

Rates Support Grant Delegation	25 July 2017
Council – For Decision	

Linkage to Council Strategy (2015-19)	
Strategic Theme	All Themes
Outcome	Striking the Rate
Lead Officer	Chief Finance Officer
Cost: (If applicable)	

1.1 Background

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

Causeway Coast and Glens Borough Council like other Councils in Northern Ireland receive substantial baseline funding from Department for Communities (DfC) 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 £18.3m was provided by DfC to Councils in 2016/17 in respect of Rates Support Grant (RSG). In the absence of budget cuts this Council would have received a share of £2,456,704 from this fund.

Members will be aware from earlier reports that the Rates Support Grant was reduced by previously but following successful joint lobbying, albeit to a former minister in different circumstances with regards the Assembly, the grant was reinstated to its former level.

The absence of an Assembly has meant that budgetary pressures have led to DfC cutting the RSG funding by 4% to a total of £17.568m resulting in a loss to this council of £32,083 or 1.3%. The effect to this council was mitigated by not budgeting for an increased share of RSG at the setting of the rate however any future reductions in funding will be totally borne by this council.

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 DfC and Department for Finance (DfF) Ministers. In addition, there is serious concern that this grant will be reduced further in subsequent years and potentially removed in entirety.

Even with the original £18.3m of rates support grant, less wealthy Councils still need to raise a higher rates poundage 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 £18.3m and should be ring-fenced 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. 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 Government Officials/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 again provide a stronger argument.

1.3 Financial and other implications

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 and in particular for this Council who have thus far maintained a district rates freeze for the last two years.

1.4 Recommendation

It is recommended that Council authorise officers to join with the other Councils significantly impacted by cuts to the rates support grant requesting their participation in a joint delegation with the Government Officials/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.