

BELFAST CITY COUNCIL BRIEFING PAPER

January 2020

What is the non-domestic rates revaluation?

A rates revaluation is the full reassessment of the individual net annual values (NAVs) of all 74,000 non-domestic properties in Northern Ireland. It results in a new non-domestic Valuation List which comes into force on 1 April 2020 when rate bills are sent out based on the new values.

The last non-domestic revaluation was in 2015. Current rate bills are based on rental levels at 1 April 2013, after revaluation they will be based on rental levels at 1 April 2018. 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 Reval2020. The purpose of a revaluation is to maintain fairness in the rating system not to raise more revenue.

All figures in this briefing paper are correct as at 13 December 2019.

Why is there a revaluation now?

The last revaluation was in 2015 and if we continue to use NAVs based on outdated levels of rent, this undermines fairness and acceptability of the system.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 rental growth since the last revaluation in 2015 may now be paying too little in rates. Others are likely to be paying too much. The only way to tackle this imbalance is to carry out a revaluation.

Who asked for this revaluation?

Regular business revaluations were supported by the business community in the rates consultation exercises in 2015 and 2016. This revaluation will ensure that the period between this and the last one falls within a 5-year time frame. Finance Ministers have supported more frequent business revaluations, recognising the importance of ensuring that the rating system remains closely aligned to market values for business ratepayers.

Who assessed these new rateable values?

Land & Property Services (LPS) assessed the new NAVs. LPS is part of the Department of Finance 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 information such as quality and repair.

What is the basis of the rateable values?

The rateable value is an estimate of the net annual rental value (NAV) of a property, as at 1 April 2018. 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 2018 LPS issued a Rent & Lease Questionnaire (RALQ) to occupiers of non-domestic properties in Northern Ireland. The RALQ 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, pubs, quarries and petrol filling stations.

All RALQ information is used by LPS to establish the new NAVs. LPS received just over 20,000 returns from ratepayers.

Why would a rateable value or NAV go up?

The NAV will go up because the estimated rental value of the property has increased between 2013 and 2018.

The NAV 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 affected by the particular circumstances of the landlord, tenant or lease.

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

If the NAV has gone up, does that mean the ratepayer will be paying more?

Not necessarily. It depends how much the NAV 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 2015, 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 and 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;
- There may be other support available after the revaluation such as Small Business Rate Relief Scheme.

As a rough guide, it is reasonable to say at this stage that if the NAV 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 NAV 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 draft schedule of values will not enable business ratepayers to calculate their rate bill at this point; because, while the NAV 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 Department sets the Regional rate in the pound that rate bills can be calculated. This will happen in February and March 2020.

What is the NI Growth factor?

This is the increase of the total NAV of all 74,000 non domestic properties in Northern Ireland from the current Valuation List to the new draft schedule of values.

The total NAV has increased by £106 million from £1,559 million to £1,665 million. This is a NI Growth factor of 1.068 or 6.8%.

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 schedule of values.

In BCC the total NAV has increased by £42.2 million from £478.5 million to £520.7 million. This is a council Growth factor of 1.088 or 8.8%

What is the draft schedule of values?

The draft schedule lists all non-domestic property in Northern Ireland, including addresses, Property IDs, property classifications, current NAV, new draft Reval2020 NAV and the change in value as a result of the revaluation.

LPS released the draft schedule of Reval2020 NAVs on 7 January 2020; this can be accessed online only, from the dedicated Reval2020 website:

www.finance-ni.gov.uk/reval-2020-ni

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, which becomes effective on 1 April 2020. Rate bills issued in April 2020 will be based on the new Valuation List.

The current Valuation List remains valid until 31 March 2020 and will continue to be maintained by LPS until that date. Valid challenges on current List NAVs which have not been resolved by April 2020 will continue to be processed.

The current Valuation List can be viewed at

www.finance-ni.gov.uk/topics/property-valuation/valuation-lists

Why release 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 in April 2018, 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:

NAV x Total 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, Exemption, Sport & Recreation relief).



The rate poundages for 2020-21

Now that the new overall draft NAVs are known, the local councils and the Department of Finance 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 2020 and March 2020. At that time the draft schedule will be updated to give ratepayers an early indication of what their rate bills could be in April 2020.

Will revaluation affect the rate relief currently available?

Revaluation does not impact on the structure of any of the existing reliefs for business ratepayers - this includes Industrial Derating, Exemption from rates, Sport and Recreation relief. Domestic ratepayers are also unaffected.

Property occupied by registered charities which are 100% exempt from rates will also be revalued, but they will receive a “Zero Balance” bill.

The Small Business Rate Relief (SBRR) scheme is a Northern Ireland government initiative, which is aimed at supporting the growth and sustainability of small businesses in Northern Ireland, by providing some small business owners with rate relief. Qualifying businesses will receive the rate relief on their annual bill during the life of the support scheme.

The SBRR scheme came into effect in April 2010 initially for a term of five years, but has since been extended annually on review.

See <https://www.nibusinessinfo.co.uk/content/small-business-rate-relief> for updates on the scheme.

Can ratepayers challenge their draft rateable value?

Business ratepayers, if they have any concerns, can request an Informal Review of their draft NAV between 7 January and the end of March 2020. However, they cannot formally challenge the valuation to the District Valuer until 1 April 2020 when it becomes the statutory Valuation List.

Help available for business rates

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

- Small Business Rate 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

Ratepayers can find out more about these reliefs and allowances and how to apply for them, if they are eligible, online:

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

NON DOMESTIC REVALUATION – Facts and Figures

The non-domestic Valuation List contains 74,000 non-domestic properties. This includes -

- 18,916 shops / retail premises.
- 16,053 office premises.
- 12,851 warehouse and storage premises.
- 4,025 manufacturing premises.
- 989 licensed public houses.
- 1,806 schools.
- 2,875 churches and church halls.

The non-domestic Valuation List for the Belfast Council area contains 17,949 non-domestic properties. This includes -

- 4,504 shops / retail premises.
- 5,745 office premises.
- 2,017 warehouse and storage premises.
- 480 manufacturing premises.
- 149 licensed public houses.
- 358 schools.
- 372 churches and church halls.

The value of the Lists

- The NI total non-domestic value of the current Valuation List is £1,559 million.
- The NI total non-domestic value of the new draft values is £1,665 million.
- This is an overall increase of £106 million or 6.8%.
- The Belfast total non-domestic value of the current Valuation List is £478.5 million.
- The Belfast total non-domestic value of the new draft values is £520.7 million.
- This is an overall increase of £42,169,218 or 8.8%.

Map 1

Northern Ireland NAV change at Council level

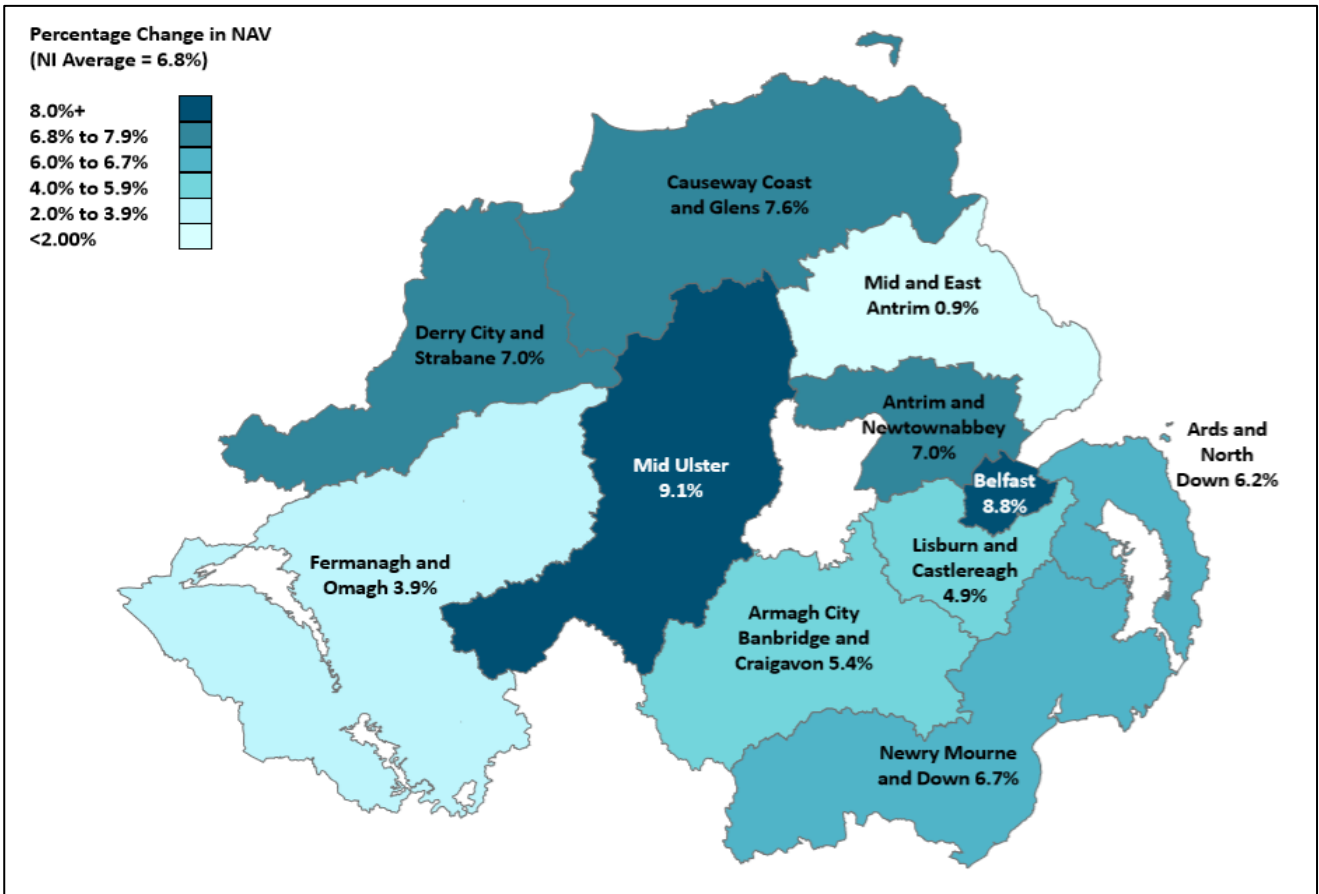


Table 1**Total NAV of Current Valuation List and New Draft Schedule of Values**

Council	Current Valuation List Total NAV	New draft schedule Total NAV	Council Growth Factor
Antrim and Newtownabbey	£123,388,776	£132,081,283	1.070
Ards and North Down	£94,906,873	£100,755,699	1.062
Armagh City, Banbridge and Craigavon	£134,268,494	£141,528,266	1.054
Belfast City	£478,496,632	£520,665,850	1.088
Causeway Coast and Glens	£87,987,376	£94,713,467	1.076
Derry City and Strabane	£117,737,358	£126,006,674	1.070
Fermanagh and Omagh	£98,888,028	£102,726,859	1.039
Lisburn and Castlereagh City	£120,489,706	£126,411,645	1.049
Mid and East Antrim	£97,518,002	£98,404,111	1.009
Mid Ulster	£93,289,987	£101,814,213	1.091
Newry, Mourne and Down	£111,931,904	£119,455,665	1.067
Northern Ireland	£1,558,903,136	£1,664,563,732	1.068

Table 2

Total NAV of Current Valuation List and New Draft Schedule

Main Property Sectors – Northern Ireland

Northern Ireland	Current Valuation List Total NAV	New Draft Schedule Total NAV	Growth Factor
Offices	£263m	£285m	1.08
Retail	£401m	£395m	0.99
Warehouse, Stores etc	£157m	£161m	1.02
Industrials	£154m	£157m	1.02
All Properties	£1,559m	£1,665m	1.068

Table 3

Total NAV of Current Valuation List and New Draft Schedule

Main Property Sectors – Belfast

BC Council	Current Valuation List Total NAV	New Draft Schedule Total NAV	Growth Factor
Offices	£150.8m	£168.8m	1.12
Retail	£110.3m	£107.4m	0.97
Warehouse, Stores etc	£37.1m	£34.7m	0.93
Industrials	£21.9m	£21m	0.96
All Properties	£478.5m	£520.7m	1.088

Table 4**NAV Growth Bands - All Non Domestic Properties Belfast Area**

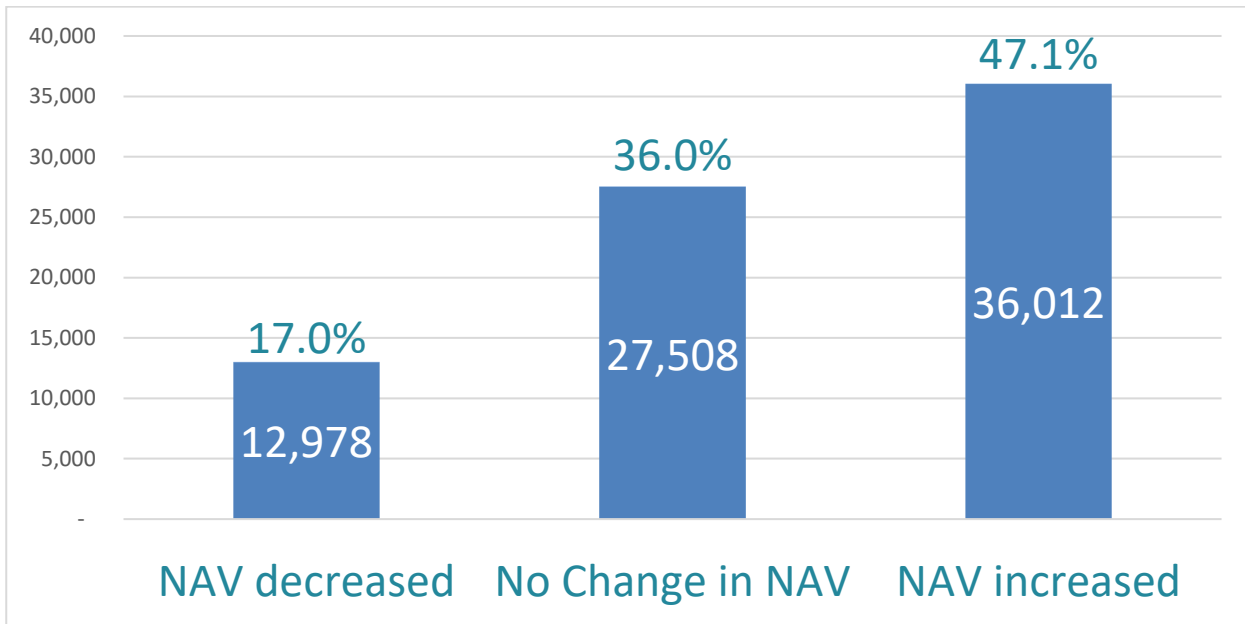
Net Annual Value (NAV) Growth Band	Number of Properties	Percentage of Total	Cumulative Percentage*
0.55 and lower	75	0.4%	0.4%
Over 0.55 to 0.80	785	4%	5%
Over 0.80 to 0.90	815	5%	9%
Over 0.90 to 1.00	7441	41%	51%
Over 1.00 to 1.05	942	5%	56%
Over 1.05 to 1.15	4291	24%	80%
Over 1.15 to 1.25	1699	9%	89%
Over 1.25 to 1.50	1356	8%	97%
Over 1.50 to 2.00	458	3%	99.5%
Over 2.0	87	0.5%	100%
Total	17949	100%	

* rounded

Table 5

Property Numbers: Decreases, No Change and Increases in NAV

Northern Ireland



Belfast City Council area

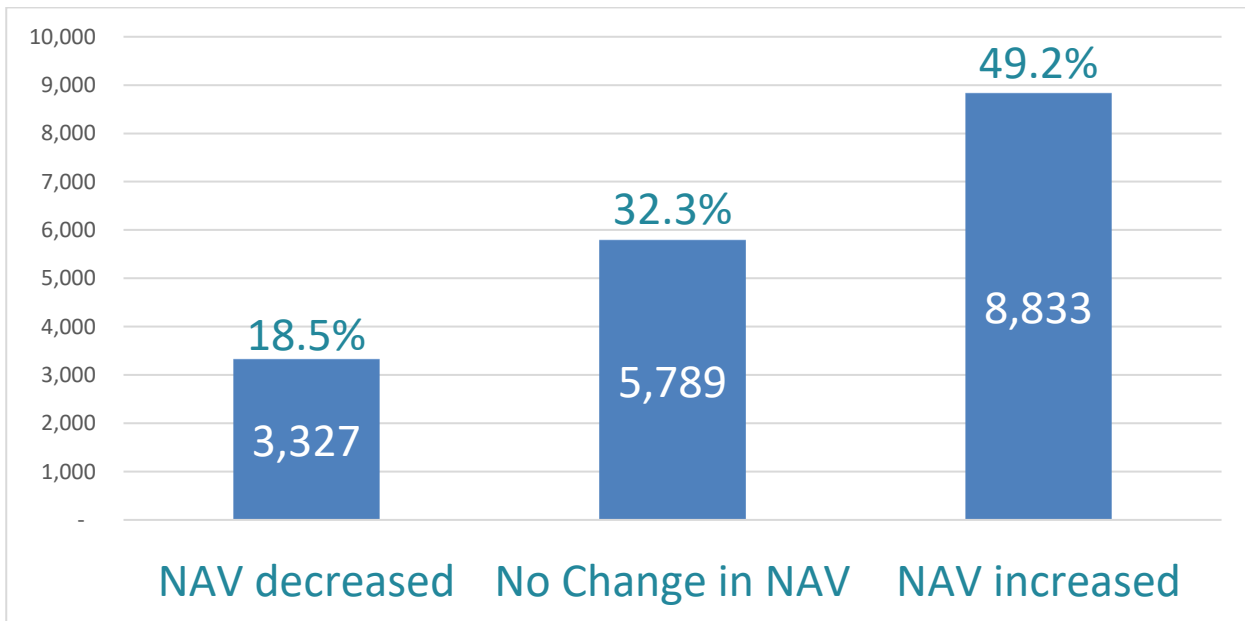
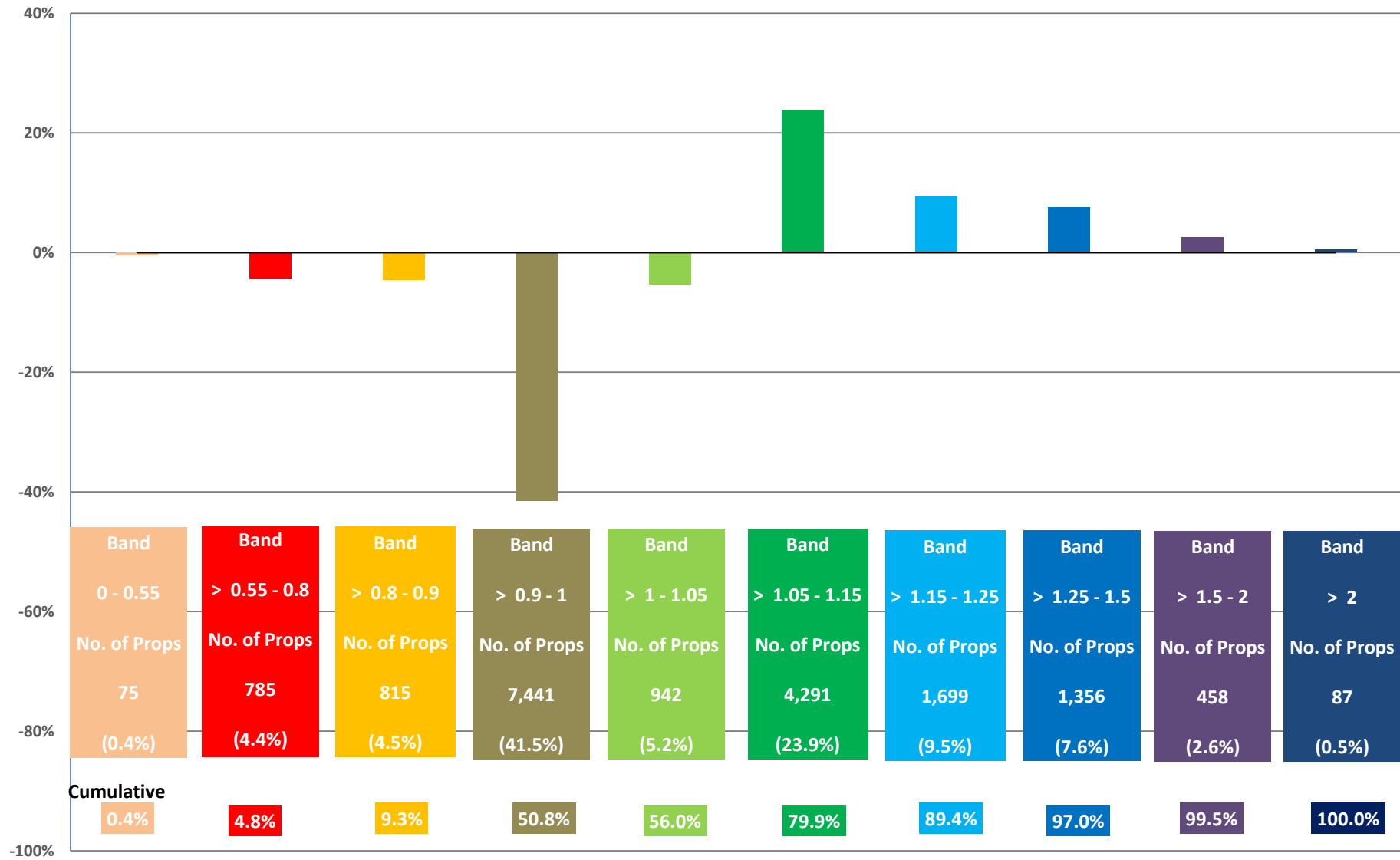


Table 6**Revaluation Effects****A sample of properties over £100k NAV in this Council area**

	Current NAV	Draft NAV
Belfast City Hall	£590,000	£687,500
Odyssey Arena	£680,000	£850,000
W5	£582,500	£629,000
Lyric Theatre	£356,000	£519,100
The Mac	£470,000	£643,100
Waterfront	£1,700,000	£2,230,000
Grand Opera House	£227,500	£338,500
Castle Buildings, Stormont	£1,657,000	£1,657,000
Parliament Buildings, Stormont Estate	£1,347,000	£1,347,000
The Housing Centre, Adelaide Street	£1,569,000	£1,641,000
Royal Victoria Hospital	£3,425,000	£4,970,000
City Hospital	£2,637,000	£3,433,000
Mater Hospital	£505,500	£616,000
Kingspan	£340,000	£438,000
Windsor Park	£495,000	£585,000
Olympia LC	£326,500	£484,500
Grove Wellbeing Centre	£315,500	£427,000
Ikea	£2,374,000	£1,657,000
M&S Donegall Place	£1,150,000	£1,150,000
Cecil Ward, Linenhall Street	£1,885,000	£2,587,000
7 Lanyon Plaza	£1,269,000	£1,735,000
Campbell College	£677,500	£994,000

Belfast Net Annual Value Multipliers



Northern Ireland Net Annual Value Multipliers

