

# Causeway Coast & Glens Borough Council

To: Corporate, Policy and Resources Committee

Financial operations and payments

Date 18/08/15

For information

## 1.0 Reporting to committee

<b>Linkage to Corporate Plan</b>	
<b>Strategic Priority</b>	Establish the New Causeway Coast and Glens Borough Council
<b>Objective</b>	Central Government Funding
<b>Lead Officer</b>	David Wright
<b>Cost: (If applicable)</b>	

## 1.1 Background

The purpose of this report is for Members to authorise officers to seek a joint delegation with other affected Councils with both the DOE and DFP Ministers in respect of current and future rates support grant allocations.

Causeway Coast and Glens Borough Council like all Councils in Northern Ireland receive substantial baseline funding from DOE each year which reduce amounts to be raised from ratepayers. In particular, this Council receives rates support grant, a grant designed to help less well-off Councils to make good the difference between their rates income and the money they need to maintain parity of service provision with more wealthy Councils.

A sum of £18.327m was provided by DOE to Councils in 2014/15 in respect of Rates Support Grant. In the absence of budget cuts the new Council would have received a share of £2,965,730 from this fund.

Members will be aware from the rates estimates process and delegations with the DOE and DFP Ministers that the Rates Support Grant was reduced by 15.1% to £15.5m in 2015/16 following Executive Budget cuts. This reduced Council's share to £2,153,416 and resulted in an average district rates impact of approximately 2% for ratepayers in this Council area.

A summary of the revised rates support grant allocations for each of the new 11 Councils is provided in the appendix for Members information.

## **1.2 Key Issues**

Council's concerns in relation to the cuts already applied above have been relayed via Councils' response to the recent 2015/16 budget consultation and in delegations with both the DOE and DFP Ministers. In addition, there is serious concern that this grant will be reduced further in 2016/17 and subsequent years and potentially removed in entirety.

Even with the original £18.327m of rates support grant, less wealthy Councils still need to raise higher rates poundages to maintain parity of service provision with the more wealthy Councils and make the further revenue and capital investment necessary to stimulate growth. There is therefore concern that the rates support grant as it was does not adequately reduce the differential. Even with this current level of rates support grant, significant regional disparities still exist, most particularly in the northwest.

In accordance with the Department's statutory duty under s75 of the NI Act, Causeway Coast and Glens Borough Council does not support Executive budget challenges being passed onto ratepayers, in particular those of the less wealthy Councils at a time of significant financial challenge for Local Government.

It is vital therefore that the rates support grant is restored to its' original level of £18.327m. At an absolute minimum, the remaining rates support grant of £15.5m must be ringfenced and protected from further cuts in future years.

It is considered that these arguments must be raised with Central Government as a matter of priority as opposed to during the 2016/17 budget process. In addition, there are a number of the other less wealthy Councils who receive significant rates support grant, who have been significantly affected by these cuts, and also face significant financial risk should further cuts be applied to the rates support grant. Whilst it is recommended to seek a delegation with both the DOE and DFP Ministers in respect of both current and future rates support grant allocations, it is considered that a joint delegation with the other affected Councils will provide a stronger argument.

## **1.3 Financial and other implications**

This report has already had significant financial implications for the new Council. The cuts applied in 2015/16 have resulted in a reduction in funding to this Council of £812,314k and resulted in an average district rates impact of 2% for ratepayers in this Council area. Any further cuts would have potentially significant implications for future rates setting processes at a time when Councils are focused on generating efficiencies following Local Government Reform.

## **1.4 Recommendation**

It is recommended that Council authorise officers to write to the other Councils significantly impacted by cuts to the rates support grant requesting their participation in a joint delegation with the DOE and DFP Ministers in respect of current and future rates support grant allocations and that 2 members be nominated to represent Council in any delegation together with the Chief Finance Officer.

### **Background Paper**

Appendix: Rates Support Grant allocations 2015/16