

FINAL REPORT

DfC – Review of the Rates Support Grant (RSG)

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PART A

Overview and Background for Rates Support Grant (RSG)

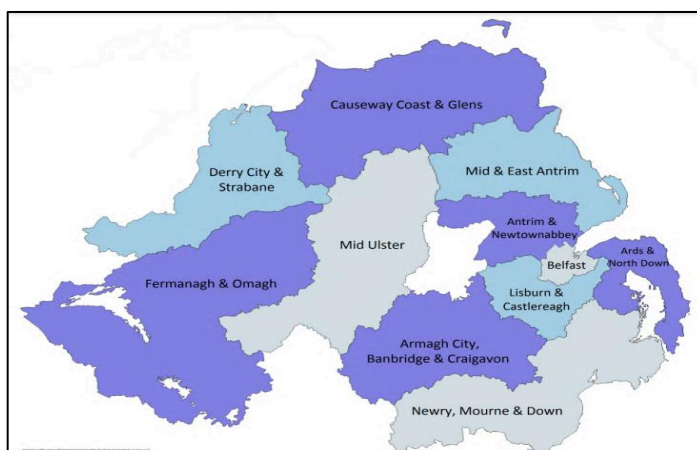
1. INTRODUCTION & APPROACH

1.1 Introduction

Business Consultancy Services (BCS), Department of Finance (DoF), were commissioned by Department for Communities (DfC) to complete a review of the RSG for consideration and approval. The following report outlines the findings, conclusions and recommendations stemming from the review.

RSG is a grant paid from central government, by the Department for Communities, to assist less wealthy district councils. Local government in Northern Ireland has undergone significant reorganisation in recent years. From 1973 to 2015 there were 26 local councils across the region, but a review by the Executive in 2002, recommended reducing this number and this was supported subsequently by the UK Government. The NI Executive opted in 2012 to create 11 district councils, and these became operational in 2015 as outlined in Figure 1 below.¹

Figure 1 Map of 11 District Councils²



RSG is allocated based on a formula, written into legislation, consisting of a calculation informed by wealth and population adjusted for additional needs. Based on the outputs of the formula, at the time of reporting, 7 out of the 11 councils currently receive RSG as outlined in Table 1 below.

Table 1: RSG Recipients and Non-recipients across the 11 NI District Councils

District Councils Receiving RSG	District Councils <u>not</u> receiving RSG
Armagh City, Banbridge and Craigavon Borough Council	Antrim and Newtownabbey Borough Council
Causeway Coast and Glens Borough Council	Ards and North Down Borough Council
Derry City and Strabane District Council	Belfast City Council
Fermanagh and Omagh District Council	Lisburn and Castlereagh City Council
Mid and East Antrim Borough Council	

¹ https://www.nifiscalcouncil.org/files/nifiscalcouncil/documents/2021-11/the-public-finances-in-northern-ireland-final-version_0.pdf

² <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-ni-councils-map.pdf>

District Councils Receiving RSG	District Councils <u>not</u> receiving RSG
Mid Ulster District Council	
Newry, Mourne and Down District Council	

Since the inception of the current RSG arrangement, underpinned by the Local Government Act 2011, there has been no external reviews of the grant mechanism to date, therefore DfC commissioned BCS, to complete a review of the RSG.

1.2 Scope

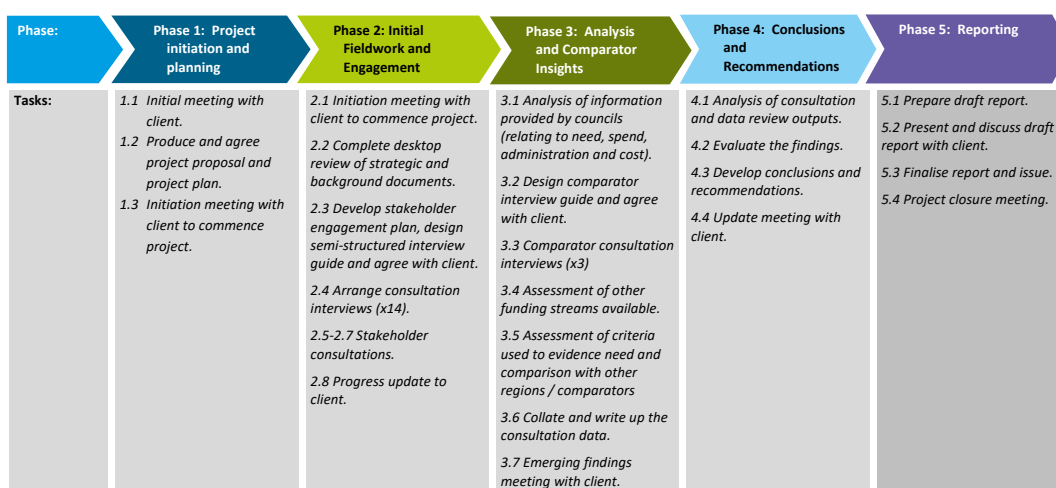
The proposed Terms of Reference for BCS's involvement in this assignment is to **undertake a review to determine if the RSG remains fit for purpose.**

Specifically, the work included;

- An assessment to determine if the original policy intent / objectives remain relevant.
- An assessment as to whether the provision of the grant meets the needs of the people in the eligible district councils.
- An assessment of whether there are other existing funding streams that meet the need originally identified.
- An assessment of what is the grant used for by district councils in terms of service provision, and specifically programmes linking to the key services within the 2011 RSG Regulations formula:
 - to tackle deprivation within the areas of community services, economic development, and tourism (the key services);
 - to tackle influx of additional population within the areas of tourism, and other cleaning (the key services);
 - to tackle sparsity within the area of waste collection (the key service).
- A review the criteria and information provided by district councils to DfC to evidence need.
- A review of the information provided by Land & Property Services (LPS) to define wealth and identify other factors that may be used as indicators of wealth.
- An analysis of the accessibility to the RSG funding across all 11 district councils.

1.3 Overall approach

Figure 2: Overview of Phased Approach to Review



1.4 Methods

The core methods which the review relied on are detailed in Figure 3 below:

Figure 3: Overview of Methods

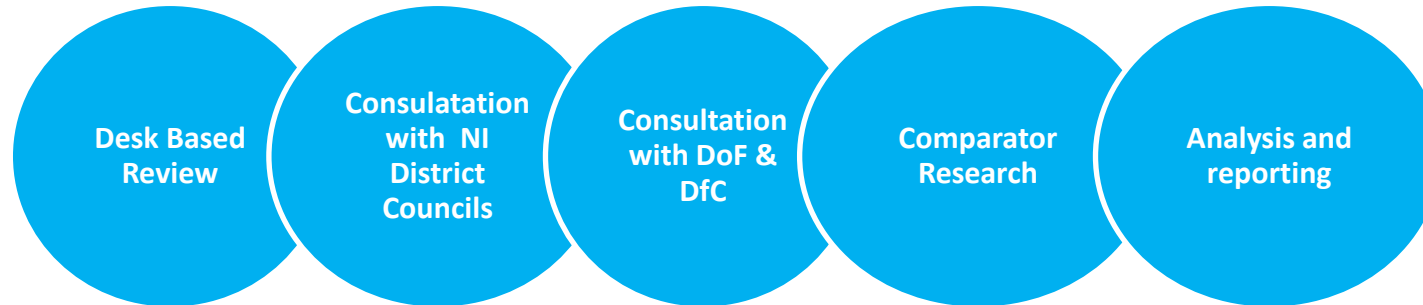


Table 2: Summary of Activities

Method	Why	What	Who	How	Report Ref
Desk based review	<p>Need to understand the strategic context and legislation in relation to RSG.</p> <p>Furthermore, understand the existing mechanism to provide a baseline for assessment.</p> <p>Understand what rate support mechanisms are in place in other jurisdictions if applicable.</p>	<ul style="list-style-type: none"> Review and summarise relevant legislation, policies, strategies and other schemes. Review of DfC (local government teams) processes, outputs, and delivery in relation to RSG. Review what mechanism and/ or similar rates support grants apply in other jurisdictions. 	<ul style="list-style-type: none"> Online DfC/ Local Government team staff 	<ul style="list-style-type: none"> Desk based review of strategic context and legislation. Review of data and information supplied by DfC, 	Section 2 & 3
Consultation with district councils	<p>Need to engage and understand the district councils, whom are the recipient of RSG, views on the benefit/ risks and delivery of RSG.</p>	<ul style="list-style-type: none"> Virtual 1-1 interviews Tailored Engagement plan and discussion guide 	<ul style="list-style-type: none"> Members of the 11 district councils, including Chief 	<ul style="list-style-type: none"> Semi structured interviews centred around need, 	Section 3

Method	Why	What	Who	How	Report Ref
			Executives and Finance Officers	mechanism and SWOT of the RSG.	
Consultations with internal stakeholders	<p>Need to understand views of DfC and Local Government Finance (LGF) team, who apply the formula and administer grant.</p> <p>Need to understand views of LPS, of the DoF and Analytics Division, previously Professional Services Unit (PSU) of the DfC. Both of whom provide data inputs to the RSG formula.</p>	<ul style="list-style-type: none"> Virtual 1-1 interviews Tailored Engagement plan and discussion guide 	<ul style="list-style-type: none"> Local Government team staff LPS Analytics Division 	<ul style="list-style-type: none"> Semi structured interviews centred around need, mechanism, inputs and strengths and/or weaknesses of the RSG. 	Section 2 & 3
Communication with political representation	Need to understand the views of the political representation of district councils who will have a key interest in RSG.	<ul style="list-style-type: none"> Virtual Session Presentation to NILGA Board 	<ul style="list-style-type: none"> NILAGA Executive which included political representation across all district councils. 	<ul style="list-style-type: none"> Semi-structured interview & presentation 	Section 3
Analysis and reporting	Analysis of information on need, wealth, benefits and delivery of the RSG to set out findings, conclusions and recommendations for reporting	<p>Information and data obtained from:</p> <ul style="list-style-type: none"> Current Model Comparator Insights Consultation findings 	BCS 'review team'	Examination of all information and data to set out recommendations and report.	Section 3

As outlined in Table 2 above, the review team carried out a blended approach to this review incorporating both primary and secondary research to inform analysis, findings and recommendations outlined within this report.

2. BACKGROUND & STRATEGIC CONTEXT

2.1 Introduction

This section sets out the high-level background on how Northern Ireland (NI) local district councils are funded and an overview of the NI rating system. This section also explores the strategic fit of the RSG within wider government policies and strategic needs. This section is designed to set the scene for this report and provide a foundation upon which further components of the report are built.

2.2 Background

To set the context for this report, it is important to understand the current NI local government finance arrangements and the rating system that provides the underpinning framework. People in NI benefit from and pay for public spending delivered through three distinct layers of government: the UK Government in London, the NI Executive / Assembly in Belfast and 11 district councils.³

NI Local Government Finance

In NI, most district council revenue comes from a combination of three main sources which include income from district rates (approx. 70%), as well as fees for services and grants from the Northern Ireland Executive (approx. 30%).⁴

- **District Rate Income:** This is the most significant source of district council income. This income is raised through a property tax (domestic and non-domestic properties) levied on rate payers within each district council. There is an element of rates that does not go to their local district council which is known as '**Regional Rate Income**'. This income is paid to NI Assembly to contribute to the cost of central government services.
- **Fees and Charges:** This is income raised by each district council by charging for local services such as admission charges to leisure centres; building inspection fees and trade/commercial waste collection charges. Legislation outlined in section 2.3 restricts district councils from levying fees which represent more than cost recovery.
- **Government Grants:** Central government in Northern Ireland provides financial contribution to district councils through various funding/ grant streams to help deliver services and address specific needs. Furthermore, central government is obligated by the Local Government Finance Act (Northern Ireland) 2011 to make de-rating, rate support and transferred functions grants to district councils.
 - a. The **de-rating grant** compensates district councils for district rate income that they lose due to certain types of property being 'derated' – typically this grant compensates district councils for rates income that occupiers of industrial premises do not pay in full;
 - b. The **Rates Support Grant**, the primary subject of this review, assists less 'wealthy' (in terms of district rate income) district councils to provide services to their rate payers; relative to other councils in NI.

³ https://www.nifiscalcouncil.org/files/nifiscalcouncil/documents/2021-11/the-public-finances-in-northern-ireland-final-version_0.pdf

⁴ <https://www.instituteforgovernment.org.uk/explainer/local-government>

- c. The **Transferred Functions Grant** makes a contribution towards the costs of delivering services such as planning, which, prior to local government reform on 1 April 2015, were delivered by central government departments as opposed to district councils.⁵

NI Rating System

Rates are a devolved matter and the rates system in NI is currently administered by LPS within the Department of Finance (DoF). The main legislation governing rates in Northern Ireland is outlined in the Rates (Northern Ireland) Order 1977, ("the Rates Order"). The Rates Order covers such matters as the making and levying of rates, liability and assessment, reliefs, exemptions, recovery and financial arrangements, valuation matters, the creation and maintenance of valuation lists, and appeals processes.

Rates levy in Northern Ireland is a combination of two elements on both domestic and non-domestic properties. Rates raised by households throughout NI contribute to funding the public services delivered by the Executive and district councils in Northern Ireland. There are two rates that each householder contribute towards:

1. **Regional Rate** – uniform tax rate assigned to both domestic and non-domestic properties across all district councils in order to finance those regional public services that are not administered by district councils and is struck by the Department of Finance.
2. **District Rate** – tax rate assigned to both domestic and non-domestic properties within each district council to raise income to finance those local services that are administered by district councils.⁶

Table 3 below outlines the services that each rates levy type contributes towards.

Table 3: Summary of Activities

District Rate - District rates vary from council to council, and help fund the following services:	Regional Rate - The Regional rate is the same throughout Northern Ireland and help fund the following services:
Arts & Events	Agriculture
Building Control	Education
Cemeteries	Emergency Services
Community Services	Health
Economic Initiatives	Housing
Environmental Health Services	Law and Order
Leisure Facilities	Planning and Rural Development
Parks & Recreation	Roads
Street Cleaning	Social Services & Community Development
Tourism Facilities & Development	
Waste Management & Disposal	

Unlike most other taxes, the amount of rates to be raised each year, known as the rates burden, is decided in advance as part of the budget process of the NI Assembly and each of the

⁵ [nilga-councillor-guide-2023.pdf](#)

⁶ <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/A%20Guide%20to%20rates%202024%20-%20Published.pdf>

11 district councils. This is outside the control of DfC. Each district council is free to set their own level of district rate and there is no central capping of increases. The district councils estimate the cost of delivering their services and set the poundage to cover those costs.

RSG Background

A form of the RSG has been in place since 1972, originally as the 'Resources Element' of the 'General Grant' provided to the NI district councils. The current RSG calculation has been in place since 2003. RSG is statutory and the current mechanism is outlined in Section 27 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011. The name of the grant was changed to RSG in 2011. The procedures and the calculation of RSG has remained largely unchanged.

The policy intent of the grant is to annually provide financial support to those district councils in Northern Ireland whose needs, relative to their population, exceed their wealth relative to other councils in Northern Ireland.

RSG is a discretionary grant and is required to be considered within the overall budget and priorities of the Department for Communities (DfC). The opening budget is set centrally by DfC, which can be amended from the previous year depending on funding available. Additional payments may be made if further funding becomes available within the financial year.

2.3 Strategic Context: Key documents (legislation, policy, strategies, reviews)

Table 4: Summary of legislation, policy, reviews and other grant/ rate reliefs

Document/ Title	Summary	RSG Relevance
Legislation		
Rates (Northern Ireland) Order 1977	<p>This DoF legislation was made in 1977, and it states that each year all councils are to make a district rate for the following year. The district rate must be sufficient to provide for total estimated expenditure of the district council. This may include additional amounts such as to cover expenditure previously incurred and/or meet contingencies.</p> <p>When a district council makes a district rate it should notify the department outlining the amount in the pound of the rate and also publish notice of persons on whom the rate is to be levied.</p> <p>A regional rate and district rate shall be levied by the Department in every district as if they were items of a single rate.</p> <p>https://www.legislation.gov.uk/nisi/1977/2157/article/8</p>	This piece of legislation underpins the rate setting process. RSG is a grant that is added (supplements) to the district councils' rate income, therefore influencing the rate setting process.
The Local Government (General Grant) Regulations (Northern Ireland) 2003 (Revoked)	<p>These Regulations (made under Article 4 of the Local Government (Miscellaneous Provisions) (Northern Ireland) Order 2002) made provision for the formula for determining the resources grant payable by the Department to district councils.</p> <p>These regulations preceded the regulations of 2011 (made under Section 27 of Local Government Finance Act (NI) 2011) outlined below. The 2011 regulations did not change the formula. The</p>	Served the basis for how the previous RSG (Resources grant) was administered to district councils in NI.

Document/ Title	Summary	RSG Relevance
	<p>Resources Grant then became known as the Rates Support Grant.</p> <p>The Local Government (General Grant) Regulations (Northern Ireland) 2003 (legislation.gov.uk)</p>	
Primary legislation - Section 27 of Local Government Finance Act (NI) 2011	<p>Section 27 of the Local Government Act 2011 outlines that the Department shall for each financial year make a grant to district councils.</p> <p>The amount of the rates support grant payable to a district council for any financial year shall be determined in accordance with regulations and calculated by reference to a formula and shall not be reduced during the financial year in question.</p> <p>The formula may be such that the amount payable is nil.</p> <p>https://www.legislation.gov.uk/nia/2011/10/section/27</p>	Serves the basis for how the RSG grant is administered to district councils in NI.
The Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011	<p>These Regulations make provision for the formula for determining the rates support grant payable by the Department of the Environment to district councils under section 27 of the Local Government Finance Act (Northern Ireland) 2011 (c 10). These Regulations enable the Department of the Environment ("the Department") to determine the amount of rates support grant payable to district councils.</p> <p>For the financial year beginning on 1st April 2012 and each successive year the Department shall determine the amount of rates support grant payable to a district council in accordance with the formula described in Schedule 1.</p> <p>The Department shall use data, in the formula and measures applied to population to calculate the additional needs of a district council, based on the latest information available to the Department regarding the financial year ending on 31st March 2011 and on 31st March in each successive year.</p> <p>The Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011 (legislation.gov.uk)</p>	Serves the basis for how the Department calculates the RSG percentage allocation assigned to each district council within NI.

Document/ Title	Summary	RSG Relevance
The Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011, Schedule 1 PART 1	<p>Schedule 1 outlines the Rates Support Grant formula.</p> <p>The formula to determine a district council's entitlement to rates support grant shall be</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">Wealth</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">Need</div> </div> $\left(\frac{\text{Council gross penny rate product}}{\text{Northern Ireland gross penny rate product}} \times 100 \right) - \left(\frac{\text{Council home population adjusted}}{\text{Northern Ireland home population adjusted}} \times 100 \right) = \text{Surplus or negative variance}$ <p>(a) a council's wealth means its share of the Northern Ireland gross penny product, as calculated in accordance with this Schedule;</p> <p>(b) a council's needs means its share of the Northern Ireland adjusted population (including the additional needs of a council) as calculated in accordance with this Schedule.</p> <p>To calculate the proportion of rates support grant payable to a council, the total of negative variances shall be calculated and each council's negative variance (if any) expressed as a percentage of the total.</p> $\frac{\text{Council's negative variance}}{\text{Total of councils' negative variances}} \times 100 = \text{Percentage allocation of total grant}$ <p>The Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011 (legislation.gov.uk)</p>	<p>Schedule 1 outlines the formula required for calculating the wealth and needs elements to determine each district council's entitlement to RSG.</p>
The Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011, Schedule 1 PART 2	<p>Part 2 of schedule 1 outlines the measures applied to adjust for additional needs.</p> <p>According to the legislation measures applied to adjust for additional needs are—</p> <p>(a) deprivation;</p> <p>(b) an influx of additional population; and</p> <p>(c) sparsity.</p> <p>Measures, weighted in accordance with paragraph 7, to the extent specified in paragraph 6(1), which shall be applied to population data, to adjust for —</p> <p>(a) deprivation, are—</p> <p>(i) income deprivation scores; and</p> <p>(ii) employment deprivation scores;</p> <p>(b) an influx of additional population, are—</p> <p>(i) tourist bed-nights; and</p> <p>(ii) travel to work data;</p> <p>(c) sparsity, are—</p> <p>(i) population density; and</p> <p>(ii) private household data.</p>	<p>Part 2 of schedule 1 outlines the legislative measures to be applied to population to ensure adjustment for additional needs are realised.</p>

Document/ Title	Summary	RSG Relevance
	<p>For the purposes of paragraph 4, the extent of adjustment made to the population of a local government district shall be in the same proportion as the total Northern Ireland expenditure on each key service relative to specified needs is to the total Northern Ireland expenditure.</p> <p>The key services to which sub-paragraph) relates are—</p> <p>(a)community services;</p> <p>(b)economic development;</p> <p>(c)waste collection;</p> <p>(d)other cleaning; and</p> <p>(e)tourism.</p> <p>The Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011 (legislation.gov.uk)</p>	
Local Government (Boundaries) Order (Northern Ireland) 2012.	<p>In June 2012, the Northern Ireland Assembly approved the Local Government (Boundaries) Order (Northern Ireland) 2012.</p> <p>This sets the boundaries of the 11 local government districts as well as the number, boundaries and names of the wards into which each district will be divided.</p> <p>Schedule 1 outlines the names of Local Government Districts as follows:</p> <p>Antrim and Newtownabbey Armagh, Banbridge and Craigavon Belfast Causeway Coast and Glens Derry and Strabane Fermanagh and Omagh Lisburn and Castlereagh Mid and East Antrim Mid Ulster Newry, Mourne and Down North Down and Ards</p> <p>https://www.legislation.gov.uk/nisr/2012/421/schedule/2</p>	Underpinning legislation that outlines the current boundaries for the 11 local government district councils. Data from these boundaries inform needs element of the RSG calculation.
Judicial Review (JR) Court of Appeal decision of September 2018.	DfC previously used the NI Average conversion factor when multiplying Domestic Capital Value, but a Court of Appeal case on 20th September 2018 ruled that the individual council conversion factor be used as the court decision linked the RSG conversion factor to DoF Rating legislation (as DfC RSG legislation was silent on what conversion factor to	Conversion factors within the RSG calculation have now been updated to reflect the decision of the JR 2018.

Document/ Title	Summary	RSG Relevance
	<p>use) and individual council conversion factors are currently in use by DfC.</p> <p>The Rates (Making and Levying of Different Rates) Regulations (Northern Ireland) 2023 is the most recent at the time of the review which includes the most up to date conversion factors from DoF, and this legislation is in place to allow Councils the option to set their domestic (Capital) rate using conversion factors or setting their own.</p> <p>The Rates (Making and Levying of Different Rates) Regulations (Northern Ireland) 2023</p>	
Judicial Review (JR) Court of Appeal 2023	At time of reporting a JR court of appeal decision is still awaiting judgement. It is relating to the reduction to RSG in 2022/23 and the associated equality impact assessment that stated reduction to RSG constitutes a 'minor impact'.	Ongoing JR that may influence future RSG policy or conditions.
Rural needs Act NI 2016	This guidance recommends that public authorities undertake a Rural Needs Impact Assessment when developing, adopting, implementing or revising policies, strategies and plans and when designing and delivering public services. A Rural Needs Impact Assessment is a step-by-step process aimed at helping public authorities to ensure that the due regard duty imposed under section 1(1) of the Rural Needs Act (Northern Ireland) 2016 ('the Act') duty is fulfilled.	Changes to RSG policy is subject to rural needs screening due to the consideration of sparsity (rural needs) when calculating additional needs.
Northern Ireland Act 1998	<p>A public authority shall in carrying out its functions relating to Northern Ireland have due regard to the need to promote equality of opportunity.</p> <p>The NI Executive's, 'Practical Guide to Policy Making In Northern Ireland' provides advice for those working on developing or reviewing policy to ensure that policy is evidence-based, focused on outcomes, forward looking, 'joined up' and meets Northern Ireland requirements.</p>	Changes to RSG policy is subject to equality screening due to its potential impacts on the ratepayer within each district council.
Strategies/ Policies		
Programme for Government: Draft Outcomes Framework	<p>The programme for Government outcomes document has been superseded by the Outcomes Delivery Plan (ODP) document. This cross departmental ODP is a basis for delivering public service in an effective and co-ordinated manner and relates to improving the wellbeing for all – by tackling disadvantage and driving economic growth.</p> <p>There are a total of 12 outcomes of economic, environmental and social wellbeing.</p> <p>Examples of outcomes are as follows:</p> <p>Outcome 1: We prosper through a strong, competitive, regionally balanced economy.</p> <p>Outcome 3: We have a more equal society.</p>	There are relevant outcomes from the original draft Programme for Government that relate to RSG, especially around outcome 1 which mentions a regionally balanced economy. One of RSG main aims is to close the disparity of wealth regionally across NI.

Document/ Title	Summary	RSG Relevance
	<p>Outcome 10: We have created a place where people want to live and work, to visit and invest.</p> <p>Outcomes Delivery Plan - December 2019 (executiveoffice-ni.gov.uk)</p> <p>Please note: On 5 September 2024, the Executive agreed a draft Programme for Government 2024-2027 'Our Plan: Doing What Matters Most'</p> <p>There are no significant updates that relate to RSG.</p> <p>https://www.northernireland.gov.uk/sites/default/files/consultations/newnigov/draft-programme-for-government-our-plan-doing-what-matters-most.pdf</p>	
Levelling Up white paper February 2022	<p>In February 2022, the government published the Levelling Up white paper which set out a plan to work towards ending geographical disparity within the United Kingdom. As part of the white paper, the government set out 12 clear, medium-term missions to provide consistency and clarity over levelling up policy objectives. These serve as an anchor for policy across government, as well as a catalyst for innovation and action by the private and civil society sectors.</p>	<p>This paper recognises that inequality of opportunities that exists across the UK, which can be driven by geographical inequality. It aims to provide investment to ensure a fairer experience for the UK population. These objectives align closely to the purpose of RSG.</p>
Various strategies	<p>There are a number of strategies that should be considered as they touch on key services within the RSG legislation such as sparsity, economic development and tourism.</p> <p>The following strategies are to be considered;</p> <p>DfC</p> <ul style="list-style-type: none"> • <u>Anti-Poverty Strategy (in development)</u> In line with New Decade New Approach, the Department is developing an Anti-Poverty Strategy that aims to address inequalities and obstacles that directly affect the everyday lives. <p>https://www.communities-ni.gov.uk/articles/poverty-policy</p> <p>NIHE</p> <ul style="list-style-type: none"> • <u>Reaching Rural: Rural Strategy 2021-2025</u> 'Towards vibrant, shared, healthy and sustainable rural communities where everyone has access to decent and affordable housing'. <p>https://www.nihe.gov.uk/getattachment/2d14cfaa-b262-4c8c-a7b8-9d9a10eb3bd2/Rural-Strategy-2021-2025.pdf</p>	<p>It is important that RSG aligns with the policies and intervention outlined in strategies aligned to key themes in which it aims to address such as sparsity and deprivation.</p>

Document/ Title	Summary	RSG Relevance
Reduction in RSG 2023/24 - Section 75 screening form	<p>A DfC central budgetary decision was taken to reduce the RSG discretionary budget for 2023-24. According to DfC this reduction was a result of a Non-Ring-Fenced Resource funding gap of £111.2m (15.5%) and a £59m (27.3%) shortfall in Capital required for 2023-24.</p> <p>Around 90% of the Departments spend is contractual or committed which leaves approximately 10% to find the savings –although the RSG is a statutory grant, the level of funding is not set in legislation within this category as no set amount is laid out in statute. Therefore, as part of the process to deliver savings a level of reduction was required on RSG.</p> <p>The section 75 screening form concluded that RSG policy is not subject to an Equality Impact Assessment (EQIA).</p> <p>https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-rates-support-grant-23-24-screening.pdf</p>	RSG amount has been reduced for the year 2023/24.
Consultations/ reviews		
Internal RSG Review 2022	Primary focus of this high level internal review was in relation to the calculation of RSG and the subsequent assessment and appropriateness of inputs/ data sources. The review required the assistance of the Department for Communities Analytics Division to support Local Government Finance in reviewing the calculation.	Information outlined in the 2022 review provided additional context for this independent review.
Policy reviews of the rating system in Northern Ireland 2016 and 2019	<p>These reviews consulted on the options for changing the various reliefs, exemptions, and allowances for both domestic and non-domestic rates, but have not resulted in any substantive changes to the rating system other than to implement more frequent non-domestic General Revaluations.</p> <p>https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/A%20Guide%20to%20rates%202024%20-%20Published.pdf</p>	Revaluations impact the wealth side of the RSG calculation.
Review of Northern Ireland's Non-Domestic Rating System	<p>On 26th October 2015 the Department of Finance and Personnel launched a public consultation seeking responses on a review of Northern Ireland's Non-Domestic Rating system. The consultation lasted for a period of 12 weeks, and formally ended on 25th January 2016.</p> <p>https://www.finance-ni.gov.uk/consultations/review-northern-irelands-non-domestic-rating-system</p>	Rating system and how rates are collected influence the wealth side of the RSG calculation.

Document/ Title	Summary	RSG Relevance
Consultation on Non-domestic and Domestic rating measures 2023	<p>In 2023 The Secretary of State requested consultations for Revenue Raising within Northern Ireland Departments, LPS opened a Public Consultation on 7th November 2023, consulting on seven revenue raising measures:-</p> <ul style="list-style-type: none"> • Industrial Derating • Non-Domestic Vacant Rating • Freight & Transport • Halls of Residence • Early Payment Discount • Landlord Allowance • Maximum Capital Value <p>The consultation concluded on 13th February 2024 with approximately 1400 responses received. A report for this consultation will be published on the DoF website in 2024.</p> <p>https://www.finance-ni.gov.uk/rating-revenue-raising-consultation#:~:text=Consultation%20description,the%20wider%20body%20of%20ratepayers.</p>	Rating system and how rates are collected influence the wealth side of the RSG calculation.
NI Reval2026	<p>Through NI Reval2026, LPS will assess over 75,000 non-domestic properties in Northern Ireland for rates.</p> <p>The information gathered from businesses through the rent and lease questionnaire as part of the Reval 2026 exercise will contribute to the creation of a new non-domestic valuation list which will be used for the calculation of business rates from April 2026.</p> <p>It is necessary to periodically revalue all non-domestic properties. The last revaluation took place in 2023 using 1 October 2021 rental values. Reval 2026 will be based on an estimate of rental values on 1 April 2024.</p> <p>https://www.nibusinessinfo.co.uk/content/reval-2026-revaluation-business-rates</p>	Revaluations impact the wealth side of the RSG calculation.
Review of Rating System - Innovation Lab 2015	<p>The lab lasted four days. On the first two days, participants heard presentations from taxation experts. These presentations helped inform the discussion in the third and fourth days of the lab which focused on whether there was a better way to collect rates or tax businesses, and what were possible solutions to the challenges identified. The participants were varied and included business</p>	Rating system and how rates are collected influence the wealth side of the RSG calculation.

Document/ Title	Summary	RSG Relevance
	<p>representatives, retail representatives, local council officials and developers.</p> <p>The discussion concluded that there was no clear alternative to a property-based rating system that would satisfy the necessary principles behind a taxation system:</p> <ul style="list-style-type: none"> • simple to administer and understand • predictable to ensure the provision of public services could be planned • certainty • hard to evade <p>https://www.nicva.org/article/innovation-lab-review-business-rates</p>	
Other rate support grants/ schemes		
Various	<p>There are a wide range of rates support provided to ratepayers across NI and district councils. Examples include;</p> <ul style="list-style-type: none"> • Rate Rebate Scheme • Low Income Rate Relief • Maximum Capital Value • The Small Business Rate Relief (SBRR) scheme • Hardship Rate Relief <p>A full list of rates support is contained within Appendix 4</p>	<p>Various schemes provided by central government focus on making rates more affordable for particular NI ratepayer groups, similar to the focus of RSG.</p>

Finding 1: There is a wide range of rates relief and exemption provided by central government to individuals and business across NI.

2.4 Summary

This section outlines that the RSG is a form of revenue provided from central government to district councils to help deliver statutory services. It is a small part of the overall revenue raising process which also includes income from district rates, fees and charges and other government grants. The NI rating system provides the framework in which income from domestic and non-domestic properties can be raised on an annual basis to deliver regional and local services.

In addition, this section outlines that the RSG is underpinned by primary legislation and associated regulations which provides the framework used to calculate and allocate RSG. The RSG aligns with key NI strategies as it aims to address inequalities in key areas such as deprivation and sparsity. Also, it is evident that there are various rate reliefs and exemptions, outside of the RSG, provided by central government which supports certain groups of ratepayers across each of the district councils.

PART B

Analysis & Findings

3. ANALYSIS & FINDINGS

3.1 Introduction

This section outlines the findings from the reviews research. A finding can be defined as a key insight that has emerged from the research evidence and data collected throughout this review. The findings are derived from data collected from a number of primary and secondary data sources and do not include interpretation or bias. Table 5 below outlines the various areas to be covered within this section.

Table 5: Overview of Findings Section

Section	Area
3.2	Desk Based Research Findings
3.2.1	Overview of Legislation
3.2.2	Funding
3.2.3	Stakeholders, & Governance
3.2.4	Overview of RSG Calculation & Formula
3.2.5	RSG Calculation – Impact & Sensitivity Analysis
3.2.6	RSG Calculation – Statistical Data Analysis
3.2.7	Internal 2022 RSG Review Assessment
3.2.8	Other Funding Overview
3.3	Comparator Findings
3.4	Consultation Findings
3.41	Councils
3.42	Local Government Finance Team, LPS & Analytics Division
3.5	Summary of Findings

3.2 Desk Based research findings

3.2.1 Overview of legislation

Table 6 below outlines key elements of the legislation and regulations underpinning the RSG mechanism and is also referenced previously within this report, outlined in section 2.3. The review team have conducted analysis to outline the legislative conditions attached to RSG.

Table 6: Overview of Legislation/ Regulation

Section	Quote	Finding
Primary Legislation - Local Government Finance Act (Northern Ireland) 2011		
<u>27(1) & (6)</u>	<p>“The Department shall for each financial year make a grant under this section to councils (unless in any particular case the amount of the grant would be nil).”</p> <p>&</p> <p>“ The formula may be such that the amount payable is nil”</p>	<i>Finding 2: RSG is a statutory grant as department is obligated to make grant to district councils each year.</i>

Section	Quote	Finding
<u>27(3)</u>	“The amount of the rates support grant payable to a council for any financial year shall be determined in accordance with regulations and shall not be reduced during the financial year in question.”	<i>Finding 3: RSG funding cannot be reduced in year once the amount has been set for each district council.</i>
<u>27(4)</u>	“(4) Subsection (3) is subject to section 28 (reductions in grants).”	<i>Finding 4: If it is found that a district council is not delivering its functions in a value for money way the amount can be reduced in year.</i>
<u>27(9)</u>	“Regulations shall not be made under this section unless a draft of the regulations has been laid before, and approved by a resolution of, the Assembly.”	<i>Finding 5: Any amendments to the legislation through regulations must be approved through the NI Assembly.</i>
<u>27(10)</u>	“A council shall give the Department such information for the purpose of the calculation mentioned in subsection (5), at such time and in such form as the Department may determine.”	<i>Finding 6: DfC has the scope to request information in a format and at a time required for the RSG calculation.</i>
<u>27(11)</u>	“Payments in respect of the rates support grant shall be made to a council at such times as the Department may determine.”	<i>Finding 7: There are no legislative conditions on exactly when the payments are made by Department.</i>
<u>28(6) & 28(7)</u>	<p>“The Department may—</p> <p>(a) defray any expenditure incurred in any financial year in the provision of services for a council by a body specified in regulations; and</p> <p>(b) deduct from the amount of any grant payable under section 26 [27 or 27A] to the council for that year such amount (not exceeding the total of the expenditure so defrayed) as the Department considers appropriate.</p> <p>&</p> <p>Before exercising its powers under subsection (6) the Department shall consult councils and—</p> <p>(a) such associations representative of councils;</p> <p>(b) such associations representative of officers of councils; and</p> <p>(c) such other persons or bodies,</p> <p>as appear to the Department to be appropriate”</p>	<i>Finding 8: In year, the department may provide or recover additional funding.</i>
The Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011		
<u>2</u>	<p>(1) In these Regulations—</p> <p>“employment deprivation scores” means the Employment Deprivation Domain scores contained in the Northern Ireland Multiple Deprivation Measure 2010, published by the Department of Finance and Personnel(2);</p> <p>“Income deprivation scores” means the Income Deprivation Domain scores contained in the Northern Ireland Multiple Deprivation Measure 2010, published by the Department of Finance and Personnel;</p>	<i>Finding 9: The regulation refers specifically to the use of the 2010 NIMDM in the RSG calculation.</i>

Section	Quote	Finding
<u>3</u>	“For the financial year beginning on 1st April 2012 and each successive year the Department shall determine the amount of rates support grant payable to a council in accordance with the formula described in Schedule 1.”	<i>See finding 2.</i>
<u>4</u>	“The Department shall use data, in the formula and measures applied to population to calculate the additional needs of a council, based on the latest information available to the Department regarding the financial year ending on 31st March 2011 and on 31st March in each successive year.”	<i>Finding 10: The regulation requires the latest information available for the RSG calculation.</i>
<u>Schedule 1 (1a)</u>	“For the purposes of this Schedule— (a)a council’s wealth means its share of the Northern Ireland gross penny product, as calculated in accordance with this Schedule;”	<i>Finding 11: Wealth used in the RSG formula is defined in regulation.</i>
<u>Schedule 1 (2b)</u>	“For the purposes of this Schedule— (b) a council’s needs means its share of the Northern Ireland adjusted population (including the additional needs of a council) as calculated in accordance with this Schedule.”	<i>Finding 12: Need used in the RSG formula is defined in regulation.</i>
<u>Schedule 1 Para 2</u>	“The formula to determine a council’s entitlement to rates support grant shall be; Wealth – Needs = Surplus or Negative Variance”	District councils are entitled to a proportion of the RSG if their need is more than their wealth in comparison with other councils in Northern Ireland <i>Finding 13: RSG formula fixed as per legislation and no amendments since 2011.</i>

Table 6 above provides an overview of what the legislation states and the associated findings. However, it is important to consider any omissions from legislation to fully understand the legislative conditions attached to RSG. The findings outlined below summarises these key omissions.

Finding 14: The legislation does not specify the amount of grant to be paid each year across district councils, therefore the grant amount is discretionary.

Finding 15: The legislation does not specify timing around decision and notification of the grant amount.

Finding 16: There are no clear conditions on how the grant is to be used/ spent by each district council.

3.2.2 RSG Budgeting & Funding

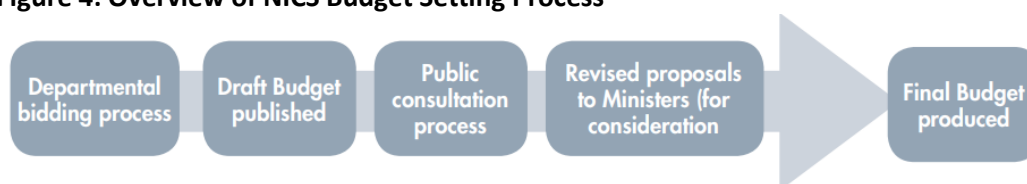
NICS Budgeting Overview

The main source of financing for public expenditure in Northern Ireland (NI) is the Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) from Treasury. Both DEL and AME are ultimately funded through the proceeds of general taxation across the UK. The Executive does not have discretion over AME funding and the Budget is therefore concerned primarily with DEL allocations.⁷

In NI, the budget is produced and agreed by the NI Executive. The Department of Finance (DoF) has responsibility for coordinating and collating departmental bids for funding, and for publishing the NI central government budget.⁸ Proposed allocations are included in a draft budget. This draft then goes to public consultation (for 8 weeks or more in line with guidance).

Executive is provided with all the equality information collated by departments on the potential equality impacts of living within budget⁹. The Executive considers assessments before agreeing the budget. Revised proposals are then brought to Ministers for consideration with the final budget. Agreement requires the assent of majority of Ministers in the Executive.

Figure 4: Overview of NICS Budget Setting Process



Finding 17: Local Government Finance team have no control or involvement over the setting of the RSG budget.

Finding 18: Equality impacts are considered as part of the NI Executive budget setting process.

Prior to the final budget being agreed, it is responsibility of departments to carry out equality screening/impact assessment as appropriate in line with their Equality Schemes. This also enables the Executive to consider if any in-year adjustments are needed to departmental allocations.

Finding 19: Equality screening can be conducted by departments to inform in year monitoring rounds.

The NI budget has been operating as a single-year budget for the past nine years due to a number of factors such as the collapse of NI Assembly and the Covid 19 pandemic. The last multi-year budget was from 2011/12 – 2014/15.

Finding 20: NI budget is currently operating a single-year budget.

⁷ <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Budget%202024-25%20document%20-%20Final%20Version%2027-6.pdf>

⁸ https://www.niauditoffice.gov.uk/files/niauditoffice/NIAO_Report_NI%20Budget%20Process%20Report_Combo_4_WEB.pdf

⁹ [Department of Finance - Public Expenditure: Budget 2024-25 \(niassembly.gov.uk\)](https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Budget%202024-25%20document%20-%20Final%20Version%2027-6.pdf)

RSG Allocation Overview

The overall total budget allocated by the Department for Communities (DfC) for RSG distribution is discretionary and must therefore be considered in the context of the Department's overall budget priorities and challenges following the budgeting process outlined in section 3.2.2 on the previous page.

Table 7 below outlines the overall discretionary RSG amount that has been provided to eligible district councils over the past seven years.

Table 7: Overview of RSG Amount by Financial Year (Including In-Year Additional Amount)

Allocations	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Opening Budget	16,865	15,865	15,865	11,924	8,924	4,924	3,124
Additional Allocation	358	-	6,435	10,000	-	-	TBC
Total Payments	17,223	15,865	22,300	21,924	8,924	4,924	3,124

It is evident from table 7 above that the total RSG amount paid has not yet fallen below the opening budget which aligns with conditions outlined in legislation. Additional in-year payments have been provided, notably in 2020-21 and 2021-22, driven primarily by additional funding for Covid 19 related activity. Overall, the RSG paid has reduced each year from 2021-22 to 2024-25. The fund did increase from 2019-20 to 2020-21 due to the additional in-year payments.

Table 8 below outlines the RSG paid for the past seven years broken down by each of the 11 district councils (including additional in-year payments).

Table 8: Overview of RSG paid to each district council by financial year

District Council	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Antrim and Newtownabbey	£0	£0	£0	£0	£0	£0	0	£0
Ards and North Down	£0	£0	£0	£0	£0	£0	0	£0
Armagh, Banbridge and Craigavon	£2,810,927	£2,619,312	£3,460,960	£3,438,687	£1,368,049	£919,803	£632,068	£15,249,806
Belfast	£0	£0	£0	£0	£0	£0	0	£0
Causeway Coast and Glens	£2,709,612	£2,571,717	£3,043,950	£2,934,864	£1,191,354	£336,802	£230,545	£13,018,844
Derry and Strabane	£3,620,786	£3,168,241	£4,201,320	£4,079,132	£1,697,345	£987,262	£666,500	£18,420,585
Fermanagh and Omagh	£622,079	£705,993	£1,255,490	£1,321,275	£601,478	£337,786	£262,261	£5,106,362
Lisburn and Castlereagh	£0	£0	£0	£0	£0	£0	0	£0
Mid and East Antrim	£1,550,458	£1,321,555	£3,512,250	£3,513,130	£1,486,738	£777,992	£451,960	£12,614,084
Mid Ulster	£4,260,170	£3,955,145	£4,740,980	£4,600,656	£1,825,850	£818,369	£367,578	£20,568,748

District Council	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Newry, Mourne and Down	£1,648,968	£1,523,040	£2,085,050	£2,036,254	£753,186	£745,986	£513,088	£9,305,571
Total	£17,223,000	£15,865,000	£22,300,000	£21,924,000	£8,924,000	£4,924,000	£3,124,000	£94,284,000

Over the past seven years a total RSG of £94.3m has been provided to eligible councils, averaging £13.5m per year. For the past seven years the district councils of 'Antrim and Newtownabbey', 'Ards and North Down', 'Belfast' and 'Lisburn and Castlereagh' have not received RSG. The remaining seven district councils of 'Armagh, Banbridge and Craigavon', 'Causeway Coast and Glens', 'Derry and Strabane', 'Fermanagh and Omagh', 'Mid and East Antrim', 'Mid Ulster' and 'Newry, Mourne and Down' have received RSG over the past seven years.

Of the district councils that have received RSG, the amount received fluctuates year on year. This is due to a combination of changes to the overall discretionary budget provided by the DfC and changes to percentage allocation for each district council which is informed by wealth and relative need of population underpinned by legislation. The mechanism of the RSG formula/calculation is covered in more detail in section 3.2.4 of this report. Table 9 below sets out the percentage allocation, following the RSG calculation, that each eligible district council has received for the past seven years.

Table 9: Overview of RSG percentage allocation for grant recipients by financial year

District Council	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Avg.
Armagh, Banbridge and Craigavon	16.32	16.51	15.52	15.68	15.33	18.68	20.23	16.90
Causeway Coast and Glens	15.73	16.21	13.65	13.39	13.35	6.84	7.38	12.36
Derry and Strabane	21.02	19.97	18.84	18.61	19.02	20.05	21.33	19.83
Fermanagh and Omagh	3.61	4.45	5.63	6.03	6.74	6.86	8.40	5.96
Mid and East Antrim	9.00	8.33	15.75	16.02	16.66	15.80	14.47	13.72
Mid Ulster	24.74	24.93	21.26	20.98	20.46	16.62	11.77	20.11
Newry, Mourne and Down	9.57	9.60	9.35	9.29	8.44	15.15	16.42	11.12
Total	100	100	100	100	100	100	100	

Finding 21: From 2020/21 RSG level of funding has reduced on an annual basis up until 2024/25.

Finding 22: RSG amount fluctuates due to discretionary nature of grant and percentage allocation informed by legislative formula.

Finding 23: When there is available budget in-year , additional in-year funding has been provided by the Department.

3.2.3 Stakeholder & Governance

Stakeholder Overview

The review team have analysed the data and developed a GUSI model as outlined in Figure 5 below to demonstrate the key stakeholders and their role in relation to RSG.

Figure 5: GUSI Stakeholder Model



**Users listed are the 7 councils currently in receipt of RSG. All councils are eligible depending on the outcome of the calculation*

Governance covers the process of overseeing the control and direction of the RSG. The DfC Corporate Governance Framework 2024 outlines governance structures and arrangements in place for the Department for Communities and subsequently the Local Government Team, underpinned by standard of conduct (see Appendix 5). The 2011 legislation also provides direction for RSG control and governance.

The Local Government Finance (LGF) team who are part of the “Communities Place & Local Government Group”, are responsible for calculating the formula in line with legislation and administering the grant to the eligible district councils. The LGF team request expenditure data from all district councils and statistical data from LPS of the Department of Finance and, Analytics Division, of the Department of Communities to inform the ‘wealth’ and ‘need’ calculation.

The LGF team administers the RSG amount to the eligible district councils in 3 to 4 annual instalments, depending on when budget is known. The LGF team also attend the Finance Working Group, in which RSG is a standard agenda item. This meeting includes Finance Directors from all district councils. The LGF team are also responsible for ongoing correspondence with district councils on matters relevant to RSG.

Figure 6 on the following page outlines the current overall RSG administrative and governance process outlining key activities of various stakeholders against a timeline. Please note that the

timeline against activities are an approximation and reflect the annual year at time of reporting. Please note that date range for activities may vary on an annual basis.

Running in parallel to this RSG process, each district council commences their financial planning around Aug/ Sept of each year to inform the setting of their district rate in February in advance of rates collection in April.

As identified in Figure 6, the Departmental budget which determines the rates support grant amount is not known until after each district council sets their rate. Therefore, the instalment letters are not issued until the budget has been confirmed to DfC

Finding 27: District councils do not know their rates support grant amount until after they set their district rates.

3.2.4 Overview of RSG Calculation & Formula

This section provides a summary of the RSG formula and calculation building on the information contained within the legislation and additional data supplied by the LGF team. As outlined throughout this report, the main calculation inputs are written in legislation and an extract of this is outlined in Figure 7 below. Please see Appendix 7 for a more in-depth breakdown of RSG calculation with worked examples.

Figure 7: Overview of RSG formula as per legislation

$$\left\{ \frac{\text{Council gross penny rate product}}{\text{Northern Ireland gross penny rate product}} \times 100 \right\} - \left\{ \frac{\text{Council home population adjusted}}{\text{Northern Ireland home population adjusted}} \times 100 \right\} = \text{Surplus or negative variance}$$

The calculation/ formula aims to bring together all relevant data and statistical information in relation to each district council's wealth and population (adjusted for additional needs) and provide the percentage allocation for RSG that each district council is to receive each financial year.

Below is a summary of the main inputs, adjustments and outputs of the RSG calculation.

Inputs

Wealth

1. Estimated penny product rates for both domestic and non-domestic properties provided by Department of Finance.

Need

2. Expenditure information provided by district councils.
3. Statistical information to enable measurement of deprivation, influx of additional population and sparsity.

Adjustment

4. For wealth. Domestic and non-domestic penny products for each district council are added together to work out the district council gross penny rate product. This is then divided by the total NI gross penny rate product to work out district council GPRP as a percentage proportion of the NI total.
5. For need. Each district council's actual population is adjusted based on additional need using the key measures of deprivation, influx of additional population and sparsity. This adjusted population for each district council is divided by the NI total adjusted population to work out the district council adjusted population as a percentage proportion of NI. Furthermore, there is a weighting applied for the proportionate NI expenditure on each key service relative to specified needs.

Output

6. For a district council to be eligible to receive RSG, the calculation output must demonstrate that their adjusted population (Need) score as a proportion of the NI total is higher than their wealth score as a proportion of the NI total. For example, if a district council wealth is 0.088 as a proportion of the NI total and their adjusted population 0.098 as a proportion of NI total, this equates to a negative variance of -0.01, therefore the district council is eligible to receive RSG.
7. In order to work out the percentage allocation of grant across eligible district councils variances are indexed.

3.2.5 RSG Calculation - Impact Analysis

Pro forma & Expenditure

A primary input that informs the RSG calculation / formula is the expenditure provided by each district council through a standardised pro forma as outlined in Appendix 5. LGF team provide district councils with a pro forma return checklist outlining information required which includes:

- An authorised pdf of completed RSG pro forma for the previous 3 years
- An electronic copy of all completed RSG input tables
- Extract/s on PDF from audited district council accounts showing “net expenditure full cost” and “depreciation total”
- Back-up report for depreciation and overhead figures

The purpose of this expenditure input is driven by legislation which states, “the extent of adjustment made to the population of a local government district shall be in the same proportion as the total Northern Ireland expenditure on each key service relative to specified needs.”¹² For each key service area, for example ‘waste collection’, the average spend within this area across all district councils is calculated and used to weight the adjustment to the population against the ‘waste collection’ measurement which addresses additional need in relation to sparsity. Therefore, the higher the average spend across NI in an area, the greater impact it will have on the adjustment of population to address the additional need of sparsity.

The review team analysed pro forma returns across a sample of district councils to better understand the quality and consistency of inputs. All district councils sampled provided the authorised PDF and electronic copy of the overall net expenditure and relevant extracts from audited accounts to demonstrate alignment. However, there was contrasting levels of back up data for overheads and depreciation provided. Despite follow-up from DfC some district councils provided limited back up data while others provided extensive back up data to outline how expenditure was calculated for each key service area.

Finding 28: There is inconsistent back up data provided by district councils to evidence key service expenditure areas.

Impact of Expenditure

The review team conducted analysis to understand the impact of applying the weighting to the additional need population adjustment areas based on average expenditure across district councils compared with when the weighting is not applied.

¹² [The Local Government \(Rates Support Grant\) Regulations \(Northern Ireland\) 2011](#)

It is evident that there is a significant change to district councils RSG percentage allocation if weighted expenditure was to be removed. As stated within the legislation the application of the expenditure weighting ensures that the extent of adjustment made to the population for each district council is the same proportion as the total Northern Ireland expenditure on each key service i.e. weighting is required to ensure councils are receiving the appropriate proportion of grant support based on their expenditure.

Finding 29: Inclusion of weighted expenditure reflects the proportionate expenditure across all NI councils on each key service.

Impact of Need

As outlined in section 3.2.4 the RSG formula is wealth minus adjusted population based on additional need. In order to understand the adjustment to population it is important to outline the baseline mid-year population figures of each district council before adjustment is made.

Table 10: Comparison of Mid-year Populations used within RSG Calculation

District Council	Mid-Year Population Estimates					Average	%
	20/21	21/22	22/23	23/24	24/25		
Antrim and Newtownabbey	136,237	137,343	137,451	138,906	139,104	137,808	7.3%
Ards and North Down	152,274	153,193	153,269	154,355	154,452	153,509	8.1%
Armagh, Banbridge and Craigavon	209,817	212,113	213,143	214,807	215,637	213,104	11.2%
Belfast	348,286	349,621	347,497	349,588	351,985	349,395	18.4%
Causeway Coast and Glens	150,313	151,033	151,385	149,102	149,413	150,249	7.9%
Derry and Strabane	158,718	159,319	159,652	159,802	160,066	159,511	8.4%
Fermanagh and Omagh	126,076	126,990	127,877	128,204	128,749	127,579	6.7%
Lisburn and Castlereagh	135,508	136,858	136,956	138,890	139,489	137,540	7.2%
Mid and East Antrim	135,832	136,326	136,554	136,210	136,122	136,209	7.2%
Mid Ulster	148,474	149,594	150,250	152,196	152,691	150,641	7.9%
Newry, Mourne and Down	180,106	181,276	181,475	182,517	182,836	181,642	9.6%
N.I. Totals	1,881,641	1,893,667	1,895,510	1,904,578	1,910,543	1,897,188	100%

Table 10 outlines that on average over the past five years, 'Belfast' has the highest population with on average 18% of the total NI population whilst 'Fermanagh and Omagh' has the lowest average NI population with 6%. The total population across NI has risen each year over the past five years. 'Armagh, Banbridge and Craigavon' has the second highest average NI population at 11%. The remaining eight councils have an average of between 7-9% of the total NI population.

The review team analysed the RSG calculation data for 2023-2024 to understand the overall impact that adjusted population for additional need has on the percentage allocation for each district council. Table 11 below outlines the RSG percentage allocation of adjusted population based on additional need compared with mid-year population (with no adjustments).

Table 11: Comparison of RSG percentage Allocation with and without Additional Need Adjustment to Population

District Council	% allocation with Population adjustment for additional need	% allocation with <u>NO</u> Population adjustment for additional need	Variance
Antrim and Newtownabbey	0.00	0.33	-0.33
Ards and North Down	0.00	5.37	-5.37
Armagh, Banbridge and Craigavon	18.68	24.77	-6.09
Belfast	0.00	0.00	0.00
Causeway Coast and Glens	6.84	0.96	5.88
Derry and Strabane	20.05	14.35	5.70
Fermanagh and Omagh	6.86	0.00	6.86
Lisburn and Castlereagh	0.00	0.00	0.00

District Council	% allocation with Population adjustment for additional need	% allocation with <u>NO</u> Population adjustment for additional need	Variance
Mid and East Antrim	15.80	20.29	-4.49
Mid Ulster	16.62	17.15	-0.53
Newry, Mourne and Down	15.15	16.79	-1.63

Source: 2023/24 RSG & Allocation

Table 11 outlines that three district councils “Causeway Coast & Glens”, “Derry & Strabane” and “Fermanagh & Omagh” experience a positive change in term of percentage allocation due to adjustment for additional needs. It is also important to note that “Antrim & Newtownabbey” and “Ards and North Down” move from being a grant recipient to non-grant recipients based on adjustment for additional need. It is clear that the adjustment of the population based on additional need does impact majority of district councils’ percentage allocation which in turn will make a difference to the RSG amount received.

Finding 30: Adjusting population based on additional needs does have an impact on RSG percentage allocation.

Table 12 on the following page, further breaks down the percentage allocation change based on each specific area of adjustment to population. This provides the review team with an impact analysis of each of the five areas of needs adjustment and the difference each makes to percentage allocation in isolation.

Table 12: Impact of Key Service Adjustment Area on RSG Percentage Allocation for each District Council

District Council	% allocation with <u>NO</u> adjustment	Population Adjustment based on Additional Needs (%)				
		Community Service	Economic Development	Tourism	Other Cleaning	Waste Collection
Antrim and Newtownabbey	0.33	-0.33	-0.33	-0.33	-0.12	-0.33
Ards and North Down	5.37	<u>-1.88</u>	<u>-2.00</u>	-0.95	-0.75	<u>-3.03</u>
Armagh, Banbridge and Craigavon	24.77	-0.22	0.00	-0.16	0.41	<u>-5.30</u>
Belfast	0.00	0.00	0.00	0.00	0.00	0.00
Causeway Coast and Glens	0.96	0.15	0.25	0.05	-0.46	<u>5.86</u>
Derry and Strabane	14.35	<u>2.92</u>	<u>3.21</u>	<u>1.47</u>	0.49	-1.04

District Council	% allocation with <u>NO</u> adjustment	Population Adjustment based on Additional Needs (%)				
		Community Service	Economic Development	Tourism	Other Cleaning	Waste Collection
Fermanagh and Omagh	0.00	0.00	0.00	0.00	0.00	<u>7.50</u>
Lisburn and Castlereagh	0.00	0.00	0.00	0.00	0.00	0.00
Mid and East Antrim	20.29	-0.97	-1.13	-0.43	0.08	<u>-1.67</u>
Mid Ulster	17.15	0.00	-0.15	0.08	0.36	-0.24
Newry, Mourne and Down	16.79	0.33	0.16	0.26	-0.01	<u>-1.75</u>

Source: 2023/24 RSG & Allocation

Majority of the adjustment areas have an impact on percentage allocation, some to a greater extent than others. An area with a high impact on the percentage allocation is 'waste collection' and this is likely due to the fact that the average expenditure across all district councils on this area is high. For example for "Fermanagh & Omagh" the 'waste collection' adjustment is the primary driver moving "Fermanagh and Omagh" from a non-grant recipient to a grant recipient. This appears reasonable as the 'waste collection' area reflects the less dense population spread across rural areas.

"Derry & Strabane" receive notable adjustments across "Community Service" and "Economic Development" primarily driven by higher NIMDM scores or higher levels of deprivation. "Tourism" and "other Cleaning" has the least impact on percentage allocation, and this is likely due to the fact these areas are informed by the data for 'tourist bed nights' which was set at zero for this 2023-2024 data analysed (as no statistical information was available).

Impact of wealth

The review team, utilising data provided by the LGF team, conducted analysis on the impact that the wealth side of the calculation has on the RSG percentage allocation. As stated in section 3.2.4, wealth is the estimated penny product rates for both domestic and non-domestic properties provided by the Department of Finance. In other words this is the amount of income that is to be raised by each district council through the levy placed on their ratepayers based on capital value of domestic properties and net annual value of non-domestic properties (including De-rated properties) located within their district council boundaries. Table 13 below outlines the Gross Penny Rate Product (GPRP) for each district council for the past 5 years.

Table 13: Total GPRP for each District Council over the past 5 Years

District Council	Gross Penny Rate Product (GPRP)					Average
	20/21	21/22	22/23	23/24	24/25	
Antrim and Newtownabbey	2,146,700	2,152,870	2,178,260	2,172,730	2,174,980	2,165,108

District Council	Gross Penny Rate Product (GPRP)					Average
	20/21	21/22	22/23	23/24	24/25	
Ards and North Down	2,292,870	2,308,440	2,338,350	2,357,410	2,352,750	2,329,964
Armagh, Banbridge and Craigavon	2,790,430	2,831,250	2,882,370	2,861,240	2,869,950	2,847,048
Belfast	6,443,470	6,467,520	6,557,700	6,566,360	6,620,030	6,531,016
Causeway Coast and Glens	1,952,660	1,975,980	2,001,430	2,099,760	2,108,440	2,027,654
Derry and Strabane	1,981,000	2,003,580	2,018,510	2,014,370	2,016,300	2,006,752
Fermanagh and Omagh	1,744,160	1,755,650	1,775,140	1,787,330	1,780,070	1,768,470
Lisburn and Castlereagh	2,259,970	2,279,790	2,310,650	2,434,210	2,435,700	2,344,064
Mid and East Antrim	1,702,090	1,712,560	1,719,290	1,740,910	1,781,060	1,731,182
Mid Ulster	1,786,650	1,817,960	1,852,100	1,964,370	2,078,410	1,899,898
Newry, Mourne and Down	2,467,890	2,493,810	2,540,040	2,444,480	2,446,590	2,478,562
N.I. Totals	27,567,890	27,799,410	28,173,840	28,443,170	28,664,280	28,129,718

Table 1

Tab

Table 13 outlines that on average over the past five years, 'Belfast' has the highest GPRP with 23% of the total NI GPRP whilst 'Mid and East Antrim' has the lowest average GPRP with 6%. The total GPRP across NI has risen each year over the past five years. 'Armagh, Banbridge and Craigavon' have the second highest average GPRP at 10% of the total NI GPRP. The remaining eight councils have an average of 7-9% of the total NI GPRP. Therefore it is evident that there is a disparity in wealth based on property values across NI.

Table 14 below outlines the comparison of percentage change year on year to understand the correlation of changes to wealth and the RSG percentage allocation.

Table 14: Comparison of Change between GPRP and RSG Allocation year on year

District Council	% changes in GPRP from previous year				RSG % Allocation by FY			
	21/22	22/23	23/24	24/25	2021/22	2022/23	2023/24	2024/25
Antrim and Newtownabbey	0.29%	1.18%	-0.25%	0.10%				
Ards and North Down	0.68%	1.30%	0.82%	-0.20%				
Armagh, Banbridge and Craigavon	1.46%	1.81%	-0.73%	0.30%	15.68	15.33	18.68	20.23
Belfast	0.37%	1.39%	0.13%	0.82%				
Causeway Coast & Glens	1.19%	1.29%	4.91%	0.41%	13.39	13.35	6.84	7.38
Derry and Strabane	1.14%	0.75%	-0.21%	0.10%	18.61	19.02	20.05	21.33
Fermanagh and Omagh	0.66%	1.11%	0.69%	-0.41%	6.03	6.74	6.86	8.40
Lisburn and Castlereagh	0.88%	1.35%	5.35%	0.06%				
Mid and East Antrim	0.62%	0.39%	1.26%	2.31%	16.02	16.66	15.80	14.47
Mid Ulster	1.75%	1.88%	6.06%	5.81%	20.98	20.46	16.62	11.77
Newry, Mourne and Down	1.05%	1.85%	-3.76%	0.09%	9.29	8.44	15.15	16.42

Table 14 outlines from 2023-24 to 2024-25 'Mid Ulster' experienced notable increase in GPRP and in the same years, their percentage change in allocation decreased. This trend is also evident in relation to 'Newry, Mourne and Down' as in 2023-24 it experienced a notable decrease in GPRP and in the same year their percentage allocation increased significantly. Other examples of correlation between percentage change in GPRP and percentage change in RSG allocation are highlighted in Table 14 above.

It appears that increases/ decreases in GPRP (Wealth) can lead to significant movements in RSG %, as Table 14 shows. Please note DfC has no control over the % changes in GPRP as this information is from LPS in terms of property values, and Councils will have input to that process with LPS.

Finding 31: There is a correlation between increase in wealth (GPRP) and decrease in percentage allocation.

3.2.6 RSG Calculation - Statistical Data Analysis

As part of analysis, the review team have identified the statistics used to inform each of the five key services expenditure areas and associated (need theme) which are as follows:

1. Community Services (Deprivation)
2. Economic Development (Deprivation)
3. Tourism (Deprivation and Influx of Additional Population)
4. Other Cleaning (Influx of Additional Population)
5. Waste Collection (Sparsity)

Table 15 outlines the relevant data points that are used to inform the five key services areas used to calculate additional need.

Table 15: Matrix outlining Data Points that Inform Measurement of Additional Need for each 'Expenditure Area'

Expenditure Area (Need Theme)	Employment Domain Rate	Income Domain Rate	Mid-year Population	District Area	Occupied Dwellings	Visitor Bed Nights*	Business Register and Employment Survey	Average Working LFS
1. Community Services (Deprivation)	✓	✓	✓					
2. Economic Development (Deprivation)	✓		✓					
3. Tourism (Deprivation and Influx of Additional Population)		✓	✓			✓		
4. Other Cleaning (Influx of Additional Population)			✓			✓	✓	✓
5. Waste Collection (Sparsity)			✓	✓	✓			

Table 15 outlines that mid-year population is used for all additional need areas as the baseline population is required to be adjusted for each district council. 'Employment Domain Rate', 'Income Domain Rate' and 'Visitor Bed Nights' are used to inform multiple areas of adjustment. The remaining data points inform one area of adjustment.

Table 16 below outlines the description of each data sourced used for each of the data points that informs the additional need areas.

Table 16: Overview of Sources and Timeframe used for each Data Point

Data Point	Description	Date				
		20/21	21/22	22/23	23/24	24/25
Employment domain rate	This rate is taken from the Northern Ireland Multiple Deprivation Measure (NIMDM) 2010 . This domain measures employment deprivation defined as involuntary exclusion of the working age population from work.	NIMDM 2010	NIMDM 2010	NIMDM 2010	NIMDM 2010	NIMDM 2010
Income Domain Rate	This rate is taken from the Northern Ireland Multiple Deprivation Measure (NIMDM) 2010 . This domain measures the proportion of the population experiencing income deprivation at the small area level.	NIMDM 2010	NIMDM 2010	NIMDM 2010	NIMDM 2010	NIMDM 2010
Mid-year Population Estimate	This data is sourced from NISRA Demography Statistics . The population estimates refer to the number of people in the population at 30 June each year. Population estimates are based on the most recent Census of population: each year, the population is 'aged-on' by one year with the number of births in the year added and the number of deaths in the year subtracted.	2018	2019	2020	2021	2022
District Area Squared KM	This data is sourced from Local Government Boundaries Commission . The Parliamentary Constituencies Order 2023 comes into force on 29th November 2023, and the new boundaries will take effect at the next UK Parliamentary election called after this date. ¹³ At time of reporting there has been no updates to the figure.	2012	2012	2012	2012	2012
Occupied Dwelling	This data is sourced from Land and Property Services Housing Statistics . Annual Housing Stock in each Local Government District adjusted by most recently available Occupancy/Vacancy Rate. Housing Stock is defined as a count of properties which are valued as domestic or mixed for the purposes of rating.	2019	2020	2021	2022	2023
Visitor Bed Nights	This data is sourced from NISRA Tourism Statistics . Data is made up of visitors to Northern Ireland from outside Northern Ireland (ROI, GB and others). This data is collected from 3 surveys (then compiled by NISRA) – the CSO Household Travel Survey (carried out to ROI residents), the Survey of Overseas Travellers (carried out by Fáilte Ireland at ROI air and seaports on visitors to NI through ROI ports) and the Northern Ireland Passenger Survey (carried out by NISRA at NI air and seaports).	2018	2019	2020*	2021*	2022*
Business Register and Employment Survey	This data is sourced from Business Register and Employment Survey (BRES) . BRES provides employee job estimates for Northern Ireland, split by gender and working pattern. BRES counts the number of jobs rather than the number of persons with a job.	2018	2019	2020	2021	2022
Average Working LFS	This data is sourced from Labour Force Survey (Annual Tables). The Labour Force Survey (LFS) is a sample survey carried out by interviewing individuals about their personal circumstances and work.	2018	2019	2020	2021	2022

*

¹³ <https://www.boundarycommission.org.uk/2023-review-parliamentary-constituencies>

**Number of Tourist Bed Nights set to zero for all district councils*

As outlined in Table 16 on the previous page, data points “employment domain rate” and “income domain rate” come from Northern Ireland Multiple Deprivation Measure (NIMDM) 2010, which utilises data collected in 2008/09. This 2010 NIMDM has been replaced with an updated NIMDM 2017. Not only is the data more up to date, the 2017 NIMDM uses new data points. For example, it is now possible to measure household income rather than use receipt of income related benefits as a proxy for low incomes. As much as the legislation is outdated, it is the only legislation available for DfC to use for inputs to the RSG calculation.

Finding 32: Source data to inform “Employment Domain Rate” and “Income Domain Rate” is outdated.

Furthermore, there is an additional data point “proximity/ access to services” that is contained within the NIMDM 2010 and subsequent versions to measure the extent to which people experience poor physical and online access to key services at the small area level. This data point may be considered by Analytics Division as it may provide a relevant additional measurement of sparsity that is currently not included within the RSG calculation.

Finding 33: NIMDM contains data points relating to ‘access to services’ which is currently not used within the RSG calculation.

As outlined in table 16, on the previous page, there has been a two-year lag in ‘mid-year population’ estimates to inform RSG calculation, however this is due to the timing around the publication of data source.

Finding 34: 2022 mid-year estimates were used to inform 24/25 RSG calculation as the 2023 mid-year estimates were published on the 19th September 2024, therefore too late to include in the formula process.

‘District area squared km’ data comes from the latest boundaries commission review which was last undertaken as part of the council transition from 26 councils to 11. As outlined in table 16, on the previous page, a new boundaries review has completed in 2023.

Finding 35: Updated data with regards district area squared km will be available following 2023 boundary review. To date there has been no update to figures.

Following the Covid 19 pandemic, the number of ‘tourist bed nights’ was set to zero as the information was not available from the Analytics Division. Therefore, zero ‘tourist bed nights’ has informed the 22/23, 24/24 and 24/25 RSG calculation.

Finding 36: For the past three years of the RSG calculation tourist bed night data has been set to zero.

Finding 37: For the past five years, sources for each of the data points have remained unchanged.

Finding 38: Where there is no restrictions within legislation, date of data source to inform RSG calculation has been updated year on year.

3.2.7 Other Funding Streams overview

As part of this review, the review team conducted research and analysed a sample of the various funding streams, separate to RSG, of which each district council can avail of to help address some of the key themes covered under RSG such as deprivation, tourism and sparsity. Table 17 below outlines a summary sample of other funding streams that are provided from central government directly to local government. This list was compiled using a combination of desktop research and data sourced from the government funding database provided by DoF.

Table 17: Overview of other funding streams

Department/ Funder	Title/ Link	Description/ Aim
DAERA	Household Waste Recycling Collaborative Change Programme (HWRCCP)	This central government assistance will assist local councils to transform kerbside recycling and Household Recycling Centre (HRC) infrastructure and services. The programme will emphasise the quality of recycling, as well as increasing the quantity of recycles collected.
DFC	Community festivals Department for Communities (communities-ni.gov.uk)	The Department for Communities provides annual funding to councils through the Community Support Programme, contributing towards 50% of the Community Development Support Grant and Social Inclusion Grant Programmes.
DFC	Labour Market Partnerships - screening Department for Communities (communities-ni.gov.uk)	Funding aims to improve employability outcomes and labour market conditions by working through coordinated, collaborative, multi-agency partnerships, achieving regional objectives whilst being flexible to meet the needs presented by localised conditions.
DFC	Hardship Fund Scheme Discretionary grant	DFC provided one-off funding to councils for a Hardship Scheme to alleviate financial hardship for the most vulnerable. The aim of the scheme as directed by DfC was to provide emergency cost of living assistance to the most vulnerable people in the borough.
DFC/ DAERA	Access and Inclusion Programme 2023/24	The aim of the programme is to promote a more inclusive society by improving accessibility at arts, cultural and active recreation venues for people with disabilities.
DFC	Neighbourhood Renewal Action Plan	People and Place - a strategy for 'Neighbourhood Renewal' 2003 led to 36 deprived areas across Northern Ireland being chosen to receive support. Neighbourhood Renewal Partnerships have been key to creating local plans to improve everyday life for people in those areas.

Department/ Funder	Title/ Link	Description/ Aim
NI Executive	City and Growth Deals	The NI Executive and the UK government has committed £1.2bn capital funding over the next 15 years to four Northern Ireland City and Growth Deals: Belfast Region City Deal (£700m); Derry City and Strabane City Deal (£210m); Causeway Coast and Glens Growth Deal (£72m), and Mid South West Region Growth Deal (£252m). This once in a generation package will also be complemented by private sector and other sources of funding.
SEUPB	Peace Plus Programme	PEACEPLUS (2021-2027) is a €1.1 billion funding partnership between the European Union, the Governments of the United Kingdom and Ireland, and the Northern Ireland Executive and will be administered by the Special EU Programmes Body. The programme has 6 themes, with a total of 22 investment areas: <ol style="list-style-type: none"> 1. Building peaceful and thriving communities 2. Delivering socio-economic regeneration and transformation 3. Empowering and investing in our young people 4. Healthy and inclusive communities 5. Supporting a sustainable and better-connected future 6. Building and embedding partnership and collaboration
DFE	ASPIRE Employability Programme	ASPIRE is a Fermanagh & Omagh District Council led Employability Programme supporting people into paid employment.

As outlined in table 17 there are a number of other grants/ funds, separate from RSG, that are available to district councils. These grants provided by central government provide additional support to deliver against district council priority service areas relevant to areas covered within the RSG calculation. It is important to note that central government grants can be availed of by multiple district councils or may be specific to one district council depending on a number of factors based on need, focus and requirements. Therefore there is likely to be contrasting levels of funding provided to each of the district councils.

If we take Labour Market Partnership scheme as an example from Table 17, this scheme has been established across 11 NI district councils to improve employability outcomes. The aim of this scheme can be linked to the 'deprivation' theme used within the RSG calculation. If employability outcomes improve, this has the potential to influence the deprivation score that may impact additional needs and therefore the RSG percentage allocation.

Upon conducting research in this the review team faced difficulty in obtaining an overarching picture of the previous and current range of central government funding to each of the district councils. In addition central government grants provided to district councils are not currently factored into the wealth or needs formula used to calculate RSG percentage allocation.

Finding 39: There is evidence of a number of funding streams that have been utilised or are available to district councils directly from central government that may impact the factors used in calculation of RSG.

3.3 Comparator findings

3.3.1 Background & Context

Devolution

“Devolution” is the term used to describe the process of transferring power from the centre (Westminster) to the nations and regions of the United Kingdom. The UK system of devolution is asymmetric, in that different parts of the UK have different forms of devolution and varying degrees of power. Scotland, Wales and Northern Ireland now all possess executive and legislative devolution.

Those three legislatures can only pass primary and secondary laws in devolved (or “transferred” in the case of Northern Ireland) areas, with “reserved” matters (or reserved and “excepted” in Northern Ireland) remaining the responsibility of Westminster.¹⁴

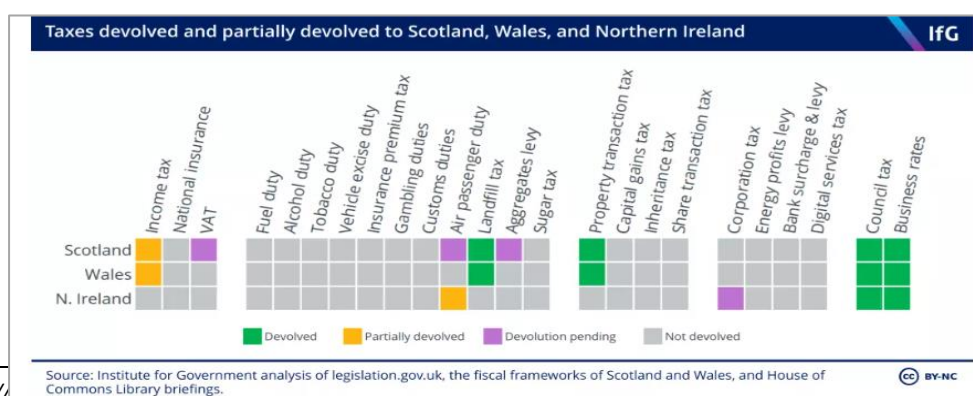
The devolved administrations in Scotland, Wales and Northern Ireland receive grants from the UK Government that fund most of their spending. The largest such grant is the ‘block grant’. The Barnett formula calculates the annual change in the block grant. For Wales and Northern Ireland the formula includes a needs-based factor, which recognises the additional relative spending need of both. The main exceptions are the floors added to Barnett formula for Wales and Northern Ireland that prevent their block grant funding falling below a level related to its needs.¹⁵

Tax

Most taxes in the UK are controlled by the UK government, with tax rates set by Parliament, revenue collected by HMRC and the Treasury determining how this should be distributed across government. But there are some exceptions. When the devolved administrations in Scotland, Wales and Northern Ireland were established in 1999, they were responsible for raising very little of the money they spent, relying instead on funding from the UK government.

Legislation passed over the past decade has changed this. The Scottish and Welsh Parliaments have taken full control of some smaller taxes and have been granted power over aspects of the income tax system. These reforms were designed to improve the financial accountability of devolved administrations, and to incentivise them to choose policies that stimulate growth in their tax base. Tax devolution has advanced more slowly in Northern Ireland and to local government within England.

Figure 8: Overview of Tax Responsibilities for UK Devolved Administrations



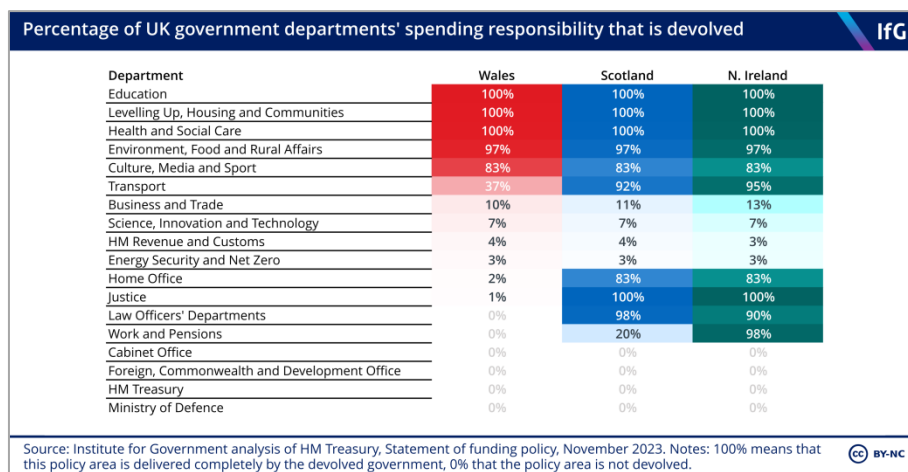
¹⁴ <https://commonslibrary.parliament.uk/research-briefings/cbp-7386/>

¹⁵ <https://commonslibrary.parliament.uk/research-briefings/cbp-7386/>

Responsibilities – Central Government

Figure 9 below provides an overview of the extent of which key functions are devolved to each of the three UK legislatures.

Figure 9: Overview of Function Responsibilities for UK Devolved Administrations



Responsibilities – Local Government

Scotland, Wales and Northern Ireland governments further devolve contrasting levels of responsibilities across a range of service areas to their local councils. By way of context, councils in Northern Ireland are responsible for approximately one sixth of the powers and spending that councils in Wales, Scotland and the Republic of Ireland have.¹⁶ The main difference in powers is that Northern Ireland councils do not have responsibility for 'education' and 'health and social care', unlike their UK counterparts, as outlined below in Table 18.

Table 18: Overview of Examples of Local Government Responsibilities across the UK

Area	Scotland	Wales	Northern Ireland
Arts & Events	✓	✓	✓
Building Control	✓	✓	✓
Cemeteries	✓	✓	✓
Community Services	✓	✓	✓
Economic Development	✓	✓	✓
Education	✓	✓	
Environmental Protection	✓	✓	✓
Housing and Planning	✓	✓	✓
Leisure Facilities	✓	✓	✓
Parks & Recreation	✓	✓	✓
Roads & Transport	✓	✓	
Health & Social Care	✓	✓	

¹⁶ <https://www.nilga.org/media/2533/nilga-councillor-guide-2023.pdf>

Tourism Facilities & Development	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Waste Management & Disposal	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

3.3.1 Comparator Analysis

For the purpose of this review, a high-level comparison was drawn against the devolved governments including their approach to revenue raising, rates system, allocation of funding and additional support provided. Table 19 below outlines comparison across key criteria for each devolved government.

Table 19: Comparison of Rates systems across UK¹⁷

Criteria	Scotland	Wales	Northern Ireland
Population	5,490,100	3,132,000	1,910,543
Number of councils	32 Local Authorities	22 Unitary County and Borough Councils	11 District Councils
Total Council Spend	£25bn ¹⁸	11bn ¹⁹	£1bn ²⁰
Revenue Sources	<ol style="list-style-type: none"> 1. General Revenue Grant: 40% 2. Non-Domestic Rates: 13% 3. Council Tax: 13% 4. Specific Revenue Grant: 19% 5. Other income 15%²¹ 	<ol style="list-style-type: none"> 1. Revenue Support Grant and re-distributed Business Rates): 52% 2. Council tax: 18% 3. Specific grants: 17% 4. Other income: 13%²² 	<ol style="list-style-type: none"> 1. Domestic Rates: 37.5% 2. Non-Domestic Rates: 37.5% 3. Government grants & fees/charges: 25%
Non-Domestic Rates	<p>Multiplying the rateable value of a property (assigned by assessor in each council area) by a tax rate known as poundage (3 tiers sets by Scottish government).</p> <p>The proceeds of the Non-Domestic Rate are paid into a national pool administered by the Scottish Government for redistribution to local authorities in Scotland.</p>	<p>Multiplying the rateable value of a property (assigned by Valuation Office Agency) by a tax rate known as poundage (set by Welsh government).</p> <p>Similar to Scotland, rates are collected by each council on behalf of the Welsh Government. The money collected is paid into a central 'pool' and then redistributed across Wales to help pay for services provided by all the local authorities.</p>	<p>Multiplying the rateable value of a non-domestic property (assigned by Land property services of Department of Finance) by a tax rate known as poundage (there are two rates set by each local council known as 'district rate' and NI government known as 'regional rate').</p> <p>The proceeds collected from the 'district rate' is revenue provided to councils for council services. Proceeds collected from the</p>

¹⁷ <https://www.ulster.ac.uk/epc/pdf/2024/local-government-rates-comparisons/Local-government-rates-comparisons.pdf>

¹⁸ <https://www.gov.scot/publications/funding-local-government-scotland-2024-25/>

¹⁹ <https://www.gov.wales/sites/default/files/statistics-and-research/2024-06/local-authority-revenue-budget-and-capital-forecast-april-2024-march-2025-917.pdf>

²⁰ <https://www.niauditoffice.gov.uk/news-centre/local-government-auditor-reveals-record-shortfall-between-ni-councils-income-and>

²¹ https://audit.scot/uploads/docs/report/2024/nr_240116_local_government_finance.pdf

²² <https://www.denbighshire.gov.uk/en/your-council/budgets-and-finance/how-we-spend-money/how-the-council-is-funded.aspx>

Criteria	Scotland	Wales	Northern Ireland
			'regional rate' is revenue used by central government to provide regional services
Domestic Rate/ Council Tax	Each domestic property in Scotland falls into a tax band range based on value on 1 April 1991. A different council tax is charged at each band. Each council area collects revenue for domestic properties that fall within their boundaries. The proceeds from the council tax revenue contribute towards the delivery of local government services	Similar to Scotland, each domestic property in Wales falls into a tax band range based on value on 2003. A different council tax is charged at each band. Each council area collects revenue for domestic properties that fall within their boundaries. The proceeds from the council tax revenue contribute towards the delivery of local government services	Multiplying the rateable value of a domestic property (assigned by Land property services of Department of Finance using valuation list) by a tax rate known as poundage (there are two rates set by each local council known as 'district rate' and NI government known as 'regional rate'). The proceeds collected from the 'district rate' is revenue provided to councils for council services. Proceeds collected from the 'regional rate' is revenue used by central government to provide regional services
Domestic Rates Cap	Band H: over £212k	Band I: Over £424k	Properties capital value of £400k
Rates Relief	Wide range of rates relief and exemptions available to ratepayers	Wide range of rates relief and exemptions available to ratepayers	Wide range of rates relief and exemptions available to ratepayers
Rates Support Grant	No evidence of specific grant that reduces rates for all ratepayers	No evidence of specific grant that reduces rates for all ratepayers	Evidence of grant that supports all ratepayers as outlined within this report

Table 19 above demonstrates that there are differences between Northern Ireland and its devolved UK counterparts. Firstly the population and number of councils differs greatly. In addition the annual spend by local government is significantly different with Scottish local government spending £25bn in comparison with NI local government at £1bn. This is primarily due to the fact that Scottish local government is responsible for delivering services related to education and adult social care. Due to the scale of spend, how and to what extent revenue is raised, differs.

NI local councils receive majority of its revenue from non-domestic and domestic district rates. Whereas, Scotland and Wales receive majority of revenue from revenue support grant which is allocated to local government based on relative need. Scotland, Wales and Northern Ireland all raise income using a tax on domestic and non-domestic properties, however how each are calculated and aligned differ based on valuation lists. Scotland, Wales and Northern Ireland all provide a variety of rates exemptions for various groups across their council areas, however Northern Ireland is the only local government which provides a specific rates support grant, bound by legislation to councils which acts as an overall reduction for all ratepayers. However, the higher the General Revenue Grant in Scotland, the less need to raise income from council tax and non-domestic rates. This is similar for the Revenue Support Grant in Wales

Finding 40: There is no equivalent grant used in Scotland or Wales that equates to RSG grant used in NI.

Allocation of revenue support grant in Scotland and Wales

Scotland

As outlined in Table 19 on the previous page, Scottish Government pay local authorities a General Revenue Grant, previously known as a Revenue Support Grant, to support their general net revenue expenditure. Scottish Government decide how much each local authority will receive as a GRG by using Grant Aided Expenditure calculations and projections. GAE figures determine what share of the total revenue funding each local authority should receive on the basis of relative need.²³

For 2024-25, in order to calculate each council's fair share relative to additional need, each of the 141 service areas are to be considered separately²⁴. For example, within 'cleansing & environment' there were 9 different areas considered, ranging from 'waste collection' through to 'flood management'. To calculate the pot for each area there are a variety of data sources and weightings to assess relative need across the 32-council area. For example 'waste collection' uses the 'total dwelling valued for council tax' and 'house dispersion' to calculate each council share of funding. Another example is 'Planning and Economic Development' which uses data sources including 'total population', 'Scottish Index of Multiple Deprivation' 2020 and 'island population' to calculate councils share of funding for this area.²⁵

The formula used the latest data and often took account of deprivation or rurality. Island populations were usually given an 11 per cent uplift because of their additional costs. Sometimes councils were given a fixed amount each as part of the formula. In a few cases funding was decided on the basis of bids for funding. A wide range of data sources were used to distribute funding. The indicators that distributed the largest amount of funding are; subset of pupils numbers, age-based subsets of population, deprivation, dwelling and council tax bands, elderly mortality, morbidity and living alone.

After Scottish Government funding formula is used to calculate each council's share, it is ensured that allocations are compared with the previous year. Naturally some councils receive a larger percentage increase/ decrease than others. To protect against significant changes a lower limit on the percentage change has been put in place. The limit is called 'the Floor'.

To do this, an average percentage change is worked out, comparing all but a few areas of the formula. 'The Floor' is set slightly below that average. It ensured that in 2024-25 councils were allowed, at worst, a 1.07 per cent decrease in their regular funding.

Where the funding formula had given councils an increase greater than the 'Floor', they pay into a pool. This pool is then distributed to the other councils to bring them up to the 'Floor'.

Wales

Similar to that of Scotland, the Welsh Government, through the Local Government Finance Settlement determines how much of the funding provided to each local authority. This funding is known as the Revenue Support Grant (RSG) and non-domestic rates) and is distributed on the basis of a needs-based formula. A joint Welsh Government and local authority working group, called the Distribution Subgroup is responsible for ensuring the formula is reviewed regularly. Other local authority funding is raised locally in the form of council tax which is set by each

²³ <https://www.gov.scot/policies/local-government/local-government-revenue/#bellwin-scheme>

²⁴ <https://www.gov.scot/publications/funding-local-government-scotland-2024-25/pages/4/>

²⁵ <https://scotland.shinyapps.io/sq-scottish-local-government-finance-green-book-2024-25/>

authority as part of its annual budget setting process. In addition, local authorities are able to apply for additional funding through Welsh Government grant programmes.²⁶

Local Government Funding Formula is the method that the Welsh Government uses to distribute the Revenue Support Grant to each council. It is based on the population and demographic, physical, economic and social characteristics of each area set out in the Standard Spending Assessment (SSA). The SSA is a notional calculation of what each council needs to spend to provide a standard level of service.

Similar to Scotland, funding for each local council is divided across approximately 52 service areas. For example 'refuse collection' is calculated using population of all ages and dispersion threshold with pre-agreed weighting to work out funding allocation for this service area. 'Economic Development' service area is calculated using index weighted working age population. 'Street Cleaning' service area is calculated using 'enhanced population' influx of daily population and 'urban road length' to allocate funding based on relative need.²⁷

Summary

Wales and Scotland have significantly higher range of responsibilities, powers and expenditure levels compared to NI. They also receive a larger proportion of their income from central government to deliver these services. The allocation of this funding uses similar principles to that of the NI RSG, where the funding is allocated based on relative need linked to the population utilising a number of similar indicators. There is no evidence within Scotland and Wales of an overarching levelling up grant that relieves the burden of all ratepayers within a council area. However there are a variety of rates exemptions and discounts for non-domestic and domestic ratepayers similar to Northern Ireland.

Finding 41: Wales and Scotland use similar population adjustment measures for relative need to calculate allocation of funds for services within each local council.

Finding 42: For allocation in relation to 'economic development', 'waste collection' and 'deprivation,' Scotland and Wales use weighted data sets similar to those used as part of RSG formula.

²⁶ <https://statswales.gov.wales/Catalogue/Local-Government/Finance/Settlement>

²⁷ <https://www.gov.wales/local-government-revenue-capital-settlement-background-information-standard-spending>

3.4 Stakeholder Consultation Findings

This section of the report outlines findings derived from consultation with stakeholder groups including, NI district councils, NILGA and NICS departments. The review team conducted an extensive consultation phase conducting interviews with 30+ stakeholders. In advance of consultation, the interviewees were provided with a discussion guide to focus the interview with regards the terms of reference.

The following themes were discussed as part of the consultation;

- Objectives/ Need
- Use of RSG
- Grant Type/ Model
- Requirement and Calculation
- Relationships/ Governance
- SWOT

Please note that the consultations findings outlined in Table 20, on the following page, captures outputs from a report provided by a district council in response to this RSG review.

Table 20: Consultation Findings: District Councils

Area	Theme	Findings	Selection of Quotes
Objectives/ Need	Policy Relevance	<p>Majority of consultees outlined that they felt RSG policy is still highly relevant, to meet the needs of rate payers in less wealthy district councils. Consultations outlined that original policy intent to provide financial support to those district councils whose needs relative to their population exceed their wealth remains pertinent due to the fact that there is still disparity of wealth and needs amongst district councils.</p> <p>Finding 43 Consultations with Councils outlined that the current RSG is still highly relevant.</p>	<p><i>"Still relevant, only way to fund services is RSG or raising rates."</i></p> <p><i>"Absolutely. It is a fact that there are Councils with lower property values, lower gross penny rate products, lower levels of income and employment deprivation, lower levels of population density and indeed, who suffer from many other associated social and economic deprivation indices (economic inactivity, claimant count, gross disposable household income)."</i></p> <p><i>"RSG designed to help rate payers in less wealthy councils – policy intent still clearly exists."</i></p> <p><i>"Programme for govt (previous and current) redress balance is acute. RSG goes a little way to help support councils to do this."</i></p> <p><i>"There exist sufficient need for RSG and for levelling up across all councils to redress the balance."</i></p>
	Funding Level	<p>Majority of consultees stated concerns over the consistent reductions over the past number of years to the RSG amount and the negative impact it was having on the district council ratepayers.</p> <p>Many consultees stated that the current funding level is not adequate to meet the objective of providing sufficient services to those district councils most in need and closing the disparity for ratepayers across district councils.</p> <p>Some consultees also referred to the equality implications and referenced by reducing the RSG amount there are groups more affected than others such as rural settlers and older people.</p> <p>Finding 44 Councils consulted considered that the current funding level is not appropriate to meet the needs of its ratepayers.</p>	<p><i>"RSG cuts from £20M cut to £3M, exacerbated by impact of inflation has had a massive impact on the ratepayer. Areas of deprivation need more funding for services."</i></p> <p><i>"Cuts to RSG mean 1% on rates every year to provide services."</i></p> <p><i>"Reducing RSG has a major impact on less well-off councils., RSG cuts having a clear impact as it accounts for rates rise – severe impact not a minor one."</i></p> <p><i>"RSG policy intent can technically be met by giving a minimal amount of £1, creating a risk to sustainability of future funding."</i></p> <p><i>"The grant policy objective contributes towards meeting the needs of the people in the eligible Councils, however, a grant policy can only be effective if it is adequately funded which is clearly not currently the case."</i></p>
Use of Grant	Use of Grant	<p>When asked what the RSG is used for, all consultees confirmed that the RSG is not a ring-fenced amount, specifically linked to key services within the 2011 regulation,</p>	<p><i>"RSG used to offset rates for all ratepayers – key income stream and use it along with main income stream to set rates."</i></p> <p><i>"RSG used to offset rates in its entirety."</i></p>

Area	Theme	Findings	Selection of Quotes
		<p>but is used to offset rates for all ratepayers. Consultations stated there are no conditions attached to the funding with regards allocating it to specific areas of service provision.</p> <p>Furthermore, consultations outlined no record or reporting of financial usage of the grant or reporting on specific outcomes/ impacts. However, it was stated that the grant is recorded and reported against in the overall context of district council spend.</p> <p>Finding 45 All Councils consulted outlined that RSG is used to offset rates for all ratepayers.</p>	<p><i>"RSG added to all expenditures and all expenditure is recorded. Provides dept with key service figures – not about use of RSG."</i></p> <p><i>"RSG is a generic spend not necessarily reported on directly – DfC request a return not RSG specific."</i></p> <p><i>"RSG not ringfenced at all, used to reduce burden on the ratepayers"</i></p> <p><i>"Shocked in being asked what it is spent on, felt as though it showed a lack of understanding of RSG - no direct reporting in relation to RSG was made, however, performance Mgt, framework and NIAO records and reports for councils"</i></p> <p><i>"Use of grant question appears to misinterpret how the grant is used by the 7 impacted Councils. It is not used/ designated by Councils towards the cost of specific services. The reality is that the cost of all Council services are funded by ratepayers within each Council District. It is only therefore appropriate that the Rates Support Grant relief is provided to all ratepayers through a reduction (albeit inadequate reduction) to their rates bills recognising the fact that they live in less wealthy, more deprived and rural Councils."</i></p> <p><i>"Councils do not have any equality issues that they need to consider with regards to the Rates Support Grant funding. The relief is provided to all ratepayers through a reduction to their rates bills recognising the fact that they live in less wealthy and more deprived and rural Councils."</i></p>
	Impact	<p>Consultees stated the importance of the RSG in providing more affordable rates for ratepayers across the eligible district councils.</p> <p>Some consultees were unable to provide specific impacts on service provision that had resulted from ongoing reduction from RSG</p> <p>However, some district councils provided examples of what service impacts may be if they did not receive RSG such as;</p> <ul style="list-style-type: none"> • Reduction in community grant • Cut to community events • Revised recycling opening hours • Turn down capital funding as you do not have the funding to maintain. E.g.: Green Parks analogy. 	<p><i>"RSG supports an affordable rate for rate payers. No specific ringfencing but without it, rates would be much higher and if lost RSG it would determine a loss of services."</i></p> <p><i>"Understand the rationale for the cuts to RSG but consequential impact on councils means it has a serious impact on services provided"</i></p> <p><i>"Financial pressures and external market driven forces and forced additional rise. Ratepayers essentially paying for RSG cut."</i></p> <p><i>"When factors such as deprivation and rurality are taken into account, the paradox is compounded and ratepayers in less wealthy Council areas pay a significantly higher proportion of their rateable property values in rates."</i></p>

Area	Theme	Findings	Selection of Quotes
		<ul style="list-style-type: none"> Increase costs of services which has a number of consequences such as less use of facilities, ratepayers less active which can have a negative impact on health. <p>Finding 46 Councils consulted felt that a reduction in RSG would result in higher rates for ratepayers or reduction in services provided by district councils.</p>	
	Other funding streams	<p>Many consultees stated that no other funding stream provides what RSG does for district councils. However, some consultees acknowledged that there are other funding streams provided by Department for Communities and other departments that address some of the key themes covered by RSG.</p> <p>Some consultees felt that currently it was not possible to clearly identify the funding landscape.</p> <p>Finding 47 Some Councils consulted identified that there is other funding for specific services that address additional needs outlined in the RSG formula. However, RSG provides general funding to district councils.</p>	<p>"No other funding stream like RSG exists, it is unique."</p> <p>"No other fundings streams could meet what RSG provides."</p> <p>"A lot of grants for economic development and all 11 councils can avail of the same funding."</p> <p>"There are no other funding streams that address the fact that ratepayers in less wealthy, more rural and deprived Council areas pay a significantly higher proportion of their rateable property values in rates."</p> <p>"Councils get 70/80 grants from all different departments that may have been in place for years. Each fund has different conditions on it, different administrative requirements/ reporting etc. Hugely bureaucratic systems is meaning the money cannot be used as effectively or joined up across councils as it could be."</p> <p>"There is absolutely other streams that aim to tackle the themes of RSG but what funds are available needs mapped out to understand level of investment in these areas and outline where synergies can be gained across the board and then RSG can be used as an equaliser once all things have been considered."</p>
Grant Allocation & Monitoring	Grant Allocation & Monitoring	<p>Some consultees outlined the benefits of having a claims-based approach to RSG in line with other central government grants, enabling a more targeted, evidence-based approach and allow district councils to demonstrate in more detail the direct impact that RSG is having on key service areas. However, it was accepted that this would be difficult due to how it has been administered to date and how it is written in legislation.</p>	<p>"All other grants are monitored and unsure why RSG is not monitored"</p> <p>"More appropriate to have claims-based system. Claims based coming from a level of needs in the community. - Targeted approach would be beneficial – dept can justify it, can target areas most in needs"</p> <p>"A specific grant to tackle areas of deprivation for example that RSG should/could be used for. Fairer way to do this. Specific grant through normal grant funding -amount would need to be protected and can be developed over time."</p> <p>"If it was to be ringfenced – this could be done like other funding."</p>

Area	Theme	Findings	Selection of Quotes
		<i>Finding 48 Council consulted outlined that the benefits of a claims-based approach to RSG may be outweighed by the administrative burden.</i>	<p><i>"Understand the benefits of capturing exactly what RSG is used for and the impacts/ outcomes achieved but it is difficult as it has always been an overarching pot to reduce the burden on all ratepayers. Again it can be indirectly linked to the public services delivered as a whole and the impacts that this has on ratepayers."</i></p> <p><i>"The grant is currently based on real statistics and factual figures, and it is easy to measure the benefit to impacted ratepayers through the reduction in their rates bill achieved."</i></p>
	Single-year vs Multi-year Budget	<p>All consultees outlined issues around the current single year budget for RSG as it creates uncertainty in financial planning in each district council. This also impacts on the ability to set an effective district rate in February each year, meaning the councils are potentially commencing the financial year in shortfall if they do not estimate the RSG allocation effectively.</p> <p><i>Finding 49 Consultations outlined desire for multi-year budgeting for RSG.</i></p>	<p><i>"Multiyear – preferable – 3yrs at a minimum to encourage stability and planning."</i></p> <p><i>"Multiyear budget – preferred and realistic. Single year works if RSG figure is rec'd before rates struck. RSG acts like a derating grant, formula that is not dependent on a dept budget."</i></p> <p><i>"Multiyear budgeting is a real issue – needs to be real appreciation in the NICS of those impacts."</i></p> <p><i>"Multi-year budget preferable – reduces financial risks. DfC may comment on reserves – reserves exist to protect and reduce risk. 5-year budget would be the ideal."</i></p> <p><i>"Single year budget is a massive risk if you are starting on a deficit."</i></p>
RSG Calculation	Pro forma data – Expenditure on key services	<p>Some consultees were unsure why deprivation and waste collection (with respect to tourism and sparsity) were identified to calculate additional need.</p> <p>Some consultees were unclear of how the expenditure areas fed into the calculation and the impact it has on the adjustment to additional needs and final percentage allocation to each district councils.</p> <p>Furthermore there was some confusion in terms of how rurality was covered within the RSG calculation.</p> <p>Consultees also stated that because RSG is used to reduce overall burden on ratepayers the RSG is technically used for all expenditure not just key expenditure areas mentioned within the legislation/ regulations.</p> <p><i>Finding 50 Some Councils consulted were unclear on the definition and relevance of some factors that inform RSG</i></p>	<p><i>"RSG helps more than just with the 5 indicators."</i></p> <p><i>"Community initiatives that aren't directly related to indicators – it allows a lot of work to be done outside the key areas – 'Holistic' been able to strike affordable rate in order to do this, highest rate increases post covid."</i></p> <p><i>"The comparison figures for other Councils are not provided by Department for Communities and it would be useful if this information was made publicly available."</i></p>

Area	Theme	Findings	Selection of Quotes
		calculation. For example, one consultee did not realise rurality was covered by 'sparsity' factor.	
	RSG Formula and Process	<p>Many consultations alluded to the complicated nature of the RSG calculation as there are a number of data inputs and adjustments that are difficult to follow.</p> <p>Consultations outline a preference for more clarity on how the calculation works and clear rationale for any change.</p> <p>Many consultations requested a summary document explaining the calculation in more simplistic terms.</p> <p>Finding 51 Some consultees outlined the RSG calculation as unclear and require more information for understanding.</p>	<p>"Clarity required on calculation, how far are remaining 4 out of 11 councils away from it? Will they ever access RSG?"</p> <p>"Too complicated – values, conversion rates, calculations with non-accounting adjustments"</p> <p>"Understanding of how calculation works – would like to see allocations and figures/percentages – would give a better understanding of how information is fed into it."</p> <p>"Better understanding of the formula is required with better understanding of how councils might drop out of RSG qualification. A one pager breakdown would be useful"</p>
	Wealth Measurement	<p>Across consultations there was a concern over the appropriateness of the data used to calculate wealth, however there were no real suggestions on potential alternatives. The main issues were around the fact that wealth was based on property values and that this meant not all other income/ funding received by district councils are considered as part of the formula.</p> <p>Also, consultations raised the fact that property values especially those that are high don't always reflect the wealth of the owner as property may have been acquired through inheritance.</p> <p>Consultees raised the fact that they believe wealth has majority influence within the formula and that small changes in wealth can impact percentage allocation greatly and more transparency around the weighting towards wealth would be useful to understand.</p> <p>Finding 52 Consultations outlined that data used for wealth calculation focuses on property value and not all other forms of income/ funding.</p>	<p>"As a council we have 10 of the most deprived areas yet do not receive RSG as wealth in certain areas has created different income"</p> <p>"We have concerns around methodology. Concerns around property values but unsure of what else could be used."</p> <p>"The factors that go into it are questionable, rateable values of houses that have not been valued since 2010."</p> <p>"Biggest factor/ impact on formula is due to revaluation on domestic property. Average value of non-domestic properties went up and this has fed into the formula."</p> <p>"Property values are absolutely the best measure of wealth"</p> <p>"The fact that property values is the key component underpinning rates bills within Northern Ireland indicates that rates is a wealth-based tax and fundamentally that people with lower wealth should bear lower tax burdens. This is clearly not the case. Policy provision must be put in place to alleviate the disparities."</p>

Area	Theme	Findings	Selection of Quotes
		<i>Finding 53 Consultees feel that the wealth side of the calculation has a disproportionate impact on the percentage allocation.</i>	
	Needs Measurement	<p>Consultations raised concerns regarding the statistics used to inform the needs side of the calculation. The 2010 NIMDM statistics were deemed outdated and may not accurately reflect the additional needs in relation to deprivation for each district council.</p> <p>Consultees raised potential additional data points that could be used to better inform additional needs such as:</p> <ul style="list-style-type: none"> • No of school leavers with no qualifications • Areas of deprivation/ social inactivity • Number of economic inactive • No. of people in household • Age make up • Health Inequality • Improved rurality data • Age profile (more pensioners) – these are the relevant issues now. <p><i>Finding 54 Consultation outlined concerns to the fact that the NIMDM used to inform additional needs is out of date.</i></p> <p><i>Finding 55 Councils consulted outlined that the factors included in the NIMDM and/or need calculation is unclear.</i></p>	<p><i>“Outdated at worse. Lots of changes have happened in 14 years (to current yr).”</i></p> <p><i>“Concerned why still 2010 stats are being used. Information comes from PSU/LPS. Concerned with current info”.</i></p> <p><i>“Deprivation is key, effects all of society, RSG stems flow – very important.”</i></p> <p><i>“Strong urban demographic within ABC – 50/50 split between urban/rural – other criteria could be more relevant.”</i></p> <p><i>“Rural areas cost more to collect waste, take more time, more staff – greater distance = greater difficulty.”</i></p>
Governance & Management	Structure	Consultees deemed governance as appropriate, as Finance Working Group meets quarterly, and this forum ensures department is aware of views from district councils with regards RSG.	<i>“There are opportunities to discuss from SOLACE NI, NILGA, ALGFO AND FWG (finance working group). RSG is an agenda item – Department are present although not always the forum to request additional grant – should be done at a higher level.”</i>

Area	Theme	Findings	Selection of Quotes
		<i>Finding 56 Consultations deemed that there is appropriate RSG Governance in place.</i>	
	Relationships	<p>Majority of consultees outlined the positive working relationship with the Department and the Local Government Finance team. Although there are issues relating to the RSG amount on the whole the communication and services provided are professional.</p> <p><i>Finding 57 Councils consulted highlighted positive working relationship with the Local Government Finance Team.</i></p>	<p><i>"Very good. Excellent – nothing personal and DfC are very accommodating and in an impossible position to RSG."</i></p> <p><i>"Relationship with DfC probably one of the strongest with all depts."</i></p> <p><i>"Very good working relationship (vice chair of ALGFO) – speaks very highly of Local Government Finance team especially during the covid years."</i></p> <p><i>"Really good, always work in partnership when other matters are not in play. Challenge of RSG is reflective of financial pressure that NI is under at the minute."</i></p>
	Reporting	<p>Majority of consultees outlined that they would like to see more proactive reporting throughout the RSG calculation process. Many commented that after they submit pro forma information, they receive limited information until percentage allocation and instalment letters are issued at the end of process. However, the review team acknowledge that once information is available for LG Finance (who are reliant on three different stakeholders to provide information e.g. councils, LPS and Analytics Division) it is very time consuming to produce the outputs, and also within a very tight time constrained window to get information out to councils.</p> <p>Furthermore, consultation outlined that more rationale around changes in percentage allocation would be useful to better understand how changes to need and wealth impact allocation.</p> <p>Some non-grant recipients outlined that they would like to understand the status of how close they are to receiving grant and the differences in wealth and need compared to grant recipients</p> <p><i>Finding 58 Councils consulted outlined a desire for more proactive reporting from DfC throughout the RSG calculation term.</i></p>	<p><i>"We councils don't see anything after return is made to DfC, next thing is % RSG. DfC have all the information, councils do not."</i></p> <p><i>"Prefer more transparency behind the allocation – summary of calculation or even the changes."</i></p> <p><i>"Because don't receive RSG, we would like to know how for the data would need to change for us to know what you need to get RSG, more data analysis needs to be done to see it."</i></p> <p><i>"Clear on how it works but probably benefit on having a narrative – more transparency is required with % and quantum."</i></p>

Area	Theme	Findings	Selection of Quotes
Strengths of RSG	Statutory Grant	Finding 59 Councils consulted recognised that RSG is a statutory grant and therefore funding year on year is guaranteed (but the amount is discretionary).	"Statutory Grant so you know you are getting some money."
	Limited Bureaucracy	Finding 60 There is a reduced level of bureaucracy with the RSG as there is limited administration and reporting throughout the year, compared to other departmental grants.	"RSG subvents the cost to complete council services, no bureaucracy with the grant, given the money and allowed to use it, unlike Covid grant."
	Equality	Finding 61 Some Councils consulted recognise that RSG helps to reduce inequalities in service provision across district councils, evidenced by the calculation allocating grant based on additional needs in key areas such as deprivation, influx of additional population and sparsity.	"Reduces ratepayers' burden, promotes equality helps maintain service level."
Weaknesses of RSG	Perception of Grant	Finding 62 Some Councils consulted mentioned due to discretionary nature of grant, perception is that it is an 'easy option' to reduce.	"Political point of view – RSG is easier to reduce as public can generally not see it for e.g. If a community grant is awarded a minister won't cut it as it wouldn't go down well with the electorate/public."
	Timeliness of budget allocation	<p>Majority of consultations raised the issue around the timeliness of being made aware of the RSG amount available to each district council.</p> <p>Over the past number of years the funding level is not known until summer which is almost 4 months after district rates have been set. This means that district councils are providing estimates in their financial planning and are subject to potential shortfall issues depending on accuracy of their forecasts.</p> <p>Finding 63 Notification of amount of grant comes after district rates have been struck.</p>	<p>"Rates struck on 15 February every year, by every council. RSG is administered too late; councils having to make assumptions."</p> <p>"Late budgeting set, hinders the rate setting process as allocation comes out last – behind the curve."</p> <p>"Timing of cycle is completely wrong – set year end within legislation. Rates struck and allocation of RSG afterwards does not work."</p> <p>"With RSG not specifically ringfenced, once the pro forma is completed, rates are struck – ALGFO meeting may get an indication of RSG allocation. This is very rare and often you will be reporting a shortfall. Some councils 24/25 did build in a further cut but our council did not do this."</p>
	No protection around minimum amount	Consultations raised concerns around the fact that there is no set minimum allowance to be contributed to RSG, therefore technically RSG can be reduced to low levels based on the discretion of the department in line with its overall budgetary constraints.	"Executive budget – in theory the budget could be £1 and the department would still meet their statutory obligation"

Area	Theme	Findings	Selection of Quotes
		<p>Consultations stated that this is a huge risk for further reductions and impact on delivery of services and financial planning.</p> <p><i>Finding 64 There is no statutory minimum amount provided in legislation.</i></p>	
RSG Opportunities	Enhanced understanding of Calculation	<i>Finding 65 There is a desire for improved understanding of how calculation works.</i>	"Would like to see detail behind the allocations and figures/percentages – would give a better understanding of how information is fed into it."
	Adjust for Inflation	<i>Finding 66 Some Councils consulted noted that RSG does not include adjustments for inflation like other funding streams.</i>	
Other	District Council Response to Equality Screening	<i>Finding 67 Some Council consulted raised Issue with regards DfC assessment of the reduction to RSG as a 'minor impact' in the Equality Screening.</i>	<p>"There are a number of differential negative equality impacts that the Department needs to consider."</p> <p>"The cuts to the Rates Support Grant have a clear negative equality and rural needs differential. Proposals to cut the Rates Support Grant do not adhere to s75 of the NI Act and the Rural Needs Act. If properly funded policy provision is not in place to address the clear disparities identified in this report, an equality assessment of the wider rating system in Northern Ireland needs to be considered."</p>
	Poundage League Table	<p>Consultees raised the issue of the poundage league table that is produced on an annual basis. Consultee state these league tables are raised consistently within the business community and internal investors and provides an incorrect impression that district councils are inefficient. More commentary/ explanation is required around league tables to provide context.</p> <p><i>Finding 68 One Council raised Issue that poundage league table produced by LPS could be misleading.</i></p>	

Table 21: Consultation Findings – Local Government Team, LPS and Analytics Division

Area	Theme	Findings	Selection of Quotes
Objectives/ Need	Policy Relevance	Finding 69: Some consultees outlined that the RSG calculation continues to evidence that a portion of district councils needs exceed their wealth (in comparison with other councils), therefore to some extent the policy still remains relevant.	<p>"RSG proves needs exceed wealth"</p> <p>"Generally there's not enough confidence/ clarity in the formula, but RSG is needed."</p>
	Funding Level	<p>Consultation outlined that district councils are more focused on the RSG amount at present rather than the formula/ allocation due to ongoing reductions.</p> <p>LGF team state the difficulty in administering a discretionary grant, as this naturally will bring challenge from district councils especially when amount is reduced. However, the amount of the grant is not within the remit of the LGF team. The higher amount, especially with the inclusion of Covid payments may have raised expectation of district councils, resulting in reductions being more difficult to manage.</p> <p>There was an acceptance from the LGF team that the continued changes year on year of the RSG grant is difficult to manage.</p> <p>Finding 70: Consultations outlined that LGF team have no control over the overall amount of RSG issued.</p>	<p>"Local Govt Finance Act is open to interpretation – protection required for council."</p> <p>"Councils don't want to lose it – reliance on it now. If it is taken away, it needs to be replaced."</p> <p>"Councils were more concerned with Quantum rather than formula"</p> <p>"There would be no problem with this grant only the discretionary aspect."</p> <p>"NI Executive creates the budget - % letters to go out beforehand – but LGF team is at the mercy of the budget allocation – lots of moving parts to account for."</p> <p>"You can't provide extra RSG if you don't have the quantum in the first place. Budget may have been allocated into other priority services that may counteract RSG reduction."</p>
Use of Grant	Use of Grant	<p>There was mixed feedback in relation to how the grant is being used. Whilst it was recognised that evidencing what RSG is spent on could bring about benefits in terms of assessing equality impacts, it is accepted that RSG has clearly been utilised by district councils to reduce the overall burden of taxpayers through a blanket reduction in rates.</p> <p>Consultees outlined that they would not expect district councils to state what exactly they spend RSG for as they are autonomous bodies, whose spend is audited in line with NIAO.</p> <p>The approach towards RSG has always been in place right through to the transition of 26 council to 11 district councils. The</p>	<p>"Would not expect councils to state what they spend RSG on – councils are thought of as an autonomous body and spending RSG for the good of the residents of the borough."</p> <p>"RSG not specified for the 5 key areas and can be spent on whatever is required. Could be claims based for specific area – needs exacting criteria."</p> <p>"Same formula applied after the reform of Local Government – depended on council areas, with 26 councils, easier to focus on areas of deprivation."</p> <p>"Legislation unclear on spending but clear on calculation"</p> <p>"Top up grant allocated for a reduction in Rates. A Grant without conditions is unusual"</p>

Area	Theme	Findings	Selection of Quotes
		<p>reform of Local Government to the 11 district councils may have resulted in more difficulty in addressing focused areas of deprivation. For example the wealth of a newly merged district council may outweigh the deprivation need of a small area within a council.</p> <p>Consultees outlined that legislation around RSG is clear on calculation but unclear on how it should be spent.</p> <p>It was discussed that the RSG model is unique in the fact it requires limited conditions, compared to other local government grants.</p> <p>Finding 71: Consultations outlined that district councils do not provide LGF team with reporting on spend attributed to RSG, or any idea as to what RSG is being used for.</p>	
	Impact	<p>Consultation stated that is difficult to quantify impact when RSG is not specifically evidenced. This complication also feeds into the ability to assess equality impact. However LGF team feel they cannot effectively assess due to the lack of evidence attached to RSG spend across each district council.</p> <p>Also consultees mentioned that reduction of rates for all ratepayers does not just include individuals but also businesses which adds a further layer of complexity.</p> <p>Finding 72: Some consultees outlined that there is not sufficient evidence to accurately assess the equality impacts of individuals/ groups based on changes to the RSG amount.</p>	<p><i>"Hard to quantify impact if RSG spend is not evidenced."</i></p> <p><i>"Reduction in RSG & equality 'Minor Impact is' only conclusion as no one can say what it is actually been spent on – councils appear not to conduct their own equality screening."</i></p> <p><i>"No reliable way to evidence equality if not showing spending"</i></p> <p><i>"In respect of wealth – reality if you look at equality it is not on an individual basis as it also reflects businesses."</i></p>
	Other funding streams	<p>Consultations alluded to the fact that de-rating was used to stabilise loss of industrial rates to the district councils by central government. Consultations outlined that all rate relief is paid for by central government e.g. low-income households' inability to pay rates is met through housing benefit.</p> <p>Consultations outlined that there is a wide range of support from central government, particularly DfC, when it comes to other grants provided to district councils that tackle similar issues to</p>	<p><i>"And has money been put into other priority services to counteract RSG reduction."</i></p> <p><i>"There is no guarantee councils are not receiving monies twice from RSG and from other grants that will go to the 5 key areas."</i></p>

Area	Theme	Findings	Selection of Quotes
		<p>that of RSG. It was also mentioned that reduction in RSG may have led to redistribution of budget to other council services.</p> <p>Finding 73: Consultations mentioned that there are other funding streams that central government, particularly DfC, provide to district councils that may overlap with areas covered through RSG.</p>	
Grant Allocation & Monitoring	Grant Allocation & Monitoring	<p>As stated above some consultees believe that the current RSG model, which has limited conditions attached in terms of monitoring and reporting, has been in place since its origins. This has enabled district councils to use it as a mechanism to alleviate the rates burden to all taxpayers. However, as it is not a 'claims-based' or 'targeted' approach, it may leave it more vulnerable to reductions when considered against ring-fenced grants.</p> <p>Finding 74: Some consultees outlined that RSG compared to other grants has limited conditions in terms of reporting and monitoring.</p>	<p>"Legislatively how RSG administered leaves dept at risk in line w/good governance – claim based considerations"</p>
	Single-year vs Multi-year Budget	<p>LGF team recognise that district councils need to be better informed before setting rates and naturally multi-year budgeting would contribute towards this. However, with limited sign of change in single-year budgets, they cannot provide any certainty. LGF team have advised district councils whether to budget more or less allocation based on previous year trends. It is then up to each district council to take this advice or not.</p> <p>Finding 75: Consultations outlined that LGF team are unable to provide certainty on RSG budget year on year, but they do provide estimates based on previous trends.</p>	<p>"Councils need to be better informed before rates setting – multiyear planning would assist with all this".</p> <p>"No sign/ drive toward 3yr budget/multiyear budget. Understands timeliness and allocations – can't provide any more certainty."</p> <p>"With a 3yr budget, councils maybe could be advised whether to budget for more/less % allocation. Councils must decide whether to take advice from DfC regarding % allocation."</p>
RSG Calculation	Pro forma data – Expenditure on key services	<p>Consultees alluded to the various levels of quality in pro forma returns. This has improved more recently due to guidance and checklist provided by the LGF team. However there is still inconsistencies that remain, and this can be due to the fact that district councils now report on expenditure areas differently following the change to local government accounting practices, "Telling the Story". This means that under the key expenditure</p>	<p>"All councils are required to complete pro forma – some councils don't return checklist. Back and forth may occur for clarification matters."</p> <p>"Variation year on year leads to further investigation with commentary not issued to councils but can discuss if requested."</p> <p>"Most councils like for like information changed with "Telling the Story" – DfC now relying on extract from contrasting accounts."</p>

Area	Theme	Findings	Selection of Quotes
		<p>areas required for the RSG calculation, district councils may categorise items differently.</p> <p>LGF team spend significant amount of time ensuring consistency across district councils in terms of items under each key expenditure area, often engaging in significant back and forth with district council staff. Ensuring consistency across district councils is also made more difficult by varying levels of evidence provided.</p> <p>Finding 76: Some consultees outlined that significant time is being spent ensuring pro forma returns are accurate and consistent across district councils.</p>	<p><i>"Take the category used 'other cleaning' as an example – very broad term and difficult to define."</i></p> <p><i>"In an ideal world the LGF team could use council accounts, however nuances would be different from each council."</i></p> <p><i>"Previously audited annual accounts all councils input in the same manner and audited by LG Audit – added layer of comfort required – current/most recent figures are unaudited. LGF team will continue to review any anomalies."</i></p> <p><i>"No two councils are the same because of "telling the story"</i></p>
	RSG Formula and Process	<p>LGF team staff are well experienced in the process of calculating the RSG formula, however there is a recognition that it is convoluted and complex. With that being said the LGF team are confident in the process and use a checks and balance process through Analytics Division to provide additional validation.</p> <p>During consultation, ownership and delivery of the current RSG calculation process was discussed. Currently ownership of the calculation is with the policy team, which was noted as unusual as work of this type is usually completed within Analytics Division. It was mentioned that policy staff are completing RSG calculation with associated statistics. It may be better practice for Analytics Division staff to calculate as they are in a better position to horizon scan for what should be included and to analyse the impact of any input changes.</p> <p>AD and LPS statisticians have no working relationship for their roles in the wealth and needs elements. Staff in AD were unsure about the weighting of wealth but were unable to provide an alternative. This does not indicate that the weighting is incorrect as AD staff are involved in the need's element of the calculation.</p> <p>Consultation confirmed that there is appropriate checks and balance approach for calculation as the AD staff completes their own spreadsheet and compares to the policy team calculation</p>	<p><i>"Future sustainability of calculation was discussed – large formula with a lot of moving parts – if there were a better way to do it LGFT would work with it. Equality difficulty reporting due to the way the grant was set up."</i></p> <p><i>"Discussion on process/internal governance – PSU reaching out to councils to calculate grants and LGF team issuing grants – this would be a huge change to the current model and unsure if it would bring any real benefit as AQA & AQW's would be answered by LGF team and would require even more back & forth with councils and PSU."</i></p> <p><i>"All factors used in the calculation are defined in the legislation"</i></p>

Area	Theme	Findings	Selection of Quotes
		<p>and examines the difference from the previous year. AD returns all to the policy team, who makes sure everything matches.</p> <p>The LGF team stated that as the policy team for the RSG mechanism, being closer to the calculation process enables better responses to Submissions, Correspondence cases and Assembly Questions etc. and amendments to policy where required.</p> <p>Finding 77: Consultations raised that the current LGF staff are well established and confident in delivering RSG calculation process in line with policy.</p> <p>Finding 78: Consultations raised the potential of Analytics Division carrying out or being more involved in the RSG calculation process.</p>	
	Wealth Measurement	<p>Consultations outlined that Legislation is based on the 26-council model but moving to the 11 district councils in 2015 made it a more resilient tax base because there are economies of scale which has led to a change in relative wealth. In addition consultations stated that using property values in isolation is the best available indication of wealth.</p> <p>LGF team stated that the wealth side of the calculation has the biggest influence on percentage of the RSG allocation. In terms of changing the wealth measurement, it was outlined that the level of income raised through property value is the most appropriate indicator of wealth across each district council. However, there was recognition for the potential to include other grant income/ revenue received from central government as part of the overall wealth of a district council.</p> <p>Finding 79: Consultations were unsure on what changes could be made in relation to wealth side of calculation.</p> <p>Finding 80: Consultees outlined property values alone should not be primary indication of wealth.</p>	<p><i>"Hard to get another view rather than property values – still need to use some sort of property measurement."</i></p> <p><i>"Not sure how the wealth calculation could be changed / what factors should be considered."</i></p> <p><i>"Unsure that the weighting on wealth is appropriate but doesn't know how it should be changed or who would be responsible for reviewing/revising." ICS Comment – assume consultee meant use of property value as wealth measurement.</i></p>

Area	Theme	Findings	Selection of Quotes
	Needs Measurement	<p>Consultees raised concerns in relation to approximately 40% (based on their understanding) of district council expenditure is being used to inform additional need. As RSG is being used to top up the entire district council budget to provide support for all ratepayers, potentially higher percentage of district council expenditure should be used to inform the formula.</p> <p>Furthermore, there is a concern around the fact that 'tourist bed nights', a data point to inform 'influx of additional population', still remains at zero post COVID.</p> <p>There is also a concern around not utilising up to date statistics in relation to deprivation through NIMDM 2010 as these indicators and scores will not accurately reflect the needs of today's evolved society.</p> <p>There is a perception that additional needs do not have a huge influence on RSG percentage allocation especially year on year as data does not change too much.</p> <p>Consultations outlined a potential need to conduct a wider review of statistics and data sources used across NICS, ensuring consistency across departments. This would then provide more confidence in the sources being utilised as part of the RSG calculation.</p> <p><i>Finding 81: Consultations outlined that some data used to calculate needs is outdated and may not reflect up to date population needs.</i></p> <p><i>Finding 82: Consultations outlined a NICS-wide requirement to review data used to inform need.</i></p>	<p><i>"40% of expenditure taken into Needs Calculation comparing against other councils not stating total need required."</i></p> <p><i>"Concerned tourism not calculated due to covid no bed stats been collated in 2/3yrs – hopeful to get that data for this year's formula."</i></p> <p><i>"Unsure additional needs does much to calculation – not a huge variation if you removed needs. Wealth is the key – bigger movement on wealth."</i></p> <p><i>"Discussion was that it would be a big project to review the calculation, and it would require input from statisticians from each department / relevant area."</i></p>
Governance & Management	Structure	<p>Consultations outlined that sufficient governance is in place through LGF team line management structures and reporting. Furthermore, the quarterly finance working group is always attended and there is a mandatory RSG agenda item. This provides the Department with access to district councils.</p>	

Area	Theme	Findings	Selection of Quotes
		<p>Furthermore there is a penny product working group in which LFG team attends and this provides access to colleagues from LPS and ensures that the team is kept updated in relation to rating system policy.</p> <p>LGF team corresponds with SOLACE NI and district council information requests when required.</p> <p>There is an acknowledgment of the administrative burden of other grants. This differs from the limited conditions placed on administering the RSG grant providing time saving benefits to LGF team and the district councils.</p> <p><i>Finding 83: Consultations outlined that sufficient governance is in place to enable an appropriate level of controls and validation.</i></p>	
RSG Opportunities	Further guidance on inputs	<p>Consultations recognised an opportunity to continue to build on the good work in providing district councils guidance for their pro forma returns in relation to areas of expenditure. Discussion raised the potential to use drop down list and better-defined categories to assist standardised data inputs with less work around.</p>	
	Commentary on outputs	<p>Consultations recognised that additional proactive reporting could be developed to provide a summary of the calculation outputs and the rational for any changes, showing district councils how wealth and need impacted their allocation year on year.</p> <p><i>Finding 84: Consultations recognised that proactive reporting would be informative in providing enhanced clarity of the RSG calculation.</i></p>	<p><i>“Councils could be provided variance surplus/shortfall calculations – if asked they could see the comparison table created in order to provide further insight.”</i></p>

3.5 Summary of Findings

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<i>Finding 55 Councils consulted outlined that the factors included in the NIMDM and/or need calculation is unclear.</i>	60
<i>Finding 56 Consultations deemed that there is appropriate RSG Governance in place.</i>	61
<i>Finding 57 Councils consulted highlighted positive working relationship with the Local Government Finance Team.</i>	61

<i>Finding 58 Councils consulted outlined a desire for more proactive reporting from DfC throughout the RSG calculation term.</i>	<i>61</i>
<i>Finding 59 Councils consulted recognised that RSG is a statutory grant and therefore funding year on year is guaranteed (but the amount is discretionary).</i>	<i>62</i>
<i>Finding 60 There is a reduced level of bureaucracy with the RSG as there is limited administration and reporting throughout the year, compared to other departmental grants.</i>	<i>62</i>
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<i>Finding 62 Some Councils consulted mentioned due to discretionary nature of grant, perception is that it is an 'easy option' to reduce.</i>	<i>62</i>
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<i>Finding 67 Some Council consulted raised Issue with regards DfC assessment of the reduction to RSG as a 'minor impact' in the Equality Screening.</i>	<i>63</i>
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<i>There was an acceptance from the LGF team that the continued changes year on year of the RSG grant is difficult to manage. Finding 70: Consultations outlined that LGF team have no control over the overall amount of RSG issued.</i>	<i>64</i>
<i>Finding 71: Consultations outlined that district councils do not provide LGF team with reporting on spend attributed to RSG, or any idea as to what RSG is being used for.</i>	<i>65</i>
<i>Finding 72: Some consultees outlined that there is not sufficient evidence to accurately assess the equality impacts of individuals/ groups based on changes to the RSG amount.</i>	<i>65</i>
<i>Finding 73: Consultations mentioned that there are other funding streams that central government, particularly DfC, provide to district councils that may overlap with areas covered through RSG.</i>	<i>66</i>
<i>Finding 74: Some consultees outlined that RSG compared to other grants has limited conditions in terms of reporting and monitoring.</i>	<i>66</i>
<i>Finding 75: Consultations outlined that LGF team are unable to provide certainty on RSG budget year on year, but they do provide estimates based on previous trends.</i>	<i>66</i>
<i>Finding 76: Some consultees outlined that significant time is being spent ensuring pro forma returns are accurate and consistent across district councils.</i>	<i>67</i>
<i>Finding 77: Consultations raised that the current LGF staff are well established and confident in delivering RSG calculation process in line with policy.</i>	<i>68</i>
<i>Finding 78: Consultations raised the potential of Analytics Division carrying out or being more involved in the RSG calculation process.</i>	<i>68</i>
<i>Finding 79: Consultations were unsure on what changes could be made in relation to wealth side of calculation.</i>	<i>68</i>
<i>Finding 80: Consultees outlined property values alone should not be primary indication of wealth.</i>	<i>68</i>
<i>Finding 81: Consultations outlined that some data used to calculate needs is outdated and may not reflect up to date population needs.</i>	<i>69</i>
<i>Finding 82: Consultations outlined a NICS-wide requirement to review data used to inform need.</i>	<i>69</i>
<i>Finding 83: Consultations outlined that sufficient governance is in place to enable an appropriate level of controls and validation.</i>	<i>70</i>
<i>Finding 84: Consultations recognised that proactive reporting would be informative in providing enhanced clarity of the RSG calculation.</i>	<i>70</i>

PART C

Conclusions & Recommendations

4. CONCLUSIONS AND RECOMMENDATIONS

4.1 Introduction

This section categorises all findings throughout the report into a number of key themes aligned to that of the terms of reference as outlined in section 1. The review team provides conclusions in relation to each theme and the relevant findings.

4.2 Conclusions

Table 22: Consultation Findings – Summary of Conclusions

#	Theme	Findings	Conclusion
1	Relevance of RSG objective in a NI context	Finding 2 , 41 , 44 , 70	<p>The factors included in the RSG formula has continued to evidence, over a period of time, that the relative needs of some district councils exceed their wealth (in comparison with other councils).</p> <p>In addition, consultations from multiple stakeholders identified an additional financial support is required to better meet the needs of some district councils.</p> <p>Therefore, although RSG is bound in legislation, the review team considers that RSG is still required in an NI context.</p>
2	Evidencing need, wealth and accessibility	Finding 6 , 9 , 10 , 11 , 12 , 13 , 24 , 25 , 26 , 28 , 29 , 30 , 31 , 32 , 33 , 34 , 35 , 36 , 37 , 38 , 39 , 42 , 43 , 44 , 45 , 51 , 52 , 53 , 54 , 55 , 56 , 59 , 66 , 77 , 78 , 79 , 80 , 81 , 82 , 83	<p>Findings have demonstrated that the RSG formula used to calculate percentage allocation is bound and defined by legislation. This has led to the use of some outdated statistics to inform need. For example the NIMDM statistics currently used within the formula dates back to 2010 and consequently there is a potential risk that evidence may not accurately reflect current needs of district councils.</p> <p>Due to the fact ‘NIMDM 2010’ is written specifically into the regulations there is an assumption that it must remain in place, and it has done so up until the time of this report. However, the Review Team has recognised that within legislation it clearly outlines that “The Department shall use data... based on the latest information available to the Department regarding the financial year ending on 31st March 2011 and on 31st March in each successive year.” Therefore, it can be interpreted that the NIMDM can be updated in line with ‘latest information available’.</p> <p>Findings outlined, that expenditure information submitted by district councils, via standard pro forma, vary in quality and consistency. Consequently, increased time and effort is required from both the district council and LFG team to ensure accuracy and standardisation. In addition, due to the fact district councils report expenditure differently (due to CIPFA guidance on ‘Telling the Story’), there is a risk that expenditure information for particular categories required for RSG formula may not be exactly like for like.</p>

#	Theme	Findings	Conclusion
			<p>Impact analysis conducted by the review team has clearly outlined additional needs measures used to adjust population does sufficiently impact the percentage allocation and therefore review team deems it as appropriate to be included. Impact analysis also demonstrates that the wealth measure also has an influence on the percentage allocation and therefore deemed appropriate. Although there were limited suggestions from consultations on how the wealth measurement could be made more robust, the review team recognises that a potential additional factor to be considered is in relation to the remaining revenue amount each district council receives from central government, or the use of total income from Council's audited accounts.</p> <p>Statistical analysis outlined that statistics used asides from the NIMDM have a clearly identified source and have the most updated information available as outlined in legislation. The review team would draw attention to the fact that 'tourist bed nights' have been set to zero for the past few years and this may not accurately reflect current need in this area.</p> <p>Consultations alluded to the potential of Analytics Division becoming more involved within the calculation process. Their expertise and ability to scan horizon of ongoing statistical changes across NICS and externally could help add value to the RSG calculation process. In addition AD engaging with LPS, who provide wealth data, will help provide more collaborative approach for all stakeholders involved in the RSG calculation process. Furthermore, the AD team could support the LGF team in producing summary reports to demonstrate rationale for change and ongoing impact analysis of both need and wealth indicators with the RSG calculation.</p> <p>Desktop comparator analysis outlined that Scottish and Welsh governments utilise a similar approach to allocation of funding based on relative need. Even though it is at a much larger scale, it provides the review team with confidence that similar data sources and weightings are used to calculate needs in relation to key areas such as deprivation and sparsity in other UK jurisdictions.</p> <p>Consultations outlined that there is a gap in knowledge/ understanding of the evidence that feeds into the RSG calculation and how they relate to percentage allocation. This lack of understanding may lead to lack of engagement in the RSG process or an inaccurate perception of how it works, but this is laid out in the Regulations for the RSG. It is accepted that the LGF team have provided councils with guidance on the RSG calculation, but this may need revisited with councils to ensure understanding.</p>
3	Use of RSG by councils	Finding 16 , 46 , 49 , 72	<p>Review team have identified that there are no legislative conditions stated within regulation to instruct how the RSG grant is to be used/ spent by each district council. Therefore, it has been left open to interpretation with regards the approach to using RSG. The approach to date, as outlined in consultations, has been to utilise the RSG as an overall support to each district council funding on an annual basis to help reduce the rates burden on all ratepayers. This approach requires limited evidence produced on how the RSG is being spent. Some consultees alluded to taking a more evidence-based approach similar to other grants made available by DfC as this will provide justification for RSG.</p>

#	Theme	Findings	Conclusion
			<p>Findings have demonstrated without this evidence of the specific use of RSG, it is difficult to demonstrate and quantify direct impact on service provision and council district residents. This leaves RSG vulnerable to budget reductions in comparison to the wider portfolio of NICS ring-fenced funding, coupled with the fact it is also a discretionary grant.</p> <p>Review team considers that in order for district councils to protect the level of RSG that they receive, they need to demonstrate the overall impact of RSG on provision of services, providing high level evidence of the impact on services that would not be delivered in the absence of RSG and without increasing rates for individuals.</p> <p>District councils use RSG to reduce rates bill for individual ratepayers whilst maintaining the same level of income to provide statutory and desired services. Without the RSG fund, either services in the council district will be reduced or the rates bills for individuals will increase.</p>
4	Provision of RSG to meet the needs of people in eligible councils	Finding 45 , 47 , 62 , 68 , 73	<p>Consultations outlined that the current RSG funding level does not adequately meet the needs of ratepayers in eligible district councils. Although as outlined above, no specific evidence is captured in relation to RSG spend, some consultations provided high level examples of impacts such as potential reduction to community grants, reduction in services such as revised recycling working hours and turning down of capital funding as district councils will not have the resource to maintain. In addition it was mentioned that reduction in RSG funding leads to increased cost of services and consequently can limit accessibility and use of facilities which brings with it a host of issues relating to health and wellbeing.</p> <p>Consultations alluded to purpose of RSG is to help reduce inequalities regionally in service provision in key areas such as deprivation and sparsity. The fact that not all RSG percentage allocations are equal demonstrates that inequality may exist and there is varying levels of additional need that is required to be addressed. Therefore, reducing or losing the RSG will lead to these needs not being met.</p> <p>However due to the fact that specific evidence is not collected on how RSG is spent, and it is a support for all ratepayers, it is difficult to attribute impact to specific groups, particularly within section 75.</p>
5			
i	Other funding Steams	Finding 1 , 40 , 48 , 74	<p>Although some consultation outlined that there is no other funding streams that relate to RSG, it is clear from desktop review and other consultations that there is evidence of a range of funding streams available to district councils directly from local government to support the needs of ratepayers. The review team recognises that there are examples of funding streams that tackle similar issues to RSG with regards, deprivation, influx of additional population and sparsity.</p> <p>Therefore, these funding streams must be taken into consideration and clearly mapped out at a district level and regional level to understand the true level of funding provided by central government to support additional needs of various district councils. Once the full picture is developed, there is potential to factor this into information that informs the wealth and/ or need elements of the RSG calculation. This may enable RSG to act as a more accurate levelling up fund across Northern Ireland taking into consideration all revenue and funding.</p>

#	Theme	Findings	Conclusion
ii	RSG Budgeting	<p>Finding 17, 18, 19, 20, 21, 22, 23, 27, 50, 63, 64, 67, 71, 76</p>	<p>As evidenced by findings, the RSG fund has decreased over the past number of years, and this is enabled by the discretionary nature of the grant and is dictated by the overall budgetary considerations of the department. Consultations outlined that the continuous reduction in RSG grant may soon be outweighed by the cost burden of administration, monitoring and calculating.</p> <p>Although, part of Department of Communities, the LGF team have no control in the setting of the annual RSG budget. Their remit is to collect inputs, calculate percentage allocation based on the formula outlined in legislation and provide confirmation to district council via correspondence of percentage allocation. The annual RSG budget is set by the department taking into consideration the full budgetary context of the Department.</p> <p>NI budget setting process is currently operating within a single year framework. This limits the ability to set a budget over multiple years which causes uncertainty in relation to longer term financial planning.</p> <p>The current NI budget setting process timeline currently does not align with the local government budget setting process. As outlined in consultations, the RSG budget is presently not known until after each district council has struck their rates. This exposes district councils to potential shortfall as they may overestimate their RSG budget for the year, therefore rates set do not accurately reflect the actual RSG funding. Although, the RSG budget is not aligned to the rates setting timeline, the percentage allocation provided through the RSG calculation, undertaken by the LGF team, is ready in advance of district councils' rates being struck.</p> <p>Within the budget setting process conducted by the NI Executive, equality impacts are considered and there is further opportunity for equality screening conducted by central departmental teams to inform in year monitoring rounds. Equality screening has been undertaken with regards the reduction in RSG and an assessment has been made based on relevant evidence available.</p>
6			
i	Legislative	<p>Finding 3, 4, 5, 7, 8, 14, 15, 60, 65</p>	<p>Findings indicated that one of the legislative conditions for RSG is that funding cannot be reduced in year once the amount has been set for each district council, however there is an exception where if a district council is deemed not to be delivering its functions in a value for money way the amount can be reduced in year. This has not happened to date and the fact that the amount cannot be reduced provides some certainty to district councils in year.</p> <p>Legislation does state that additional funding can be provided in-year if funds become available to Department. This in-year additional funding did occur in 2018-19, 2020-21 and 2021-22. In 2021-22 the additional in-year funding of £10m was significant. This may have informed district councils budget setting process for the next year and therefore upon RSG being reduced and no in-year funding for 2022-23 it may have been perceived as a more significant reduction and impact for district councils.</p> <p>The legislation provides a number of conditions with regards inputs, formula and outputs for the RSG allocation, however it provides limited conditions with regards the level of RSG fund, how it is to be used/ evidenced and the timings in terms of notification of amount. Although these conditions provide flexibility to Department in terms of the</p>

#	Theme	Findings	Conclusion
			discretionary nature of the grant and benefits to district councils in terms of how they utilise the grant and the reduced administrative burden, the compromise is that it provides less certainty around RSG funding year on year, impacting financial planning and provides less evidence to assess the impact of RSG.
ii	Governance	Finding 57 , 58 , 61 , 69 , 75 , 84 , 85	<p>Based on findings from consultations and information provided, the review team, consider the current governance to be reasonably robust to effectively control and monitor administration and governance of the current RSG model. It is recognised that the level of administration and monitoring is reduced in comparison to other more evidence-based grants and this due primarily to the flexible legislative conditions applied and the approach to how district councils use RSG. The Councils have a comparatively small administrative burden and that there is an initial larger burden for the LGF team, although there is no in year monitoring of performance / outputs from use of the grant.</p> <p>There was a desire from Councils to be provided with summary information on changes to their RSG allocation based on any changes to wealth and need. The LGF team have tried to assist with information on wealth movements in recent years and have also responded to queries from Councils when raised.</p>

4.3 Recommendations

Table 23: Recommendations

Theme		Recommendation
Relevance of RSG objective in a NI context	1	Continue the use of RSG to supplement district council funding.
Use of RSG by councils	2	Work with councils to develop an assessment of work delivered that would not have been delivered without RSG (while maintaining a non-supplemented rate for each ratepayer).
Evidencing need, wealth and accessibility	3	If required, take action required to update primary legislation to remove specific years attributed to data sources.
	4	In collaboration with councils, develop and issue a proforma to include standardised category drop down list for expenditure items against which each council must report.
	5	Continue to obtain the most up to date data from Analytics Division.
	6	Work with Analytics Division to review data sources that may be applicable to inform need across DfC and possibly NICS.
	7	Work with Analytics Division on the scope of roles in calculating the RSG.
	8	Consideration to be given to include all Council revenue as a measure of wealth.
Other funding Steams	9	Identify and work with other teams within DfC that provide funding to councils. From this, map the funding and rationale to determine any overlap with RSG.
RSG Budgeting	10	Consideration to be given to developing and agreeing a minimum RSG allocation set over a multiple year period.
Governance	11	Work with Councils to identify additional reporting, building on the information already provided by the LGF team, that would give Councils greater understanding of the impact of changes to the wealth and need on the RSG allocation. Any action taken would need to be proportionate to the impact of additional information and the resources available to provide it.

SUPPORTING EVIDENCE: LIST OF APPENDICES

Appendix 1: Abbreviation Table

Table 24: Abbreviations

Abbreviation	In Full
AME	Annually Managed Expenditure
BCS	Business Consultancy Service
BRES	Business Register & Employment Survey
CV	Capital Value
BRES	Business Register & Employment Survey
DfC	Department for Communities
DoF	Department of Finance
EQIA	Equality Impact Assessment
GPRP	Gross Penny Rate Product
JR	Judicial Review
LGF	Local Government Finance
LPS	Land & Property Services
NAV	Net Annual Value
NI	Northern Ireland
NICS	Northern Ireland Civil Service
NIMDM	Northern Ireland Multiple Deprivation Measure
PSU	Professional Service Unit
RSG	Rates Support Grant
SBRR	Small Business Rate Relief
SSA	Standard Spending Assessment

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Figure 13: Domestic rateable EPP added to Non-Domestic EPP

Figure 14: Overview of RSG formula, focusing on the Need side of the calculation

Figure 15: Overview of RSG formula, focusing on the Need side of the calculation

Figure 16: Overview of RSG formula, focusing on the Need side of the calculation

Figure 17: Overview of RSG formula, focusing on the percentage allocation.

Appendix 4: Examples of Other Rates Support

Table 25: Overview of Rates Support outside of RSG

Title	Description	RSG Relevance
Housing Benefit	<p>The main rates support scheme for those on a low income has historically been provided through HB, which is an income related social security benefit. HB provides assistance for both rent and rates however the rates element is gradually being replaced by the Rate Rebate Scheme for working age claimants, which came into operation in 2017. HB is currently administered by the NIHE for both tenants and owner occupiers.</p> <p>https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/A%20Guide%20to%20rates%202024%20-%20Published.pdf</p>	Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.
Rate Rebate Scheme	<p>With the introduction of Universal Credit (UC) the Department of Finance was required to design, legislate and establish administrative arrangements for a new Rate Rebate Scheme for owner occupiers and tenants in Northern Ireland.</p> <p>The scheme is administered by LPS, and the support sits outside the social security system.</p> <p>https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/A%20Guide%20to%20rates%202024%20-%20Published.pdf</p>	Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.
Low Income Rate Relief	<p>Low Income Rate Relief was introduced in April 2007, and it is intended to provide targeted assistance to those low-income households who were just beyond the thresholds for the HB Scheme or who were in receipt of partial HB. It is additional to, and separate from, the HB system. The LIRR scheme can provide help to those who are:</p> <ul style="list-style-type: none"> •Pensioners and have savings of less than £50,000. •Those under pension age who have savings of less than £16,000 <p>The scheme is administered by NIHE for both owner-occupier households and for the rented sector, including Housing Associations.</p> <p>https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/A%20Guide%20to%20rates%202024%20-%20Published.pdf</p>	Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.
Disabled Person's Allowance (DPA)	<p>The DPA is a non-means tested relief, which is intended to assist those who, because of a permanent disability have had the property adapted internally or have had additional qualifying facilities added to suit the disabled person's needs, and where modification could increase the CV of the property. An application is made to LPS, and the ratepayer will have to show that they, or someone else in the household is a person with a disability and that the property has been suitably adapted with additional qualifying features or special facilities that meet the needs of that person.</p>	Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.

Title	Description	RSG Relevance
	<p>If the conditions are satisfied, then the ratepayer is entitled to a reduction of 25%.</p> <p>https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/A%20Guide%20to%20rates%202024%20-%20Published.pdf</p>	
Lone Pensioner Allowance (LPA)	<p>Ratepayers aged 70 or over, whether tenants or homeowners, who live alone may be entitled to 20% discount on their rates. The allowance is not means- tested.</p> <p>The scheme is application based and is administered by LPS for owner occupiers and by the NIHE for all tenants.</p> <p>https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/A%20Guide%20to%20rates%202024%20-%20Published.pdf</p>	<p>Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.</p>
Maximum Capital Value	<p>In 2008 a Maximum CV cap was set at £400,000, which means any house in Northern Ireland with an assessed CV of £400,000 or over will only pay rates based on a £400,000 maximum value.</p> <p>This ‘disregard’ is applied automatically by LPS, it means revenue is forgone to the Executive and to Councils on all CVs over the cap, with losses mainly concentrated in Belfast and North Down.</p> <p>https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/A%20Guide%20to%20rates%202024%20-%20Published.pdf</p>	<p>Rating system and how rates are collected influence the wealth side of the RSG Calculation.</p>
Farmhouse Allowance	<p>Properties which fall under the definition of a “farmhouse” in the Rates Order are treated differently from normal houses; this is a long-standing policy awarding a 20% allowance, in recognition of the fact that farmers have to live on the land that they farm. This is an application-based relief. To qualify the ratepayer must be engaged in farming as their primary occupation, this can include retired farmers.</p> <p>https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/A%20Guide%20to%20rates%202024%20-%20Published.pdf</p>	<p>Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.</p>
Clergyman’s Residence Exemption	<p>The Rates Order allows for a 50% exemption on the CV of houses which are owned by religious bodies where the applicant holds a full-time office of a religious denomination, resides in the house, and performs the duties of the office from the house. This exemption is also an application-based relief.</p>	<p>Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.</p>
The Back in Business rate support scheme 2024	<p>The Back in Business scheme offers businesses a 50% rates discount for up to two years if they move into vacant premises that have been unoccupied for 12 months or more and that were previously used for retail purposes.</p> <p>https://www.finance-ni.gov.uk/news/archibald-launches-back-business-rate-support-</p>	<p>Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.</p>

Title	Description	RSG Relevance
	scheme#:~:text=The%20rates%20discount%20of%2050,until%20Monday%2031%20March%202025.	
The Small Business Rate Relief (SBRR) scheme	<p>The Small Business Rate Relief (SBRR) scheme is a Northern Ireland government initiative, whose aim is to support the growth and sustainability of small businesses in Northern Ireland, by providing some small business owners with rate relief.</p> <p>The SBRR provides different levels of rate relief depending on the Net Annual Value (NAV) of the business property. Qualifying businesses will receive the rate relief automatically on their annual bill during the life of the support scheme. There is no need to apply for SBRR.</p> <p>The SBRR scheme came into effect in April 2010 initially for a term of five years but has since been extended annually on review. The SBRR has been extended for another year covering the 2024-25 rating year.</p> <p>https://www.nibusinessinfo.co.uk/content/small-business-rate-relief</p>	<p>Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.</p>
Charitable Exemption for rates	<p>Charitable exemption can apply where a property is occupied by a charity and where the actual use of the premises is dedicated to the charitable objectives of that charity.</p> <p>Being a charity does not necessarily mean you are entitled to exemption from rates. Both parts of the paragraph above require to be fulfilled before an exemption can apply, this means that LPS will require proof of (a) who is in occupation and (b) what activities are taking place within the premises.</p> <p>https://www.charitycommissionni.org.uk/news/eligibility-criteria-for-charitable-exemption/</p>	<p>Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.</p>
Sports and Recreation Rate Relief	<p>This relief is available for premises that meet all of the following criteria:</p> <ol style="list-style-type: none"> 1. occupied for the purpose of a prescribed recreation 2. occupied by a not-for-profit club or society 3. the club or society does not employ any person to engage in any recreation for reward 4. Sports and Recreation Rate Relief is provided at a reduction of the normal rate by 80% due on qualifying facilities. In other words, that part of the property which is used solely for recreation. 	<p>Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.</p>
Residential Homes Rate Relief	<p>Residential Homes Rate Relief is an application-based rate relief that provides 100% relief to properties that meet the eligibility criteria.</p> <ul style="list-style-type: none"> • To qualify for this rate relief all or part of your property must be used wholly or mainly for one or more of the following purposes: 	<p>Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.</p>

Title	Description	RSG Relevance
	<ul style="list-style-type: none"> the provision of residential accommodation for the care of persons who have an illness or the after-care of persons who have an illness the provision of facilities for training or keeping suitably occupied persons who have an illness or persons who have an illness the provision of such accommodation of facilities as are mentioned in the previous two points for disabled persons not falling within that sub-paragraph the provision of personal social services for disabled persons the provision of facilities under section 15 of the Disabled Persons (Employment) Act (Northern Ireland) 1945 https://www.nibusinessinfo.co.uk/content/residential-homes-rate-relief	
Industrial Derating	<p>Premises occupied and used for manufacturing purposes may qualify for industrial derating.</p> <p>Industrial Derating relief provides a 70% reduction of the normal rate for the property parts deemed to be used in the industrial process.</p> https://www.nibusinessinfo.co.uk/content/industrial-derating	Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.
Non-Domestic Vacant Rating	<p>Since 1 April 2004, the rating of vacant non-domestic property has been in place to encourage properties to be brought back into use. There are no vacant rates payable for a property with a Net Annual Value (NAV) of less than £2,000. For properties with a NAV of £2,000 or more rates are not payable for three months from either the date a non-domestic property becomes empty or, in the case of a property that has never been occupied.</p> https://www.nibusinessinfo.co.uk/content/non-domestic-vacant-rating	Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.
Hardship Rate Relief	<p>Hardship Rate Relief for a non-domestic property is intended to assist a business recover from a temporary crisis, financial or otherwise, as a result of exceptional circumstances, and therefore some form of recovery plan will generally be required before an application can be considered.</p> https://www.nibusinessinfo.co.uk/content/hardship-rate-relief	Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.
Rate Relief Scheme	<p>People on low incomes, including pensioners, may receive a reduction in their rates through the Rate Relief Scheme, which is only available in Northern Ireland. Rate Relief may be payable to you if you receive either no help or partial help with rates through the Housing Benefit scheme.</p> <p>The Rate Relief Scheme helps you if you are on a low income, and:</p>	Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.

Title	Description	RSG Relevance
	<ul style="list-style-type: none"> • you and your partner's total capital and savings do not exceed £16,000, if you are under pension age • you are a pensioner and you have savings of up to £50,000. <p>https://www.nihe.gov.uk/my-housing-executive/advice-for-housing-executive-tenants/rates#:~:text=People%20on%20low%20incomes%2C%20including,through%20the%20Housing%20Benefit%20scheme</p>	
De-rating Grant,	<p>De-rating Grant, which compensates councils for the loss of district rate income due to the statutory de-rating (lowering of rates) of sport and recreation, freight and transport and industrial properties.</p> <p>https://www.communities-ni.gov.uk/articles/funding#:~:text=De%2Drating%20Grant%2C%20which%20compensates,government%20reform%20to%20district%20councils</p>	<p>Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.</p>
Transferred Functions Grant	<p>Transferred Functions Grant, which supports the functions that transferred as part of local government reform to district councils</p> <p>https://www.communities-ni.gov.uk/articles/funding#:~:text=De%2Drating%20Grant%2C%20which%20compensates,government%20reform%20to%20district%20councils</p>	
Rates Holiday NI	<p>A business rates holiday is a period of time when no rates are charged.</p> <p>Most business ratepayers in Northern Ireland benefitted from a 4-month rates holiday for the 2020/21 rating year. Hospitality, tourism, leisure, retail, and childcare sectors and airports received a full 12-month rates holiday during the 2020/21 rating year.</p> <p>The 12-month rates holiday was extended for all original recipients (except residential estate agents) in 2021/22 meaning those ratepayers received a 24-month holiday in total. A further rate holiday has been introduced for the 2022/23 rating year:</p> <ul style="list-style-type: none"> • Most businesses will receive a 1-month rates holiday (public bodies, utilities, large food retailers and off licences are excluded). • Businesses who received the 12-month rates holiday in 2021-22 will receive a 3-month rates holiday from April 2022 to June 2022, with the exception of manufacturing businesses in receipt of Industrial Derating who will receive a 1-month rates holiday. <p>https://www.nibusinessinfo.co.uk/sites/default/files/2022-04/FAQs_Rate_Holiday_2022_23.pdf</p>	<p>Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.</p>

Title	Description	RSG Relevance
District Rate Convergence Scheme - publication of subsidies	<p>The purpose of the scheme was to provide a discount to ratepayers adversely affected by reorganisation i.e. whose rate bills would have been lower in the absence of reorganisation. Ratepayers are entitled to relief if at the point of reorganisation the rate bills were estimated to have been higher than they would have been under the old 26 council structure. 16. The subsidy was an automatic adjustment to the district rate shown on the rate bill for the four- year life of the scheme from 2015-2019.</p> <p>https://niopa.qub.ac.uk/bitstream/NIOPA/6632/1/District%20Rates%20Convergence%20Scheme%20Report.pdf</p>	Scheme focuses on making rates more affordable for NI Rate payer group, similar to the focus of RSG.

Table 26 below also outlines a summary of the various reliefs that were paid for exclusively by the Regional Rate for 23/24.

Table 26: Overview of Rates Support Paid by Regional Rate for 23/24

Area	Amount (£)
Residential Home Relief	8,293,665
Rate Relief	5,198,026
Discounts	8,185,852
DPA	4,687,743
LPA	9,241,619
Small Business Relief	20,553,688
Housing Benefit & Rate Rebate	40,562,502

Appendix 5: DfC Governance

Link - <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-corporate-governance-framework-2021.pdf>

Appendix 6: RSG Pro Forma Template



RSG Pro forma
Template (to be comp

Appendix 7: RSG Calculation Process

Figure 10: Overview of RSG formula, focusing on the Wealth side of the calculation

	District Council	Wealth	Need	Variance	Grant Allocation %		
Title as per RSG Calculation		Total Domestic & Non-Domestic Estimated penny product (i)	GPRP as Proportion of NI Total (ii)	Adjusted Population (based on additional Need) (iii)	Adjusted Population as a proportion of NI Total (iv)	Surplus/ Short Fall Column (ii) – Column (iv)	
Description	Example District Council	Total rateable properties within each district council area. Information provided by LPS.	This is the % of the EPP for each district council as a proportion of NI Total	This is the actual population adjusted based on 5 areas of additional need	This is the actual population adjusted based on 5 areas of additional need	Difference between GPRP as % of NI and adjusted population as a % of NI	This is the % allocation Council is to Receive from RSG (indexed)
Example Data	Council A	2,172,730	0.0763884616 (7.6%)	138,906	0.0729328813 (7.3%)	+0.3%	0%
	Council B	2,861,240	0.1005949759 (10%)	214,807	0.0810442253 (8.1%)	-1.9%	18.7%
Rational	Two council example data used	Council B is deemed wealthier than Council A as EPP is higher.	This is the % proportion of wealth against all 11 district councils in NI.	This is the adjusted population based on deprivation, tackle influx of additional population and Sparsity.	This is the % proportion of adjusted population against the 11 district councils.	Council B has a shortfall (population is more than wealth), therefore is eligible for RSG. Council A has a surplus (wealth is more than population) therefore is not eligible for RSG	

Wealth

In order to work out the Total Domestic & Non-Domestic estimated penny product (EPP) outlined in column (i) of Figure 10 above, LPS provide the Local Government Finance team with data. Figure 11 below outlines this data and the calculation for non-domestic rateable EPP whilst Figure 12 outlines the calculation for Domestic EPP. Finally, Figure 13 outlines the two EPP figures added together to achieve the overarching data used in Figure 10 above.

Figure 11: Non-Domestic rateable EPP Calculation

Column	A	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V
Title	District	Sport & Recreation Category NAV (Including CASC NAV)	100% Community Amateur Sports Clubs (CASC) (DfC De-rated) NAV	Sport & Recreation Category (Excluding CASC) NAV	20% of Sport & Rec (Excluding CASC)	80% of Sport & Rec (DfC De-rated)	Industrial Category NAV	30% of Industrial	70% of Industrial (DfC De-rated)	Freight & Transport Category NAV	25% of Freight & Transport	75% of Freight & Transport (DfC De-rated)	Total NAV for DfC De-rated	Total EPP for DfC De-rated	Total EPP for DfC De-rated Rounded	*Non-domestic Rateable (excluding 20, 25 & 30%)	*Total Rateable non-domestic	Non-domestic Collect %	Non-domestic Rateable EPP	Non-domestic Rateable EPP Rounded	Total non-domestic rateable and de-rated EPP rounded
Formula		Raw data from LPS	Raw data from LPS	C-D	E*0.2	E*0.8	Raw data from LPS	H*0.3	H*0.7	Raw data from LPS	K*0.25	K*0.75	Total D,G,I,M	N/100	O rounded	Raw data from LPS	Total F,I,L	Raw data from LPS	Total(S/100 *R/100)	T Rounded	Total U & P
Example Data	Council A	616,745	65,180	551,565	110,313	441,252	16,957,221	5,087,166	11,870,055	0	0	0	12,376,487	123,765	123,760	102,498,723	107,696,202	93.37	1,005,559	1,005,550	1,129,310
	Council B	908,965	153,425	755,540	151,108	604,432	23,782,569	7,134,771	16,647,798	0	0	0	17,405,655	174,057	174,050	103,438,243	110,724,122	92.60	1,025,305	1,025,300	1,199,350

"Raw data from LPS" means that this data is provided directly from LPS data sources. The columns without "raw data from LPS" have a preassigned formula.

A % of non-domestic properties are de-rated (burden of rates removed) by DoF, therefore columns D-M are working out the de-rated elements, which will be still be included in the final non-domestic rateable and de-rated EPP.

Column N-P focuses on the de-rated elements for EPP. To work out EPP the NAV is divided by 100 and then rounded as outlined in Column O and P.

Column Q-U focus on all rateable non-domestic NAV outside of the de-rated elements. Column R adds all the rateable non-domestic NAVs together. This is then multiplied by the maximum collectable percentage in each district council and divided by 100 to convert NAV into an EPP and rounded.

Column V totals de-rated and rateable NAV to outline Total non-domestic EPP

Figure 12: Domestic rateable EPP Calculation converted to NAV

Column	A	W	X	Y	Z	AA	AB	AC
Title	District Council	Domestic Capital Values	Domestic Collect %	Domestic EPP	Domestic EPP Rounded	Council Specific Conversion Factor	Domestic EPP at NAV	Domestic EPP at NAV rounded
Formula		Raw data from LPS	Raw data from LPS	Total (X/100*W/100)	Y Rounded	Raw data from LPS	Total(Z*AA)	AB Rounded
Example Data	Council A	7,242,070,312	96.82	70,117,725	70,117,720	0.014881	1,043,422	1,043,420
	Council B	10,219,796,325	96.08	98,191,803	98,191,800	0.016925	1,661,896	1,661,890

LPS provides domestic capital values for each district council, and this is multiplied by the maximum % that can be collected in each district council and then divided by 100 and rounded to work out Domestic Estimated Penny Product (EPP)

For Domestic capital values to be aligned and added to non-domestic NAVs, a conversion factor is used, specific for each council; having considered loss/ collection percentages for rateable values.
Please note: This method of calculation was changed following the court of Appeal Ruling on the RSG in September 2018

Domestic EPP converted to NAV which is added to Non-Domestic NAV to work out total wealth of council

Figure 13: Domestic rateable EPP added to Non-Domestic EPP

Column	A	U	AC	
Title	District Council	Non-domestic Rateable EPP Rounded	Domestic EPP at NAV rounded	Total Domestic & Non-Domestic Estimated penny product (i)
Formula				U+AC
Example Data	Council A	1,129,310	1,043,420	2,172,730
	Council B	1,199,350	1,661,890	2,861,240

Figure 14: Overview of RSG formula, focusing on the Need side of the calculation

	District Council	Wealth	Need	Variance	Grant Allocation %
Title as per RSG Calculation		Total Domestic & Non-Domestic Estimated penny product (i)	Adjusted Population (based on additional Need) (iii)	Adjusted Population as a proportion of NI Total (iv)	Surplus/ Short Fall Column (ii) – Column (iv)
Description	Example District Council	Total rateable properties within each district council area. Information provided by LPS.	This is the actual population adjusted based on 5 areas of additional need	This is the actual population adjusted based on 5 areas of additional need	Difference between GPRP as % of NI and adjusted population as a % of NI
Example Data	Council A	2,172,730	138,906	0.0729328813 (7.3%)	+0.3%
	Council B	2,861,240	214,807	0.0810442253 (8.1%)	-1.9%
Rational	Two council example data used	Council B is deemed wealthier than Council A as EPP is higher.	This is the adjusted population based on deprivation, tackle influx of additional population and Sparsity.	This is the % proportion of adjusted population against the 11 district councils.	Council B has a shortfall (population is more than wealth), therefore is eligible for RSG. Council A has a surplus (wealth is more than population) therefore is not eligible for RSG

Need

In order to work out the “adjusted population (based on additional needs)”, outlined in Figure 14 each council actual population is adjusted against the key services as outlined in Figure 15 below;

1. Community Service Adjustment
2. Economic Development Adjustment
3. Tourism Adjustment
4. Other Cleaning Adjustment
5. Waste Collection Adjustment

Figure 15: Overview of RSG formula, focusing on the Need side of the calculation

A	B	B	D	E	F	G	H	I
District Council	Mid-Year Population Estimate	Community Services Adjustment	Economic Development Adjustment	Tourism Adjustment	Other Cleaning Adjustment	Waste Collection Adjustment	Home Population Total Adjustment	Home Mid Year Population Adjusted
Council A	145,852	-1,434	-1,531	-731	-140	-3,110	-6,946	138,906
Council B	219,127	-458	-71	-387	-335	-3,069	-4,320	214,807

Figure 16 below outlines an example of ‘Community Services Adjustment’ to demonstrate how the adjustment is calculated using key statistics and expenditure adjustments.

Figure 16: Overview of RSG formula, focusing on the Need side of the calculation

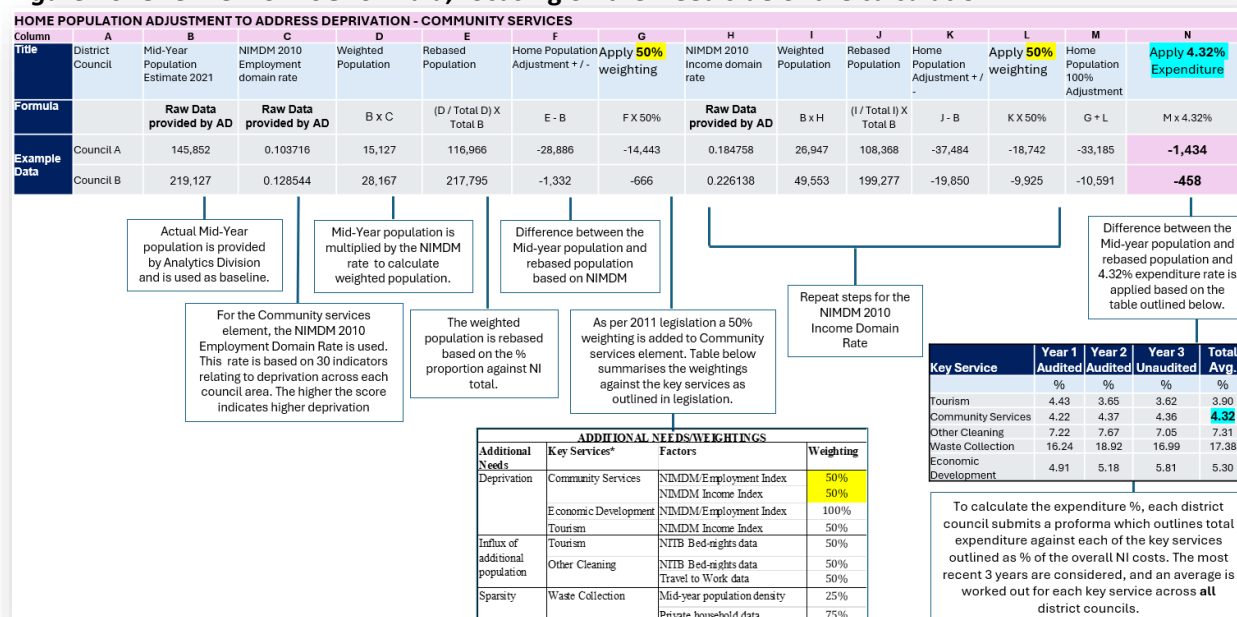


Figure 17: Overview of RSG formula, focusing on the percentage allocation.

	District Council	Wealth		Need		Variance	Grant Allocation %
Title as per RSG Calculation		Total Domestic & Non-Domestic Estimated penny product (i)	GPRP as Proportion of NI Total (ii)	Adjusted Population (based on additional Need) (iii)	Adjusted Population as a proportion of NI Total (iv)	Surplus/ Short Fall Column (ii) – Column (iv)	
Description	Example District Council	Total rateable properties within each district council area. Information provided by LPS.	This is the % of the EPP for each district council as a proportion of NI Total	This is the actual population adjusted based on 5 areas of additional need	This is the actual population adjusted based on 5 areas of additional need	Difference between GPRP as % of NI and adjusted population as a % of NI	This is the % allocation Council is to Receive from RSG (indexed)
Example Data	Council A	2,172,730	0.0763884616 (7.6%)	138,906	0.0729328813 (7.3%)	+0.3%	
	Council B	2,861,240	0.1005949759 (10%)	214,807	0.0810442253 (8.1%)	-1.9%	
Rational	Two council example data used	Council B is deemed wealthier than Council A as EPP is higher.	This is the % proportion of wealth against all 11 district councils in NI.	This is the adjusted population based on deprivation, tackle influx of additional population and Sparsity	This is the % proportion of adjusted population against the 11 district councils	Council B has a shortfall (population is more than wealth), therefore is eligible for RSG. Council A has a surplus (wealth is more than population) therefore is not eligible for RSG	

Allocation

“Total Domestic & Non-Domestic Estimated Penny Product” (**Wealth** side of the calculation) is converted to a “Gross Penny Rate Product (GPRP) as proportion of NI Total” outlined in column (ii) of Figure 17. “Adjusted population (based on additional **needs**)” is converted to “adjusted population as a proportion of NI total”. “Adjusted population as a proportion of NI total” is taken away from “GPRP as proportion of NI Total” to work out whether each council experiences a shortfall or surplus as outlined in the ‘variance’ column’. Council B has a shortfall, indicating that adjusted population is more than its wealth and therefore is eligible for the RSG grant. On the other hand Council A has a surplus indicating that adjusted population is less than its wealth and therefore is not eligible to receive the RSG grant.

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