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**Commonities**

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**Our Ref: CO1/24/162668**  
**Date: 7 March 2024**

David Burns  
SOLACE NI Chair  
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Via email: [david.burns@lisburncastlereagh.gov.uk](mailto:david.burns@lisburncastlereagh.gov.uk)

Dear David

## **REVIEW OF THE RATES SUPPORT GRANT (RSG)**

Further to our conversation on Tuesday 5 March 2024, I am now formally writing to you about the forthcoming independent review of the Rates Support Grant (RSG) that will be carried out by Business Consultancy Services (BCS).

The current RSG mechanism is contained in Section 27 of the Local Government Finance Act (Northern Ireland) 2011 (2011 Act) and the Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011 (2011 Regulations). With the exception of some minor changes the existing RSG mechanism has been in place since 2003.

The RSG is statutory but is a discretionary quantum which is not ring-fenced and must be considered in the context of the overall department's budget priorities and challenges. At present 7 out of the 11 councils are eligible for this grant. The policy intent of the grant is to annually provide financial support to those councils whose needs exceed their wealth relative to other councils in NI.

Minister Lyons has agreed that an independent review of the Rates Support Grant should now take place seeking an analysis of:

- whether the RSG remains fit for purpose i.e. does the 'need' it sought to meet still exist.
- does the original policy intent remain relevant.

- does the provision of the RSG meet the needs of people in the districts receiving the Grant; are there other existing funding streams that meet the need originally identified; and
- what is the RSG used for by councils – e.g. service provision or specific programmes to tackle deprivation etc.

A copy of the Terms of Reference for the independently led review of the Rates Support Grant is attached. It is expected that the review will commence in March 2024 and is intended to be completed by October 2024.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Anthony Carleton', with a long horizontal flourish extending to the right.

**ANTHONY CARLETON**

## **Terms of Reference for an Independent Review of Rates Support Grant**

### **Purpose**

1. The purpose of this paper is to independently review whether the Rates Support Grant (RSG) remains fit for purpose. This document covers the following areas:
  - Background.
  - Scope of the review.
  - Responsibilities; and
  - Timescales and reporting.

### **Background**

2. The current RSG mechanism has been in place since 2003. The policy intent of the grant is to annually provide financial support to those councils whose needs exceed their wealth relative to other councils in Northern Ireland.
3. The current mechanism is contained in Section 27 of the Local Government Finance Act (Northern Ireland) 2011 (2011 Act) and the Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011 (2011 Regulations).
4. From 1 April 2015, under the Reform of Local Government, the number of councils in Northern Ireland reduced from 26 to 11. This was established under the Local Government Act (NI) 1972 as amended by the Local Government Boundaries Act 2008.

### **Scope of the Review**

5. The review will be carried out by Business Consultancy Support (BCS).
6. The independent review will analyse whether the RSG remains fit for purpose, and this will focus on:
  - Whether the original policy intent / objectives remain relevant.
  - Whether the need that the grant sought to meet still exists.
  - Whether the provision of the grant meets the needs of the people in the eligible councils.
  - Whether there are other existing funding streams that meet the need as originally identified.
  - What is the grant used for by councils in terms of service provision, and specifically programmes (which link to the key services within the 2011 RSG Regulations formula):
    - (i) to tackle deprivation within the areas of community services, economic development, and tourism (the key services);

- (ii) to tackle influx of additional population within the areas of tourism, and other cleaning (the key services);
  - (iii) to tackle sparsity within the area of waste collection (the key service).
- The information supplied by Councils in respect of “Needs”;
  - The information supplied by Land & Property Services for “Wealth”;
  - Whether conditions should be attached to such grant funding.
  - Whether property values are still the best measure of wealth for Councils, as this only looks at one area of Council wealth and funding.
  - Whether there are any Equality issues that the Department needs to consider.
  - How Councils spend RSG funding they receive from the Department; and
  - Whether Councils have any Equality issues that they need to consider with regards to the RSG funding.

### **Responsibilities**

7. The Terms of Reference for the review will be taken forward independently by Business Consultancy Services (BCS) who provide consultancy services across the NICS.
8. The outcome of the review will be advice/recommendations for consideration by the Minister to enable a decision on whether the RSG remains fit for purpose, and what (if any) changes are required.

### **Timescales and Reporting**

9. The first stage of the review will commence in March 2024 and should be completed by October 2024.
10. Updates on the review will be provided to members of SOLACE NI.