



Title of Report:	Rates Support Grant (RSG)
Committee Report Submitted To:	Corporate, Policy and Resources Committee
Date of Meeting:	22 June 2021
For Decision or For Information	For Decision

Linkage to Council Strategy (2019-23)	
Strategic Theme	Leader and Champion
Outcome	Provide Civic Leadership
Lead Officer	Chief Finance Officer

Budgetary Considerations	
Cost of Proposal	Performance management
Included in Current Year Estimates	YES/NO
Capital/Revenue	Revenue
Code	
Staffing Costs	

Screening Requirements	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date:
	DPIA Required and Completed:	Yes/No	Date:

1.1 Background

Causeway Coast and Glens Borough Council receives an allocation of Rates Support Grant (RSG) from the Department for Communities (DfC) annually.

1.2 Detail

Attached as appendices are two items of correspondence from DfC regarding the allocation of RSG for the 2021/22 financial year. The table in appendix 2 sets out the total grant available and the share allocated to each of the seven councils in receipt Causeway Coast and Glens Borough Council's share for 2021/22 being £1,596,210. This represents a reduction in RSG to this council of £569,773 compared to the original allocation of £2,165,983 for the 2020/21 financial year. What is a further frustration for Councils is that this reduced funding has only been notified to Councils after the rates setting process meaning there is no opportunity to counteract the effects of this funding reduction via our own budgetary process, therefore is a single act DfC have created a funding gap of £528,114 in the budgets of Causeway Coast and Glens Borough Council as we had included a figure of £2,124,324 in our rates estimates. The situation is made even more ridiculous by virtue of the additional funding that DfC awarded to Councils in March 2021 whereby an additional £4m was added to the RSG funding, with this council's share of that additional funding being £546,104. In effect the March 2021 additional funding has been paid for by clawing back that amount from the 2021/22 RSG allocation.

1.3 RSG Funding Pot

RSG has been the subject of numerous discussions and debates in this chamber and indeed those of the other six councils who receive the funding. It has always been under threat of cuts and there have been Council led initiatives over the years in an attempt to combat these reductions. The table below sets out the level of RSG funding since April 2015:

Year	Total Funding	CCAG Allocation
2015/16	£15,500,000	£2,153,416
2016/17	£18,300,000	£2,390,519
2017/18	£17,568,000	£2,358,436
2018/19	£16,865,280	£2,216,810
2019/20	£15,865,000	£2,571,995*
2020/21**	£15,865,000	£2,165,983
2021/22	£11,924,000	£1,596,210

*revision of grant allocation using specific conversion factors resulted in an increased percentage allocation for Causeway Coast and Glens Borough Council following successful challenge to methodology by Mid-Ulster District Council.

**original allocation of RSG for this year, first amendment increased total grant to £18.3m and second amendment increased total grant to £22.3m

1.4 Affordability

The purpose of RSG is to support those councils with less wealthy rates bases in order to mitigate the impact on the rate payer of adequately funding Council services, any cuts to this funding therefore have a directly adverse impact upon the burden on the rate payers of the seven councils with the least wealthy rates base. The four wealthiest Councils therefore are unaffected by these cuts which does seem a rather perverse state of affairs that those who are best placed to deal with the additional rates burden are by the very nature of the funding protected from any adverse impact due to funding cuts. Unlike other central government grants (De-rating and Transferred Functions Grant) RSG is not set out in legislation meaning the less wealthy are at the mercy of central government's whim when it comes to budgetary cuts to this funding stream. When this is coupled with the fact that four of eleven Councils are not affected then RSG is an easy target for DfC since there won't be a sector wide response, only the less wealthy will be making representations to DfC in this regard.

1.5 Response

Council officers believe that a robust Corporate response is required to this latest DfC attack on the finances of the seven less wealthy Councils and with this in mind a draft response is set out in paragraph 1.6 below. Additionally Councillors may want to consider making representations through their own party mechanisms to Members of the Legislative Assembly (MLA's) in an effort to have this latest severe funding cut reversed, especially in light of ongoing funding uncertainties as a result of the on-going pandemic. Central Government have lauded the provision of funding that has been provided to various sectors over the last year or so but to suddenly initiate such a cut in the midst of the current situation does appear contradictory to the previous policy of financial support.

1.6 Draft

Causeway Coast and Glens Borough Council has been shocked and dismayed at the callous and severe reduction in the funding for Rates Support Grant (RSG) that has been delivered without warning this year. What is worse is that the news of the reduced funding arrived well after the Councils were required to have their rates set by thereby making a mockery of Council's own budgetary processes leaving significant holes in the finances of the seven councils who receive the grant. The Department for Communities will no doubt point out that Councils have constantly been made aware of budgetary pressures and the potential for those to impact upon available funding for RSG but no-one will have been prepared, or could have been expected to be prepared, for a 25% cut to the funding in any single year. Council would demand to know which other areas of DfC suffered similar levels of cuts in funding for the 2021/22 financial year. Council would also like to know what justification can be given by DfC for such a draconian grant reduction which will directly adversely impact on the least well off in our communities with the less well-off Councils being the only ones who will be affected by this action. It is now clear that the much-lauded additional RSG funding which DfC awarded the seven Councils in March is in fact being paid for by those same seven Councils whose 2021/22 funding is being reduced by the exact amount

that was paid out only a month earlier. Causeway Coast and Glens Borough Council demands that the funding be re-instated to the previous levels which Councils had been able to budget against and that any future reductions in this funding must be notified to Councils in advance of rates setting so that account of the effects can be taken into account in the rates setting process albeit the end result is simply an additional burden on the rate payers of this and the other six Boroughs and Districts involved. Councillors will also be raising the matter with party colleagues and Members of the Legislative Assembly.

1.7 Recommendation

It is recommended that elected members consider the draft response above and approve an agreed version to be sent to the Minister for Communities and Departmental officials. It is further recommended that officers be authorised to contact colleagues in the other six councils affected by this funding cut to agree a united response and that members consider raising the matter with party colleagues and Members of the Legislative Assembly.



Department for

Communities

An Roinn

Pobal

Department für

Commonities

www.communities-ni.gov.uk

Chief Executive of each District Council
Finance Officer of each District Council

Local Government and Housing
Regulation Division
Finance Branch
Causeway Exchange
1-7 Bedford Street
BELFAST
BT2 7EG
Phone: 028 9082 3375
email: jeff.glass@communities-ni.gov.uk

Our ref: CO1-20-10553

13 May 2021

Dear Chief Executive/Finance Officer

**RATES SUPPORT GRANT BUDGET 2021/22 AND INSTALMENTS TO BE PAID
IN FINANCIAL YEAR 2021/22**

1. I refer to my letter of 29 March 2021 in respect of the instalments for De-rating (DRG) and Transferred Functions (TFG) Grants respectively which will be made quarterly throughout the 2021/22 financial year. The first instalment for these grants was processed through our payments system in April 2021. The remaining instalments on these grants will be made at the start of each quarter in July 2021, October 2021 and January 2022. I advised that details of the Rates Support Grant (RSG) budget would follow as soon as the budget was agreed.
2. The Department's proposed budget for 2021-22 was agreed by the Executive on 1 April 2021. The Minister for Communities has since agreed her own Departmental internal resource and capital allocations. This budget allocation position has been arrived at following careful scrutiny of all spend, taking into account the significant growing financial pressures arising from COVID-19, plus additional demands, including the impact of cost increases.
3. The Minister considered the level of the RSG budget for 2021-22 in the context of the wider budgetary position affecting the Department for the 2021-22 financial year. As a result, the opening baseline for 2021-22 will be £11.924m. While this is a reduction in comparison to last year's opening baseline position, significant additional funding was provided in year during 2020-21 to provide ongoing support to councils.

4. The RSG allocation for each council and the instalments which will be made quarterly throughout the 2021-22 financial year are detailed in the attached Annex. The first instalment will be paid in May 2021 and the remaining instalments will be made at the start of each quarter in July 2021, October 2021 and January 2022.
5. Should you need clarification about any of the figures, please contact myself on 9082 3375 (jeff.glass@communities-ni.gov.uk) or Ian Lewis on 9082 3506 (ian.lewis@communities-ni.gov.uk)

Yours faithfully

A handwritten signature in black ink that reads "J Glass". The signature is written in a cursive style with a large initial 'J' and a horizontal line underlining the name.

JEFF GLASS
Local Government and Housing Regulation

RATES SUPPORT GRANT

2021/2022

Total Allocation and Instalments

District Council	Rates Support Grant		
	Instalments due to be paid in May, July & October 2021	Final payment due to be paid in January 2022	TOTAL ALLOCATION
	£	£	£
Antrim and Newtownabbey	0	0	0
Ards and North Down	0	0	0
Armagh, Banbridge and Craigavon	467,557	467,558	1,870,229
Belfast	0	0	0
Causeway Coast and Glens	399,052	399,054	1,596,210
Derry and Strabane	554,638	554,640	2,218,554
Fermanagh and Omagh	179,653	179,655	718,614
Lisburn and Castlereagh	0	0	0
Mid and East Antrim	477,679	477,680	1,910,717
Mid Ulster	625,550	625,550	2,502,200
Newry, Mourne and Down	276,869	276,869	1,107,476
TOTAL	2,980,998	2,981,006	11,924,000