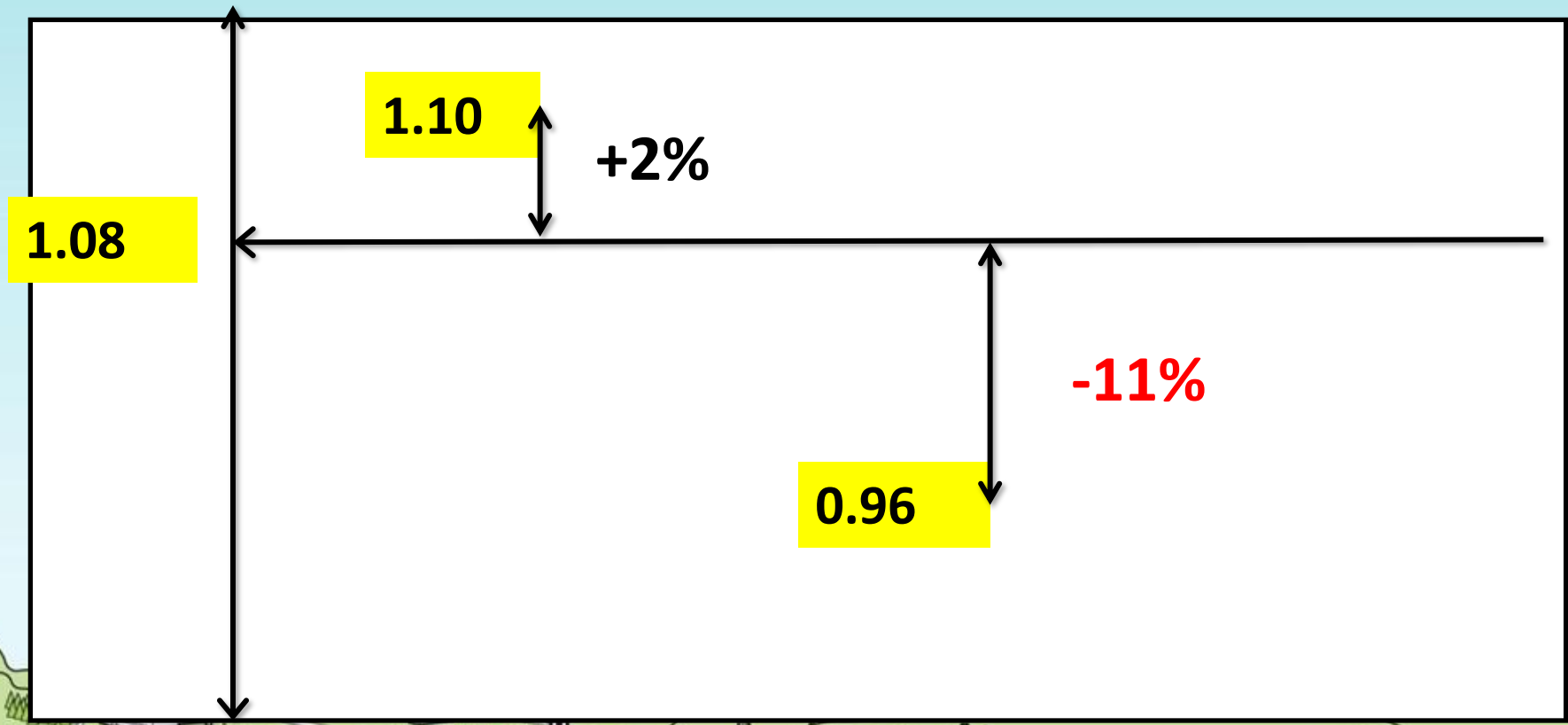
All	Current List	New List	Growth
Offices	£240m	£261m	1.09
All Retail	£407m	£412m	1.01
Warehouse, Stores etc	£150m	£159m	1.06
Industrials	£143m	£146m	1.01
Public Sector	£187m	£194m	1.04
Utilities	£66m	£95m	1.44



# Liability district rate change: based on neutral rate decision



# Liability regional rate change: based on neutral rate decision



# Sector liability change -based on averages



All	Current List	New List	Growth	% liability sector change
Offices	£240m	£261m	1.09	+1%
All Retail	£407m	£412m	1.01	-6%
Warehouse, Stores	£150m	£159m	1.06	-2%
Industrials	£143m	£146m	1.01	-6%
Public Sector	£187m	£194m	1.04	-4%
Utilities	£66m	£95m	1.44	+33%





# 2015 Revaluation: Overall emerging outcome



- Total rateable value (NAV) up from £1,421m (2003) to £1,536m (2015)
- Equates to a **NI growth factor of 1.08**
- Hypothetically rate poundage could be adjusted downward from say £0.61 to approximately £0.565



# Numbers of Properties

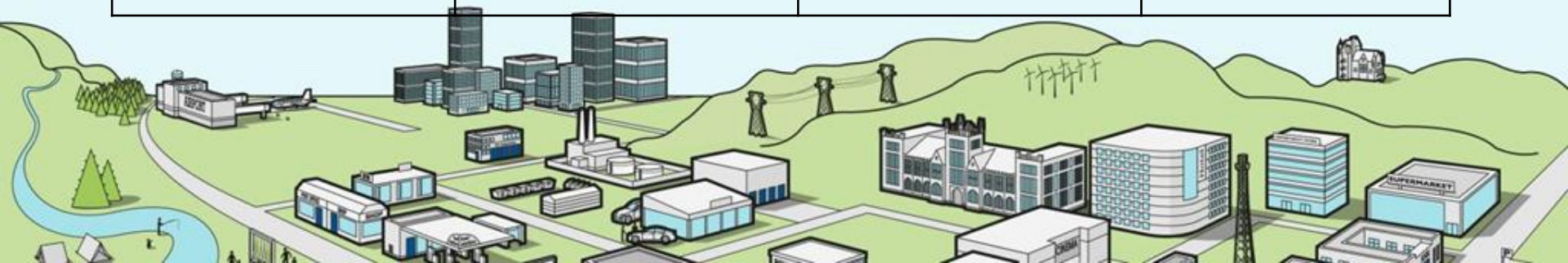
	<b>Northern Ireland</b>	<b>Newry and Mourne</b>	<b>Down</b>
<b>Shops / retail</b>	<b>19,800</b>	<b>1,197</b>	<b>776</b>
<b>Offices</b>	<b>15,800</b>	<b>731</b>	<b>467</b>
<b>Warehouses/ storage</b>	<b>13,500</b>	<b>757</b>	<b>500</b>
<b>Manufacturing</b>	<b>4,250</b>	<b>278</b>	<b>131</b>
<b>All Properties</b>	<b>73,000</b>	<b>3,934</b>	<b>2,708</b>



# Change – Newry and Mourne (Briefing - Table 3)



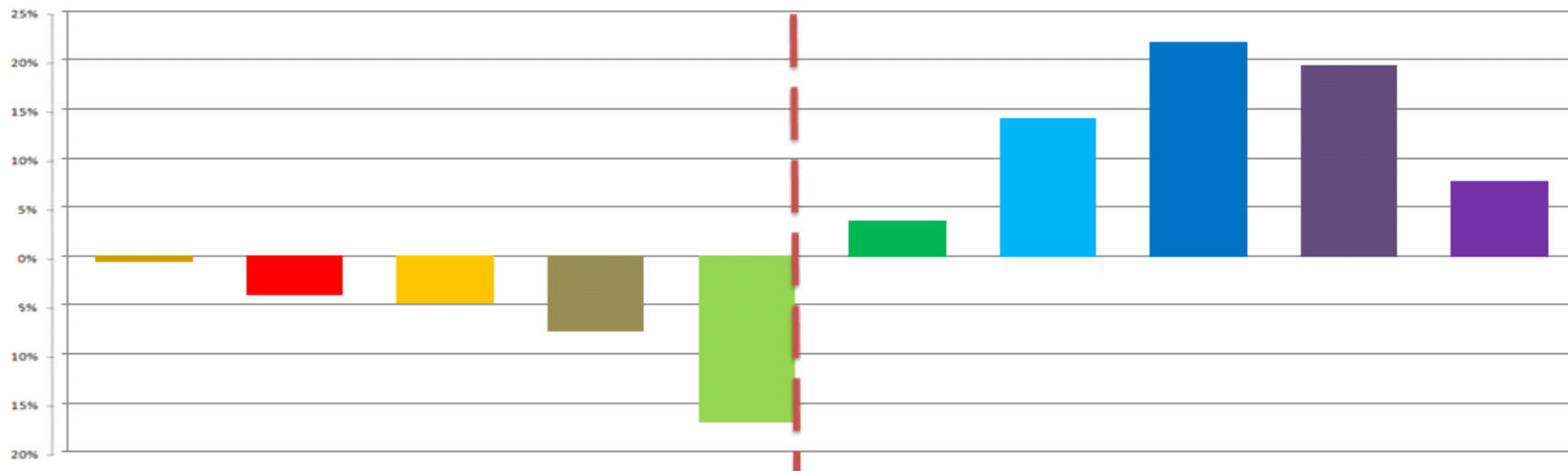
Newry and Mourne District Council Area	Current Valuation List Total NAV	New Draft Valuation List Total NAV	Growth Factor
Offices	£5.3m	£7.4m	1.38
Retail	£22.1m	£24.2m	1.10
Warehouse, Stores etc	£6.6m	£7.6m	1.15
Industrials	£6.9m	£7.4m	1.08
<b>All Properties</b>	<b>£60.2m</b>	<b>£70.3m</b>	<b>1.17</b>



# NAV growth: Newry and Mourne (Briefing - Table 4)

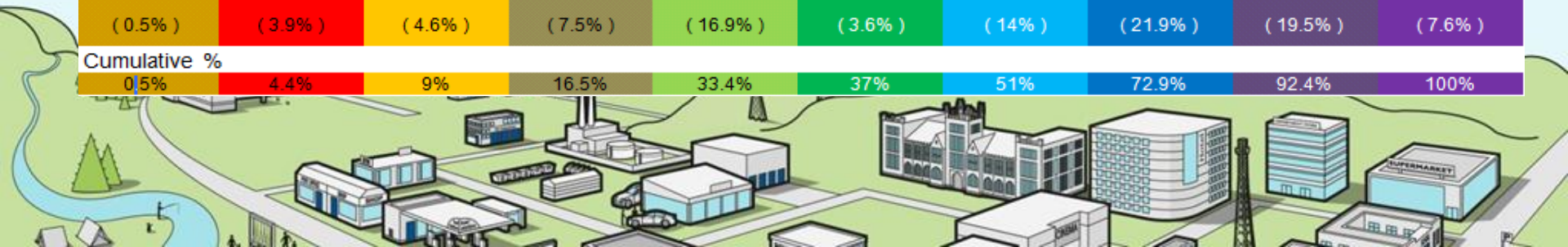


NAV Growth Bands :- Newry & Mourne



Newry & Mourne weighted council growth factor : 1.12

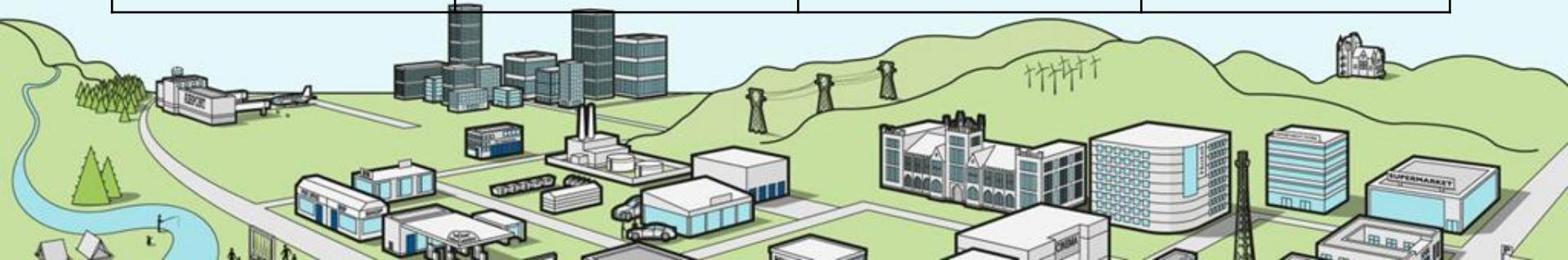
Band	Band	Band	Band	Band	Band	Band	Band	Band	Band
0.55 and less	0.55 - 0.8	0.8 - 0.9	0.9 - 1	1 - 1.12	1.12 - 1.15	1.15 - 1.25	1.25 - 1.5	1.5 - 2	greater than 2
18 properties ( 0.5% )	155 properties ( 3.9% )	181 properties ( 4.6% )	296 properties ( 7.5% )	664 properties ( 16.9% )	140 properties ( 3.6% )	552 properties ( 14% )	860 properties ( 21.9% )	768 properties ( 19.5% )	300 properties ( 7.6% )
Cumulative %									
0.5%	4.4%	9%	16.5%	33.4%	37%	51%	72.9%	92.4%	100%



# Change – Down (Briefing Table 3)



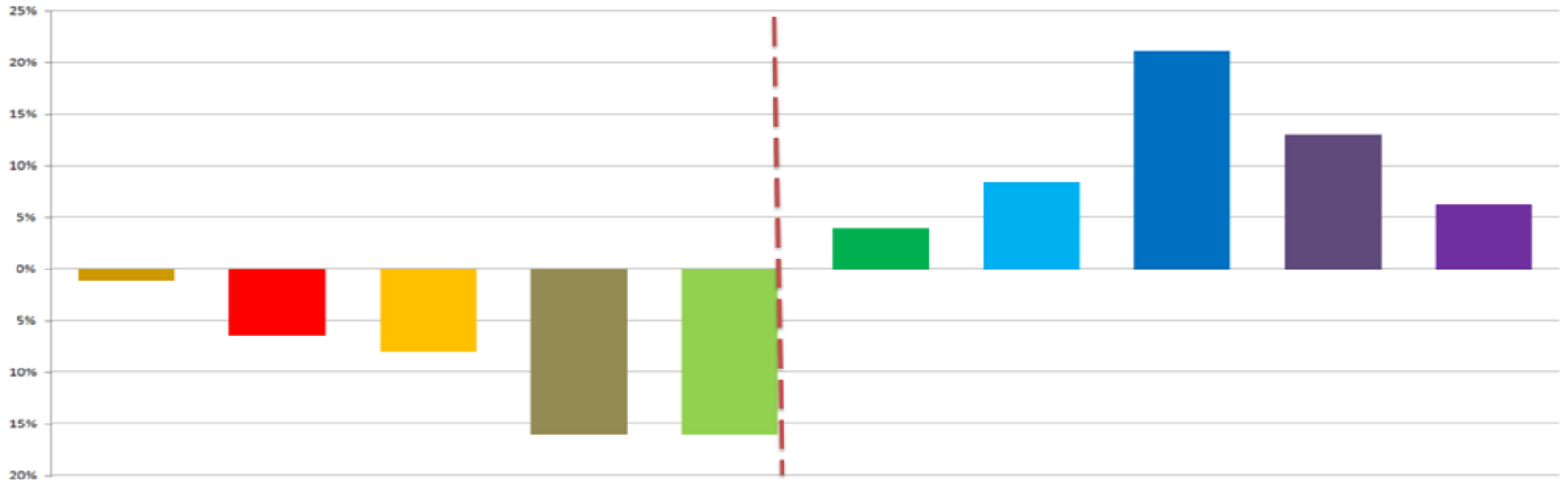
Down District Council Area	Current Valuation List Total NAV	New Draft Valuation List Total NAV	Growth Factor
Offices	£3.2m	£4.2m	1.31
Retail	£7.2m	£8.6m	1.20
Warehouse, Stores etc	£3.0m	£3.2m	1.07
Industrials	£2.2m	£2.4m	1.12
<b>All Properties</b>	<b>£32.9m</b>	<b>£38.0m</b>	<b>1.16</b>



# NAV growth: Down (Briefing Table 4)

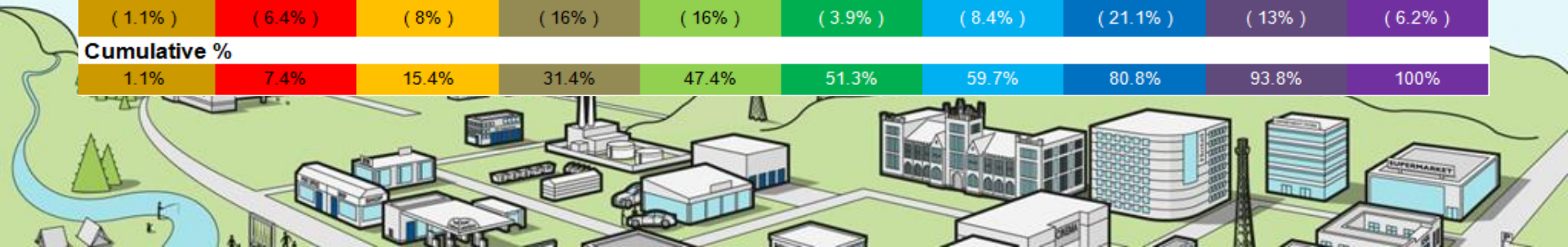


NAV Growth Bands :- Down



Down weighted council growth factor : 1.11

Band	Band	Band	Band	Band	Band	Band	Band	Band	Band
0.55 and less	0.55 - 0.8	0.8 - 0.9	0.9 - 1	1 - 1.11	1.11 - 1.15	1.15 - 1.25	1.25 - 1.5	1.5 - 2	greater than 2
29 properties ( 1.1% )	172 properties ( 6.4% )	216 properties ( 8% )	434 properties ( 16% )	432 properties ( 16% )	106 properties ( 3.9% )	227 properties ( 8.4% )	571 properties ( 21.1% )	352 properties ( 13% )	169 properties ( 6.2% )
<b>Cumulative %</b>									
1.1%	7.4%	15.4%	31.4%	47.4%	51.3%	59.7%	80.8%	93.8%	100%



# Checking the values



## Checking your new rateable value

- Ask - could I have rented the property for this figure on 1 April 2013?
- How does it compare to similar properties near me?
- Check the new draft Valuation List online.
- Take professional advice.



# 2015 Revaluation: Help



- Nov 2014 onwards – LPS staff can explain about revaluation and the new draft values.
- Post 1 April 2015 - application to District Valuer to review NAV.
- If necessary, then subsequent appeal to Commissioner of Valuation.
- If necessary, then subsequent appeal to Lands Tribunal for NI.





# Help available for Business Rates

see [www.nibusinessinfo.co.uk](http://www.nibusinessinfo.co.uk)



- Small Business Rate Relief
- Empty Premises Relief
- Small Business Rate Relief for small Post Offices
- Charitable Exemption
- Sport and Recreation Rate Relief
- Residential Homes Rate Relief
- Industrial Derating
- Non-Domestic Vacant Rating
- Hardship Relief
- Automatic telling machines (ATMs) in rural areas
- Shop Window Displays



# Small Business Rate Relief



33,020 properties in NI have benefitted from SBRR since April 2010 - £61.9 million in relief to date.

1,893 properties have benefitted in Newry and Mourne District Council area.

The total SBRR awarded to date is £3.44 million.

1,808 properties have benefitted in Down District Council area.  
The total SBRR awarded to date is £3.58 million.



## ○ Useful contacts:

Reval website: [www.reval2015ni.gov.uk](http://www.reval2015ni.gov.uk)

Telephone help line: 0300 200 7801

Help with rates: [www.nibusinessinfo.co.uk](http://www.nibusinessinfo.co.uk)





Land & Property Services.



REVAL 2015 NI





## **REVAL 2015 NI**

### **LOCAL BRIEFING: NEWRY & MOURNE DISTRICT COUNCIL AREA**

**13 November 2014**

#### **What is the Non-domestic Rates Revaluation?**

A rates revaluation is the full reassessment of the individual net annual values (NAVs) of all 73,000 non-domestic properties in Northern Ireland. This will bring NAVs in to line with modern market rents. The common valuation date for this Revaluation is April 2013. The last Non-domestic Revaluation was in 2003. Currently business rates are based on 2001 values.

Following the Revaluation, the rating burden will be redistributed in a fairer way because the proportion of the rate burden that each business ratepayer pays will be shared out relative to more up to date rental values.

The amount of money to be raised through rates will not change as a direct result of Reval 2015 NI. The purpose of a revaluation is to maintain fairness in the rating system not to raise more revenue.

#### **Why is there a revaluation now?**

The last revaluation was in 2003. If we continue to use rateable values based on outdated levels of rent, this undermines fairness and acceptability of the system.

For example, businesses in areas and sectors which have experienced an above average economic decline since the last revaluation in 2003 may now be paying too much in rates. Others are likely to be paying too little. The only way to tackle this imbalance is to carry out a new revaluation.

### **Who asked for this revaluation?**

The revaluation has been carried out in response to calls from business organisations and the NI Assembly. Land & Property Services (LPS) was commissioned by the NI Executive in April 2012 to carry out a revaluation of all non-domestic property in Northern Ireland.

### **Who assessed these new rateable values?**

LPS assessed the new rateable values. LPS is part of the Department of Finance and Personnel and is responsible for all rating, valuation, mapping and land registration services in Northern Ireland.

LPS maintains the largest property database in Northern Ireland, including information on rents, lease details, use of property, floor space and property characteristics such as quality and repair.

### **What is the basis of the rateable values?**

The rateable value is an estimate of the annual rental value of a property, as at April 2013. The statutory basis is established by the Rates (NI) Order 1977. This applies to all properties whether they are rented, owner-occupied or vacant.

### **What data was collected by LPS for the revaluation?**

During 2013 LPS issued a Form of Return (FOR) to every non-domestic property in Northern Ireland. The FOR is a request for rental and lease information. LPS also asked for information relating to turnover or throughput for specific property types, such as hotels and petrol filling stations.

All FOR information is used by LPS to establish the new rateable values. LPS received over 25,500 completed FORs from ratepayers.

### **Why would a rateable value or NAV go up?**

The rateable value has gone up because the estimated rental value of the property has changed since 2003 to 2013.

The rateable value has been assessed by looking at other similar rented properties in the vicinity, and making any appropriate adjustments. At each revaluation LPS value each property again from scratch using actual rental evidence gathered from occupiers and landlords.

A ratepayer's own rent may be different from their rateable value; that is because LPS look at all rents for each type of property in all locations, not just the individual rent paid on that property, which may be unduly affected by the particular circumstances of the landlord or tenant.

Social, economic and environmental circumstances change over time and do not affect all property sectors or geographical areas in the same way.

### **If a rateable value has gone up, does that mean the ratepayer will be paying more?**

Not necessarily. It depends how much the rateable value has increased compared to the average increase and a number of other factors. It is important to note that the impact on business ratepayers will depend on the relative changes in local rental values since the last non-domestic revaluation, i.e. since April 2003, not just rental changes over the last few years.

Individual ratepayers who notice their value has only gone up a little could easily find their rate liability next year won't change much; they should wait and see before jumping to conclusions. This is because:

- the tax rate (i.e. the Regional or District Rates, which are expressed in pence per pound of value) will be adjusted and could easily go down a little, because at the Northern Ireland level the total value of the Valuation List is up;
- relief will be given to ratepayers who would otherwise be affected adversely by Local Government reorganisation; and
- There may be other support available after the revaluation such as a new Small Business Rate Relief Scheme.

As a rough guide it is reasonable to say at this stage that, if a rateable valuation has gone up significantly ratepayers are likely to pay more next year. If it has gone down by any amount they are likely to pay less. If it has not changed much at all, they will not see much difference in their rate bill.

### **What will the impact be on rate bills?**

After the revaluation some business rate bills will go down but some will go up. Many could stay the same. The impact of the revaluation on the rate liability of a property can be gauged by comparing the change of the individual rateable value to the average change for the Council area. If the increase, for example, is less than the district increase, then the rate liability is likely to be unchanged or reduced.

The release of the schedule of draft rateable values will not enable business ratepayers to calculate their rate bill at this point, because, while the rateable value is a key factor in the calculation of non-domestic rates, it is not the only factor.



It is only when the district councils set the District rate in the pound and the NI Executive set the Regional rate in the pound that rate bills can be calculated. This will happen in February 2015.

### **What is the NI Growth factor?**

This is the increase of the total NAV of all 73,000 non domestic properties in Northern Ireland from the current Valuation List to the new draft Valuation List.

The total NAV has increased by £115 million from £1,421 million to £1,536 million. This is a NI Growth factor of 1.08 or 8%.

### **What is the Council Growth factor?**

This is the increase of the total NAV of all the non domestic properties in a Council area from the current Valuation List to the new draft Valuation List.

In Newry & Mourne the total NAV has increased by £10.1 million from £60.2 million to £70.3 million. This is a Council Growth factor of 1.17 or 17%.

### **What is the Weighted Council Growth factor?**

The Weighted Council Growth factor is used to give an indication of what the rate liability would have been this year for a property on the basis of its new NAV.

Each council rate poundage is a combination of two elements – the District Rate and the Regional Rate. The Regional Rate for each council is the same; in 2014/15 it is 0.3391. The District Rate for each council is different.

New District and Regional Rates will not be known until February 2015.

LPS has used the relationship between the District Rate and the Regional Rate and applied this to the NI Growth and Council Growth factors to estimate a Weighted Council Growth factor for each council.

The NI Growth Factor of 1.08 and the Newry & Mourne Council Growth Factor of 1.17 produces a Weighted Council Growth Factor of 1.12.

The change to an individual property NAV can be compared to the Weighted Council Growth factor to give an indication of what the rate liability would have been for that property on the basis of its new NAV.

For illustrative purpose, if the new NAVs were used this financial year and the property NAV change is below the Weighted Council Growth factor then it is likely that the rate bill would have been lower this year.

Conversely, if the new NAVs were used this financial year and the property NAV change is above the Weighted Council Growth factor then it is likely that the rate bill would have been higher this year.

In the Newry & Mourne District Council area 33.4% of properties show a change in value less than the Weighted Council Growth factor. This means that if the new values had been used in 2014/15 those ratepayers would likely have seen a decrease in their rate bill.

### **What is the schedule of draft rateable values?**

LPS released a schedule of draft rateable values on 13<sup>th</sup> November 2014; this can be accessed from its dedicated Reval website [www.reval2015ni.gov.uk](http://www.reval2015ni.gov.uk).

The schedule lists all non-domestic property in Northern Ireland, including addresses, current rateable values, new rateable values and the % change in value as a result of the revaluation.

### **When do the draft values come into effect?**

The schedule will remain as a draft and subject to change until finally published as the new Valuation List in February 2015. Rate bills issued in April 2015 will be based on the new Valuation List. The current Valuation List continues until 31 March 2015 and will continue to be maintained by LPS until that date.

The current List can be viewed at [www.dfpni.gov.uk/lps/valuation-lists.htm](http://www.dfpni.gov.uk/lps/valuation-lists.htm).

### **Why bother releasing the values now if these other factors affecting next year's rate bill are not known yet?**

It's to let ratepayers see their new values as early as possible and to allow them to query the figure, if necessary - particularly if any ratepayer considers it is not a reasonable assessment of what someone would pay in annual rent or it is out of line with similar properties in the vicinity.

### **How are rate bills calculated?**

To calculate the rate bill a simple equation is used:

Rateable Value X Rate Poundage (district rate in the pound + regional rate in the pound) = Rate Bill, less any allowances (e.g. Small Business Rate Relief, Industrial Derating, and Empty Premises Relief).

### **What are the rate poundages for 2015/16?**

Now that the new overall draft rateable values figures are known, the local councils and the NI Executive are in the process of deciding the rate poundages, i.e. the multiplier

used to calculate the required amount of money to fund public services in Northern Ireland. Rate poundages will be announced in February 2015.

### **What help is available to business ratepayers to pay their rate bill?**

The issue of Small Business Rate Relief following the revaluation is under active consideration, informed by an evaluation of the effectiveness of the current scheme recently completed by the NI Centre for Economic Policy at the Ulster University. A further announcement will be made in the coming weeks. In the meantime, the 2015/16 Draft Budget proposes the continuation of a Small Business Rate Relief scheme for a further year offering £20 million of support next year to thousands of Northern Ireland's small businesses.

Entitlement to other reliefs, for example Industrial Derating, Exemption, Sport and Recreation relief, is unaffected by the revaluation. Domestic ratepayers are also unaffected.

Local Government Reform changes, which reduce the number of councils from 26 to 11 in April 2015, will be addressed through a £30 million support scheme.

The scheme delivers £30 million of direct support to both domestic and non-domestic ratepayers who would otherwise have faced sudden and excessive increases in their rate bills because of the differences that currently exist between the rates set by the existing councils.

This rate support will be phased over the four year term of the council, with an 80% reduction on the increased portion of rate bills next year, followed by a subsidy of 60%, 40%, and 20% in the remaining years of the scheme. Discounts will be automatically applied to the district rate shown on the rate bill from next year for the life of the scheme and therefore there is no need for anyone to claim it.

### **Can ratepayers challenge their draft rateable value?**

Business ratepayers cannot formally challenge the valuation until April 2015 when it becomes the statutory Valuation List, but they can make LPS aware today of any concerns they have regarding their valuation.

## **NON DOMESTIC REVALUATION - FACTS AND FIGURES**

### **The non domestic Valuation List**

The non domestic Valuation List contains 73,000 non-domestic properties. This includes:

- 19,800 shops / retail premises.
- 15,880 office premises.
- 13,500 warehouse and storage premises.
- 4,250 manufacturing premises.
- 1,340 licensed public houses.
- 1,285 schools.
- 3,200 churches and church halls.

The non domestic Valuation List for Newry & Mourne District Council area contains 3,934 non-domestic properties. This includes:

- 1197 shops / retail premises.
- 731 office premises.
- 757 warehouse and storage premises.
- 278 manufacturing premises.
- 99 licensed public houses.
- 78 schools.
- 171 churches and church halls.

## **The value of the Lists**

- The Northern Ireland total non-domestic rateable value of the current Valuation List is £1,421 million.
- The Northern Ireland total non-domestic rateable value of the new draft Valuation List is £1,536 million.
- This is an overall increase of £115 million or 8%.
- The total non-domestic rateable value of the current Valuation List for Newry & Mourne District Council area is £60.2 million.
- The total non-domestic rateable value of the new draft Valuation List for Newry & Mourne District Council area is £70.3 million.
- This is an overall increase of £10.1 million or 17%.

## **Small Business Rate Relief**

- 33,020 properties in Northern Ireland have benefitted from Small Business Rate Relief since it was introduced in April 2010.
- The total amount of Small Business Rate Relief awarded to date in Northern Ireland is £61,989,611
- 1,893 properties have benefitted from Small Business Rate Relief in the Newry & Mourne District Council area since it was introduced in April 2010.
- The total amount of Small Business Rate Relief awarded in the Newry & Mourne District Council area to date is £3,435,721.

## **NON-DOMESTIC REVALUATION – HELP AVAILABLE FOR BUSINESS RATES**

There are a number of reliefs available to business ratepayers. These schemes include:

- Small Business Rate Relief
- Empty Premises Relief
- Small Business Rate Relief for small Post Offices
- Charitable Exemption
- Sport and Recreation Rate Relief
- Residential Homes Rate Relief
- Industrial Derating
- Non-Domestic Vacant Rating
- Hardship Relief
- Automatic telling machines (ATMs) in rural areas
- Shop Window Displays

Ratepayers can find out more about the various reliefs and allowances available and how to apply for them, if they are eligible, at

<http://www.nibusinessinfo.co.uk/content/help-available-business-rates>



**Table 1**
**Total NAV of Current Valuation List and New Draft Valuation List**
**Existing Councils**

<b>Council</b>	<b>Current Valuation List Total NAV</b>	<b>New Draft Valuation List Total NAV</b>	<b>Council Growth Factor</b>	<b>Weighted Council Growth Factor</b>
Antrim Borough	£46,885,426	£52,737,672	1.12	1.10
Ards Borough	£33,045,806	£37,008,553	1.12	1.10
Armagh City & District	£27,299,675	£33,479,747	1.23	1.15
Ballymena Borough	£49,940,567	£51,465,393	1.03	1.06
Ballymoney Borough	£11,231,097	£13,238,534	1.18	1.12
Banbridge District	£20,329,048	£22,471,656	1.11	1.09
Belfast City	£444,566,021	£462,898,456	1.04	1.06
Carrickfergus Borough	£21,312,709	£24,851,494	1.17	1.12
Castlereagh Borough	£48,767,017	£53,023,488	1.09	1.08
Coleraine Borough	£43,450,665	£45,650,078	1.05	1.07
Cookstown District	£22,811,836	£23,876,708	1.05	1.07
Craigavon Borough	£64,777,219	£72,879,547	1.13	1.10
Derry City	£88,595,987	£92,830,367	1.05	1.07
Down District	£32,850,783	£38,048,941	1.16	1.11
Dungannon & South Tyrone Borough	£37,145,261	£39,761,615	1.07	1.08
Fermanagh District	£46,839,582	£52,341,616	1.12	1.09
Larne Borough	£23,463,414	£20,512,374	0.87	0.99
Limavady Borough	£15,314,659	£18,020,584	1.18	1.12
Lisburn City	£83,685,851	£90,054,255	1.08	1.08
Magherafelt District	£21,803,837	£24,532,553	1.13	1.10
Moyle District	£6,636,032	£7,352,365	1.11	1.09
Newry & Mourne District	£60,182,986	£70,316,893	1.17	1.12
Newtownabbey Borough	£62,734,827	£68,948,078	1.10	1.09
North Down Borough	£55,842,885	£60,641,343	1.09	1.08
Omagh District	£34,810,300	£38,820,422	1.12	1.09
Strabane District	£17,138,853	£20,572,504	1.20	1.13
<b>NI Totals</b>	<b>£1,421,462,343</b>	<b>£1,536,335,236</b>	<b>1.08</b>	

**Table 2**
**Total NAV of Current Valuation List and New Draft Valuation List**
**Main property sectors – Northern Ireland**

<b>Northern Ireland</b>	<b>Current Valuation List</b>	<b>New Draft Valuation List</b>	<b>Growth Factor</b>
	<b>Total NAV</b>	<b>Total NAV</b>	
Offices	£240m	£261m	1.09
Retail	£407m	£412m	1.01
Warehouse, Stores etc	£150m	£159m	1.06
Industrials	£143m	£145m	1.01
<b>All NI Properties</b>	<b>£1,421m</b>	<b>£1,536m</b>	<b>1.08</b>

**Table 3**
**Total NAV of Current Valuation List and New Draft Valuation List**
**Main property sectors – Newry & Mourne District Council**

<b>Newry &amp; Mourne District Council Area</b>	<b>Current Valuation List</b>	<b>New Draft Valuation List</b>	<b>Growth Factor</b>
	<b>Total NAV</b>	<b>Total NAV</b>	
Offices	£5.3m	£7.4m	1.38
Retail	£22.1m	£24.2m	1.10
Warehouse, Stores etc	£6.6.m	£7.6m	1.15
Industrials	£6.9m	£7.4m	1.08
<b>All Properties</b>	<b>£60.2m</b>	<b>£70.3m</b>	<b>1.17</b>

**Table 4**

**NAV Growth Bands - All Non Domestic Properties**

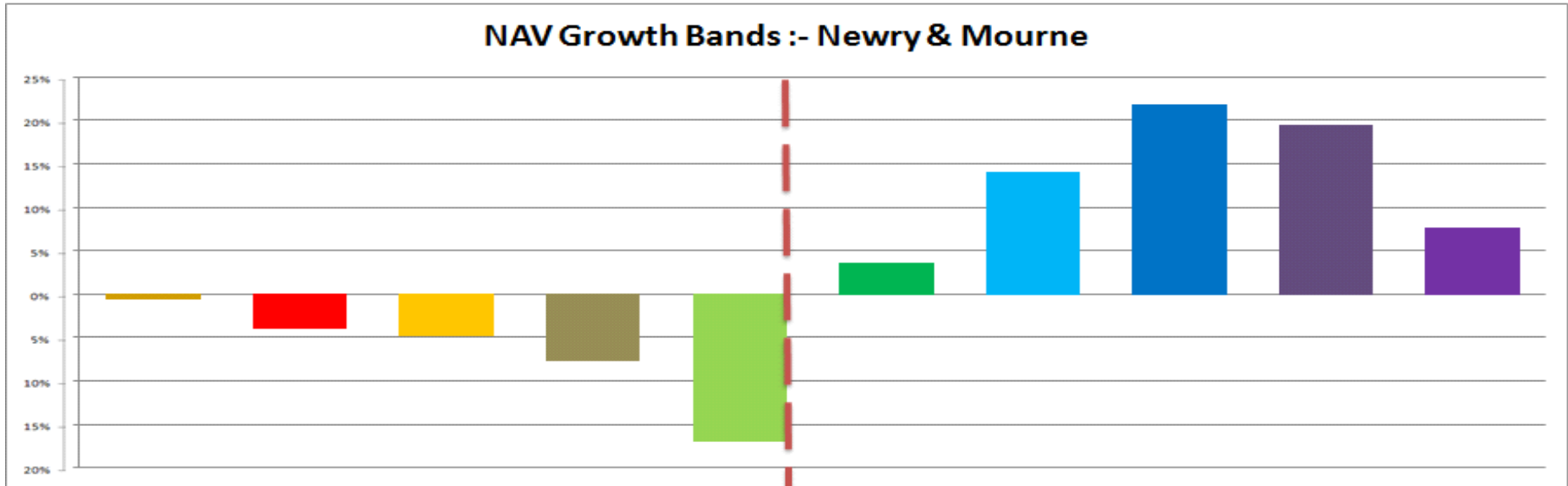
**Newry & Mourne District Council Area**

<b>Net Annual Value (NAV) Growth Band</b>	<b>Number of Properties</b>	<b>Percentage of Total</b>	<b>Cumulative Percentage</b>
0.55 and lower	18	0.5%	0.5%
0.55 to 0.80	155	3.9%	4.4%
0.80 to 0.90	181	4.6%	9.0%
0.90 to 1.00	296	7.5%	16.5%
1.00 to 1.12	664	16.9%	33.4%
1.12 to 1.15	140	3.6%	37.0%
1.15 to 1.25	552	14.0%	51.0%
1.25 to 1.50	860	21.9%	72.9%
1.50 to 2.00	768	19.5%	92.4%
2.0 and higher	300	7.6%	100.0%
	3934	100.0%	

**Table 5**
**Examples of Revaluation impact on values**

<b>Newry &amp; Mourne District Council Area</b>	
<b>High streets - shops</b>	
Hill Street, Newry	0.86
Monaghan Street, Newry	1.00
Sugar Island, Newry	1.02
Newry Street, Bridge Street, Kilkeel	1.20
Church Street, Warrenpoint	1.17
North Street/The Square, Crossmaglen	1.55
Main Street, Camlough	1.55
Main Street, Forkhill	1.09
Main Street, Hilltown	1.17
<b>Retail parks</b>	
Damolly Retail Park	1.17
Old Creamery Retail Park	1.37
Crossmaglen Retail Park	0.80
<b>Shopping centres</b>	
The Quays	0.80
Buttercrane	0.71
<b>Large foodstores</b>	
Sainsburys, The Quays	1.35
Tesco Newry	1.41
Fiveways Newry	1.56
<b>Offices</b>	
Hill Street, Newry	1.07
Drumalane Mill, Newry	1.19
Monaghan Court, Newry	1.68

<b>Table 5 continued</b>	
<b>Warehouses</b>	
Carnbane	1.32
Rathfriland Road / Ashtree Enterprise Park	1.25
Loughway Business Park	1.11
<b>Industrials</b>	
Greenbank Newry	1.11
Carnbane	1.32
Milltown Industrial Estate, Warrenpoint	1.35
<b>Public houses</b>	
The Cobbles, 13 The Mall	1.39
Bellinis, 25 Merchants Quay	1.35
The Windmill, 44 Church Street	0.72
Croziars Bar, 16 Upper Water Street	0.88



Newry & Mourne weighted council growth factor : 1.12

Band	Band	Band	Band	Band	Band	Band	Band	Band	Band
0.55 and less	0.55 - 0.8	0.8 - 0.9	0.9 - 1	1 - 1.12	1.12 - 1.15	1.15 - 1.25	1.25 - 1.5	1.5 - 2	greater than 2
18 properties ( 0.5% )	155 properties ( 3.9% )	181 properties ( 4.6% )	296 properties ( 7.5% )	664 properties ( 16.9% )	140 properties ( 3.6% )	552 properties ( 14% )	860 properties ( 21.9% )	768 properties ( 19.5% )	300 properties ( 7.6% )
<b>Cumulative %</b>									
0.5%	4.4%	9%	16.5%	33.4%	37%	51%	72.9%	92.4%	100%