



<b>Report to:</b>	Belfast Statutory Transition Committee
<b>Subject:</b>	Rates Convergence
<b>Date:</b>	12 February 2014
<b>Reporting Officer:</b>	Peter McNaney, Chief Executive
<b>Contact Officer:</b>	Ronan Cregan, Director of Finance and Resources (Ext. 6184) Kevin Heaney, Programme Manager LGR (Ext. 6202)

<b>1.0</b>	<b><u>Relevant Background Information</u></b>
1.1	One of the consequences of local government reform is that ratepayers from some council areas will face increased rates bills as a result of merging councils together. This is referred to as the rates convergence issue.
1.2	It will be relevant to the new Belfast City Council as the 21,000 households and 1,000 businesses transferring from Lisburn and Castlereagh currently pay less rates than ratepayers in Belfast.
1.3	The NI Executive's £47.8 million package to help support the implementation of the local government reform programme includes a commitment of an estimated £30m to moderate the impact of rates convergence over a period of time.
1.4	Part of the remit of the regional LGR Finance Working Group - the Director of Finance and Resources is the Deputy Chair – is to design a rates convergence scheme based on the available £30m funding.
<b>2.0</b>	<b><u>Key Issues</u></b>
2.1	Joint correspondence has been received, attached at Appendix 1, from the Minister of the Environment, Mark H Durkan MLA, and Minister of Finance and Personnel, Simon Hamilton MLA providing an update on the rates convergence work.
2.2	<p>The correspondence states that any scheme introduced will:</p> <ul style="list-style-type: none"> <li>- only cover rates convergence in circumstances whereby two or more district rates converge into one new RPA district rates – this means Belfast City Council will be part of the scheme;</li> <li>- not affect district rate striking by the existing 26 councils in 2014/15 period;</li> <li>- result in the Land and Property Services (within DFP) applying a discount on a rate bill to those ratepayers otherwise facing a sudden and excessive increase in rate in April 2015; therefore preventing councils having to strike differential rates; and</li> <li>- seek to stagger the effects of rates convergence for affected ratepayers.</li> </ul>
2.3.	<p>The key elements of the scheme are:</p> <ul style="list-style-type: none"> <li>• Relief will be calculated on the difference between the amount of rates to be paid to the new Council and the amount the ratepayer would have expected to pay had the council not been merging.</li> <li>• The relief will cover more than a one year period.</li> </ul>

	<ul style="list-style-type: none"> <li>• The amount of relief paid will reduce each year of the scheme.</li> </ul>
2.4	The correspondence states that any emerging rates convergence scheme will be consulted upon around April 2014 in advance of the scheme being finalised. A report will be submitted for the consideration of the Committee when further information becomes available on the emerging proposals around rates convergence and the associated implications for Belfast.

### **3.0 Resource Implications**

There is no Human Resource or financial implications contained within this report.

### **4.0 Equality and Good Relations Considerations**

There are no equality and good relations implications contained within this report.

### **5.0 Recommendations**

Members are asked to note the contents of this report and that a further report will be submitted to the Committee in due course.

### **6.0 Appendices**

Appendix 1 Correspondence from DOE and DFP Minister