

Title of Report:	Rates Support Grant Report
Committee Report Submitted To:	Finance Committee
Date of Meeting:	12 December 2024
For Decision or For Information	For decision
To be discussed In Committee YES/NO	No

Linkage to Council Strategy (2021-25)	
Strategic Theme	Cohesive Leadership
Outcome	Council has agreed policies and procedures and decision making is consistent with them.
Lead Officer	Chief Finance Officer

Estimated Timescale for Completion	
Date to be Completed	

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

Legal Considerations	
Input of Legal Services Required	YES/NO
Legal Opinion Obtained	YES/NO

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:

1.0 Purpose of Report

The purpose of this report is to place before members for consideration a comprehensive report on Rates Support Grant (RSG) as requested by the Finance Committee

2.0 Background

The level of funding allocated to RSG has been eroded over the last number of years to a level where the funding is no longer commensurate with the purpose of the grant.

2.1 Report for Council Consideration

Derry City and Strabane District Council shared with all the affected Councils a report adopted by them in respect of RSG and Council has requested that Causeway Coast and Glens Borough Council prepare their own version of this report. Attached as an appendix to this report is the draft report for Council consideration. It is broadly based on the Derry City and Strabane report but has been amended in key areas to reflect this Council's circumstances.

3.0 Recommendation

It is recommended that Council consider and adopt the report as tabled.

Causeway Coast and Glens Borough Council

**Rates Support Grant Review in the context of the wider Northern Ireland
District Rating System and it's impact on Councils with lower wealth and
higher levels of deprivation and rurality**

November 2024

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1. Introduction

1.1 These continue to be difficult times for the 11 Councils in Northern Ireland. Following the unprecedented threats presented to Local Government finances and services as a result of the pandemic, Councils have been impacted by continuing further challenges as detailed below:-

- Soaring inflation due to cost of living pressures including exceptional increases to utility costs;
- Associated pay pressures both local and national with pay representing up to 50% of many Councils' overall costs;
- Construction inflation (meaning that ambitious capital plans can't progress);
- Risks to rates income as a result of non-domestic revaluation appeals and increasing levels of rating debt (Councils derive approximately 80% of the funding required to deliver critical public services from rates income (both domestic and non-domestic));
- Central Government Grant cuts (including Rates Support Grant).

1.2 Unfortunately, as will be explored in detail within this paper, the challenges posed by Central Government Grant cuts have been more profoundly felt by some Councils. The most significant cut applied by Government in this regard relates to Rates Support Grant. **The Rates Support Grant** provides financial support, on an annual basis, to those councils whose needs exceed their wealth relative to other councils in Northern Ireland. Therefore, and very concerningly, it is the 7 Northern Ireland Councils with the lowest wealth and the greatest needs in terms of deprivation and rurality that have experienced the greatest challenges. This will have resulted in higher rates increases or more significant service cuts across these areas at a time when ratepayers (especially in these Council areas) can least afford to absorb increased bills.

Rates Support Grant Review

1.3 The Rates Support Grant is a statutory grant; however, the level of funding is not set in legislation. The Rates Support Grant was reduced by £4.0m in 2023-24, and a further reduction of £1.8m was implemented for 2024-25. The decision to implement the cut in 2024-25 has been screened out for Section 75 Equality purposes as minor impacts have been identified. The Department is also currently independently reviewing the Rates Support Grant, and it is hoped that this will assist the Department to understand how this grant funding is used / and or considered by Councils within their overall funding.

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.*

1.4 The Terms of Reference for the review will be taken forward independently by Business Consultancy Services (BCS) who provide consultancy services across the Northern Ireland Civil Service. The review was scheduled for completion in October 2024 and the outcome of the review will be advice/recommendations for consideration by the Minister to enable a decision on the future operation of RSG.

This review looks to understand if the original policy intent remains relevant and if the provision of the grant meets the needs of the people in the eligible councils. BCS have also subsequently advised that **the amount of grant paid is beyond the scope of this review, however they are content to collect views on this matter.**

For Causeway Coast and Glens Borough Council, who like the other six Councils in receipt of RSG have been severely impacted by Rates Support Grant cuts the review presents a number of major concerns as follows:-

- The review comes following a period of sustained cuts to the grant leading to an inevitable perception that it will lead to an ultimate complete removal of the grant;

- A policy can only be effective if it is adequately funded. It is difficult therefore to understand how the amount of grant paid is beyond the scope of the review;
- Looking at Rates Support Grant in isolation is flawed and limited in scope without reference to the wider Northern Ireland Rating system in which it exists. Councils derive the majority of their funding to deliver critical frontline public services from District rates. The District rating system in Northern Ireland creates major disparities across Councils and, without appropriate policy intervention, presents serious challenges for those Councils with lower property values and wealth and higher levels of deprivation and rurality.
- Causeway Coast and Glens Borough Council would question why the review is seeking to understand how the grant is spent by Councils. Whilst expenditure on key services are included within the apportionment calculation, the reality is that the grant is used to provide a relief to all ratepayers through a reduction in their rates bills to reflect the increased costs of delivering services within their Council area associated with wealth, deprivation and rurality challenges. The inclusion of these figures is only a mechanism to weight aspects of the calculation, there has never been any associated requirement to target specific areas in conjunction with receipt of RSG.

1.5 Causeway Coast and Glens Borough Council has, in conjunction with partner Councils, been engaging with the Department for Communities for many years in opposition to Rates Support Grant cuts to no avail. The issue has now come to a critical point whereby this Council can simply no longer afford to increase rates bills or impose service cuts to critical front-line services whilst other more wealthy Councils do not.

Any review of Rates Support Grant should be considered within and in full understanding of the wider rating system within which it is provided. Accordingly, this very detailed and evidence based paper has been prepared by Causeway Coast and Glens Borough Council with a view to promoting meaningful engagement not only in relation to Rates Support grant but in relation to the wider rating system in Northern Ireland and, how in the absence of proper policy intervention, it adversely impacts less wealthy and more deprived and rural Councils. Failure to address the issues in this paper will lead to a widening gap in service provision across the 11 Northern Ireland Councils and further compound regional imbalance.

1.6 This report therefore looks in detail at the following

- The fundamental principles of the Northern Ireland District rating system and how it is impacted by wealth, deprivation and rurality;
- A detailed analysis of the policy provision (Rates Support Grant) that has been in place to address these issues;
- A case study – Causeway Coast and Glens Borough Council;
- Equality and rural needs issues;
- Conclusion and response to review questions.

2. Northern Ireland District rating system- Fundamental principles

- 2.1** In terms of the District rating system in Northern Ireland, a property value is assigned to all properties (both domestic and non-domestic) by Land & Property Services against which Councils apply a poundage/ percentage to raise the necessary money to deliver vital public services such as leisure, community services, planning, building control, environmental health, community services, refuse collection and street cleansing. This poundage figure is published annually by Department for Communities following Councils rates processes and inevitably used as a comparator between the 11 Councils.

The fact that property values are the key component indicates that rates is a wealth based tax and fundamentally that people with lower wealth should bear lower tax burdens.

- 2.2** The 11 Councils in Northern Ireland are obviously very different with extremely varying levels of wealth, rurality and deprivation, all of which significantly impact on rates bills paid by ratepayers in different Council areas. In the past, the key Government intervention made to ensure that less wealthy and more deprived and rural Councils could deliver equality of service provision with other Councils without undue rates impacts was the **Rates Support 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 Northern Ireland. Unfortunately, **whilst the grant is statutory, the grant quantum is discretionary and not protected in legislation**. As a result, as noted in the table below, this grant has been significantly eroded over the years to the point where it is now essentially ineffective on delivering this objective:-

Year	NI recurrent baseline allocation £000	Notes
2008/09	20,497	
2011/12	19,497	
2012/13	18,326	
2014/15	18,300	
2015/16	18,300	First year following Local Government Reform
2016/17	18,300	
2017/18	17,568	4% reduction
2018/19	16,865	4% reduction
2019/20	15,865	6% reduction
2020/21	15,865	
2021/22	11,924	25% reduction
2022/23	8,924	25% reduction
2023/24	4,900	45% reduction
2024/25	3,124	36% reduction

2.3 In the context of the significant cuts applied to the grant and also of the significant financial challenges being experienced by Central Government which are likely to lead to further erosion, it is critical to examine the Northern Ireland rating system for Councils to highlight the inequities and the critical need for appropriate policy intervention and support. The following issues in particular merit detailed consideration:-

- Impact of domestic property values across Councils on rates bills and publication of rates poundage figures as a means of comparison;
- Impact of wealth, deprivation and rurality on rates bills across NI Councils.

Impact of domestic property values across Councils on rates bills and publication of rates poundage figures as a means of comparison

2.4 As noted above, Northern Ireland Councils are generally compared using their rates poundages. These are the only indicators published by Government each year and are set out for 2024/25 in **Appendix 1**. At first glance based on rankings, it could be concluded (very erroneously) that there are vast efficiency differences across the 11 Councils in terms of the costs incurred to deliver essential public services. For example, Derry City and Strabane District Council is often heavily criticised for the level of it's rates poundages. As this paper will demonstrate, this is an incredibly unfair assertion and one that demonstrates a fundamental misunderstanding of the Northern Ireland Rating System. As a further example, the current research proposals being progressed by UUEPC in March 2024 includes a non domestic rates review and highlights within it's consideration that "it is often reported that business rate poundages in some NI council areas are among the highest in the UK and the 2019 business rates review identified a need to reduce poundages".

2.5 The reality is that, whilst Councils will have different priorities and spend money in different ways, it is no coincidence that the Councils at the top of the list are the less wealthy and more deprived and rural Councils with lower property values who have relied on Rates Support Grant to ensure services can be provided on a more equal footing with more wealthy Councils. It can clearly be seen from **Appendices 1 and 2** that average domestic rating property values in Causeway Coast and Glens Borough Council are £121,918 compared to £148,438 in Ards and North Down which is fairly close to the average of £120,426 across Northern Ireland. It is therefore inevitable that rates poundage will be somewhat higher than those of the Council with the higher property values. Indeed when we look at non-domestic rating Causeway Coast and Glens Borough Council has the 2nd lowest average Net Annual Value (NAV) of £15,962 with the highest in Belfast being almost double that at £31,161 and the Northern Ireland average being £21,062. It is generally agreed that the non-domestic sector provides the most high value properties in terms of rates income therefore Causeway Coast and Glens Borough Council is severely disadvantaged in terms of the wealth of its non-domestic rates base when compared with other Councils. Despite this Council punches well above its weight in this sector with only the 5th highest poundage despite the 2nd lowest rates base and indeed has a lower poundage than Belfast which has the highest average non-domestic property value.

Impact of domestic property values:-

2.6 In a very basic example (before considering issues of wealth, deprivation and rurality), the table below provides an example of 2 Council areas where the cost of services, business rates income and number of domestic properties are exactly the same, the only difference being that the average rateable value of a domestic property in one Council is lower than the other.

Details	Wealthy Council Net expenditure		Less wealthy Council Net expenditure
	£		£
Total cost of services	15,000,000		15,000,000
Non-domestic rates income	7,500,000		7,500,000
Balance to be raised by domestic rates	7,500,000		7,500,000
Average house rateable value	140,000		95,000
Number of rateable domestic properties	10,000		10,000
Total rateable value of all domestic properties	1,400,000,000		950,000,000
Domestic Rates poundage	0.5357		0.7895
Average domestic rates bill	750.00		750.00

2.7 The following factors/ outcomes should be noted:-

- Both Councils are equally efficient from a cost perspective and deliver the same services at the same cost;
- The average house value (from a rating perspective) is much higher in the more wealthy Council area with better infrastructure etc. The figures used are a fair representation of actual current NI average domestic rateable values across the 11 Councils. It is a fair assertion that the ratepayer in the more wealthy Council is in fact wealthier given that their property value is higher.
- Whilst the average householder in each area will pay the same District Rates bill, the domestic rates poundage is 47% higher in the Council with the lowest average domestic property values. This means ratepayers in this area pay a significantly higher percentage of their property value in rates.

2.8 A minimum basic conclusion would call into question the fairness of publishing and comparing Councils on the basis of their rates poundages as, inevitably, those Councils with lower average property values would sit at the top of the perceived “league table” and face unfair criticism as a result. Furthermore, this is an unfair outcome of the District rating system for less wealthy Councils and ratepayers, particularly in the context of a wealth based taxation system whereby people with lower wealth should bear lower tax burdens.

2.9 A very stark example of this property value issue was illustrated in the recent Government revenue raising consultation within which the removal of the domestic rating cap was considered. Currently, this domestic rating relief caps the property value on which a domestic ratepayer pays rates at £400k. Any property with a capital value in excess of that will therefore pay rates as if it has a capital value of £400k. This relief affects approximately 7,900 properties in Northern Ireland at an annual cost of £11m (borne by both the NI Executive and Councils in proportion to each’s Council’s District Rate and Regional Rate split). A stand-out statistic highlighted in the consultation was that 65% of the properties and 74% of the cost relates to two Council areas, Belfast and Ards and North Down, with only 3.3% relating to Causeway Coast and Glens Borough. Removal of this relief as a revenue raising measure in it’s entirety would therefore generate additional District rates income for more wealthy Councils like Belfast and Ards and North Down in the region of £1.7m- £2.1m. By contrast, Causeway Coast and Glens Borough Council would only benefit by circa £190k of additional District rates income. Whilst revenue raising measures can be welcomed, in some cases it can create further disparities in wealth between Councils.

2.10 The issue is further exacerbated when other critical factors (non- domestic rates income, deprivation and rurality) that impact on rates levels across Northern Ireland are considered below.

Impact of wealth, deprivation and rurality on rates bills across NI Councils

2.11 This sections considers a much more in-depth analysis of the rating system in Northern Ireland from a Council perspective. The following are key elements of difference across the 11 Councils and, all of which impact very significantly on rates bills in the different Council areas:-

- **Wealth**- some Councils are able to raise more money from business rates than other Councils. This includes more public sector assets such as Government buildings, hospitals, schools, universities etc as well as more business premises;
- Higher levels of **deprivation**- creates greater levels of need and demand for Council services such as community support. Whilst greater levels of grant income are received from Central Government, generally Councils are required to provide more rates investment also. This is a risk in a future where Central Government funding could be cut and Councils come under pressure to fill the gap. Similarly, these Councils will face challenges through lower service income levels;
- **Rurality**- services delivered over a wider geographical area eg refuse collections which has an impact on cost of services.

2.12 Issues such as wealth, property values and deprivation are driven by Central Government as opposed to Councils through regional policy, lack of investment in infrastructure, third level education, skills, FDI etc.

2.13 A model example, involving 2 hypothetical Councils at opposite sides of the spectrum in terms of these critical factors, is provided in **Appendix 3**. Whilst these are 2 hypothetical Councils, the differences portrayed reflect a reality in Northern Ireland. The model results in the following 2 very different outcomes for these 2 hypothetical Councils:-

- *The domestic rates poundage is 97% higher in the less wealthy and more deprived and rural Council. This means ratepayers in this area pay a much higher percentage of their property value in rates (Note again this is the only indicator which is published to compare District rates across Councils in Northern Ireland); and*
- *Overall domestic rates bills are 33% higher in the less wealthy and more deprived and rural Council. Effectively this is due to less business rates income raised, less income generated from services and more expensive services due to rurality/ deprivation.*

2.14 This is an unfair outcome of the District rating system for less wealthy Councils and ratepayers, particularly in the context of a wealth based taxation system whereby people with lower wealth should bear lower tax burdens. However, in the absence of appropriate policy intervention, this represents a reality. In the absence of Rates Support Grant, which has now been reduced to a completely ineffective level, ratepayers in less wealthy and more deprived and rural Councils will continue to pay significantly higher rates. This additional burden would certainly be very difficult to sustain and would inevitably lead to major differences in critical public service

provision (eg waste collection, leisure services, community services) across Northern Ireland into the future. Council's should be able to deliver services and invest in services for their ratepayers on a fair and equitable basis.

- 2.15 Any review of RSG or wider rating policy can only be considered within this wider context, particularly given stark regional balance differences. Central Government policy provision has also historically recognised these fundamental disparities. Policy provision has existed since 2003 through the Rates Support Grant which is explored in detail below.
- 2.16 The review places significant focus on how Councils spend Rates Support Grant. Council services are funded by ratepayers and it has been clearly demonstrated that ratepayers in less wealthy, more deprived and rural Councils bear higher rates burdens inherently as a result of their lower wealth and also as a result of increased service costs associated with wealth, deprivation and rurality. **This is an inherently unfair outcome.** Rather than funding expenditure, Rates Support Grant provides some relief for these ratepayers through a reduction (albeit inadequate reduction) to their rates bills. There is no mention in any policy documentation surrounding the grant specifying particular areas of expenditure where the grant should be applied by Council. There are some areas which are identified by the legislation which have a higher weighting in terms of the allocation of the grant funding pot and Councils do report on these to inform the allocation process. There is however no correlation between the level of grant received and the level of expenditure on these areas, indeed were there are correlation/direction Council spending on these areas should have fallen by approximately 85% since 2008/09 in line with the level of grant funding. **If no policy provision exists to address the disparities between wealthier and poorer Council areas, we will have a rates/ taxation system whereby wealthy ratepayers are at a double advantage in that they bear a lower proportion of the rates burden whilst potentially availing of higher quality public services that less wealthy Councils cannot afford to provide.**

3. Policy provision to address the disparities- Rates Support Grant

3.1 Central Government policy has previously recognised the impact of wealth, deprivation and rurality and their associated impact on rates bills across Northern Ireland through the **Rates Support Grant** which 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**. 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) which set out the following formula to determine the distribution of the grant between Councils:-

WEALTH		Minus	NEEDS		
Council gross penny rate product	x 100	-	Council home population adjusted (*)	x 100	= Surplus or negative variance
Northern Ireland gross penny rate product			Northern Ireland Home population adjusted (*)		

* The needs element of the formula is adjusted to recognise the following elements:-

- **Income deprivation** and it's associated impact on Council community services and tourism expenditure;
- **Employment deprivation** and it's associated impact on Council community services and economic development expenditure;
- **Tourist bed night** figures and their associated impact on Council tourism and other cleaning expenditure;
- **Travel to work data** and it's associated impact on Council other cleaning expenditure;
- **Population density and private household data** (number of households in each Council area) and their associated impact on Council waste collection expenditure;

3.2 The calculation is facilitated by each Council's providing annual returns to the Department of their expenditure on community services, tourism, other cleaning, economic development and waste collection.

3.3 The formula results in a positive or negative variance being assigned to each Council. Those Councils with negative variances (of which there are currently 7 in Northern Ireland) are then allocated a share of the overall grant pot as follows:-

Council's negative variance	x 100	=	Council percentage grant allocation
Total of NI Councils' negative variances			

3.4 For 2024/25, the calculations result in the following percentage allocations:-

COUNCIL	2024/25 % RSG allocation	Rank	Domestic rates poundage rank (Appendix 1)
DERRY CITY AND STRABANE	21.33%	1	1
ANTRIM AND NEWTOWNABBEY			8
ARMAGH, BANBRIDGE AND CRAIGAVON	20.23%	2	3
BELFAST			9
CAUSEWAY COAST AND GLENS	7.38%	7	4
FERMANAGH AND OMAGH	8.40%	6	6
LISBURN AND CASTLEREAGH			11
MID AND EAST ANTRIM	14.47%	4	2
MID ULSTER	11.77%	5	10
NEWRY MOURNE AND DOWN	16.42%	3	5
NORTH DOWN AND ARDS			7
TOTAL	100%		

- 3.5 As noted, the 7 least wealthy and most deprived and rural Councils receive percentage allocations ranging from 7.38% (Causeway Coast and Glens Borough Council) to 21.33% (Derry City and Strabane District Council). The 4 most wealthy Councils with surplus variances do not receive any allocation.
- 3.6 **Appendices 1 and 2** detail the domestic and non domestic rates poundages for each of the 11 Northern Ireland Councils for 2024/25. These are broadly the only indicators published by Government each year to compare Councils. They also highlight that **the 6 Council areas with the highest domestic rates poundages in Northern Ireland are Councils who are entitled to Rates Support Grant. Appendix 2 demonstrates that ratepayers in the Rates Support Grant councils pay an average of 4.9% of their rateable domestic property values whereas ratepayers in non Rates Support Grant Councils only pay 4%**. Looking at the range, ratepayers in Derry City and Strabane District Council pay 6.07% of their rateable domestic property values whereas ratepayers in Lisburn and Castlereagh Council pay 3.66%;
- 3.7 **Without appropriate policy intervention, ratepayers in less wealthy and more deprived and rural areas bear a higher taxation burden in relation to their property values. Again, this is an unfair outcome of a wealth based taxation system. People with lower wealth should bear lower tax burdens.**
- 3.8 Unfortunately, whilst rates support grant (the key policy support to address this issue) is statutory, the grant quantum is at the discretion of the Department and not protected in legislation. As a result, as noted in the table below, this grant has been significantly eroded over the years to the point where it is now completely ineffective on delivering it's objective of providing financial support to those councils whose needs exceed their wealth relative to other councils in Northern Ireland:-

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2008/09	20,497	
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2021/22	11,924	25% reduction
2022/23	8,924	25% reduction
2023/24	4,900	45% reduction
2024/25	3,124	36% reduction

- 3.9** Since 2008/09 the funding pot has been reduced by £17.373m with the more significant reductions having been applied since Local Government Reform. This saw a new 11 (as compared to 26) Council model for Local Government as part of a programme for government priority to “Deliver High Quality and Efficient Public Services” and saw the transfer of a number of functions from Central Government to Local Government including planning, off street car parking and some local economic development and tourism functions. In the face of these significant grant cuts, delivering high quality public services has clearly been a much more challenging task for the 7 Councils impacted.
- 3.10** The impact of the £17.373m cuts on the impacted Council areas can be easily extrapolated by reviewing the recurrent funding lost to each Council as a percentage of it’s rates income (including de-rating grant). The situation for Causeway Coast and Glens Borough Council is further exacerbated by the fact that the percentage allocation of RSG has also fallen during the same period from a maximum of 16.56% in 2013/14 to a minimum of 6.84% in 2023/24. The overall effect of these changes is set out in the table below:-

Council	Recurrent RSG Funding lost since 2008/09	Rates Income (Including Derating Grant) Forecast 2024/25 (£)	Indicative recurrent rates impact (%)	Indicative recurrent rates impact inflation adjusted (CPI Mar 2008 =83.4, Mar 2024 = 133.0) (%)
Armagh, Banbridge & Craigavon	3,426,766	86,294,905	3.97%	6.33%
Causeway Coast and Glens	2,883,202	62,268,891	4.63%	7.38%
Derry and Strabane	2,778,612	76,084,766	3.65%	5.82%
Fermanagh and Omagh	2,088,488	45,683,281	4.57%	7.29%
Mid and East Antrim	298,676	66,762,192	0.45%	0.71%
Mid Ulster	2,303,261	54,958,361	4.19%	6.68%
Newry Down and Mourne	2,661,383	71,042,420	3.75%	5.97%
Ards & North Down*	932,612	N/A		
Total	17,373,000		3.60%	5.74%

*Received no further RSG since 2015

The 7 impacted Councils have had an average rates impact (ignoring inflation) of 3.60%. This is a substantial additional burden passed on to ratepayers in these less wealthy and more deprived and rural areas. In real terms, the burden increases to 5.74% if the grant had been uplifted by inflation to ensure it retained it's original value.

3.11 One of the questions posed in the current review is what the grant is used for by councils in terms of service provision, and specifically programmes (which link to the key services within the 2011 RSG Regulations formula). This question appears to misinterpret how the grant is used in practice by the 7 impacted Councils. The cost of all Council services (including the services listed within the RSG formula) are funded by ratepayers within each Council Area. The Rates Support Grant relief is then provided to all ratepayers through a reduction (albeit inadequate reduction) to their rates bills recognising the fact that they live in a less wealthy, more deprived and rural Council area. This is certainly the case in Causeway Coast and Glens Borough Council whereby the grant allocation represents a final consideration within it's annual budgeting/ rates process after all service costs have been agreed.

4. A case study – Causeway Coast and Glens Borough Council

- 4.1** The previous sections have established and evidenced a number of key principles in respect of the Northern Ireland rating system:-
- Rates in Northern Ireland is a wealth based taxation system whereby ratepayers pay for the cost of Local Government services according to their rateable property value;
 - Paradoxically, even in an environment with all things being equal (eg cost of Council services, non domestic rates income, deprivation etc.), ratepayers in less wealthy Council areas will pay a higher proportion of their rateable property values in rates;
 - When factors such as deprivation and rurality are taken into account, the paradox is compounded and ratepayers in less wealthy Council areas actually pay a significantly higher proportion of their rateable property values in rates;
 - If not addressed through appropriate policy provision, this will compound major disparities in service provision across Council areas and contribute to regional imbalance;
- 4.2** Causeway Coast and Glens Borough Council provides a perfect case study in relation to how ratepayers in less wealthy and more deprived and rural Council areas are adversely impacted.
- 4.3** As noted above, Northern Ireland Councils are generally compared using their rates poundages, these being the are the only indicators published by Government each year (**Appendix 1**). **Appendix 2** shows that ratepayers in Causeway Coast and Glens Borough Council pay 4.76% of their rateable domestic property values in rates whereas ratepayers in Lisburn and Castlereagh Council pay 3.66% and ratepayers across Northern Ireland on average pay 4.91%.
- 4.4** The statistics set out in the table below (most of which as detailed form part of the rates support grant calculation formula) demonstrate many of the reasons why RSG was introduced and why Causeway Coast and Glens Borough Council should be in receipt of it:-

Wealth indicators (within RSG formula)		Value	Ranking	Ranking-Red/ Amber/ Green
Rateable property values	Appendix 1- Northern Ireland Local Government District average domestic rating property values	£121,918	5 th /11 in NI	
Gross Penny Product per resident	Appendix 4- NI District Council Gross Penny Product per resident figures 2024/25	£13.44597	5 th / 11 in NI	
Needs indicators (within RSG formula)		Value	Ranking	Ranking-Red/ Amber/ Green
Income deprivation	Appendix 5- NISRA : Proportion of the population living in households whose equivalised income is below 60 per cent of the NI median (%)	14.80%	4 th highest in NI	
Employment deprivation	Appendix 5- NISRA : Proportion of the working age population who are employment deprived (%)	21.20%	4 th highest in NI	
Population density	Appendix 6- NISRA: Population Density (number of persons per sq km) Local Government District 2022	71.4	2 nd lowest /11 in NI	
Tourism	Appendix 7: Tourism NI- Local Government District tourism statistics 2017-19- Overnight trips	939,875	2 nd /11 in NI	
Other wealth indicators (not within RSG formula)		Value	Ranking	Ranking-Red/ Amber/ Green
Claimant Count	Appendix 8- NISRA NI Local Government District Claimant Count data June 2024 (%)	3.20%	3 rd /11 in NI	
Gross Disposable Household Income	Appendix 9- Office for National Statistics- NI Local Government District Gross Disposable Household Income 2021	£16,918	10 th /11 in NI	
Economic Inactivity	Appendix 10- NISRA Economic Inactivity 2022 (% economically inactive for any reason other than being a student (aged 16 to 64)	23.0%	3 rd /11 in NI	

4.5 In all aspects of the components of the Rates Support Grant formula, Causeway Coast and Glens ranks towards if not at the wrong end of the scale in terms of wealth or needs of the service. Despite this Council's share of RSG has fallen from a peak of 16.56% to approximately 7% in recent years thereby adding to the pressures faced by the Council financially.

4.6 Issues such as wealth, property values and deprivation are driven by Central Government as opposed to Councils through regional policy, investment in infrastructure, third level education, skills, foreign direct investment etc. as well as

wider economic factors. Local ratepayers and Councils should not be further disadvantaged through higher taxation burdens and lower levels of service provision.

- 4.7** In relation to the costs of the services which inform the Rates Support grant formula (tourism, economic development, community services, waste collection and other cleaning), Causeway Coast and Glens Borough Council spent £17.114m on these services in 2023/24 (as per rates support grant proforma returns to Department for Communities). The comparison figures for other Councils are not provided by Department for Communities.
- 4.8** As a result and as a contribution towards tacking these disparities, access prices across all areas of leisure service are comparable in this Council area compared to other Council areas. A recent benchmarking exercise comparing Council prices across Northern Ireland identified that Causeway Coast and Glens Borough Council Leisure and Sports Services prices are cheaper for both swimming-based activities and fitness and classes-based activities than three of the wealthier Councils who receive no RSG. Causeway Coast and Glens Borough Council's service income levels are therefore lower as a result. In addition, with Causeway Coast and Glens Borough Council having the third lowest population coupled with third oldest in terms of age demographics in Northern Ireland would suggest lower than expected footfall at our facilities than in other areas. Combining the effect of these two factors means that the net service cost compared to other Councils is higher, a cost/ burden which then needs to be subsidised by ratepayers in general.
- 4.9** Again, many of these statistics are driven largely by Central Government/ regional policy as opposed to Local Government policy. Local ratepayers and Councils should not be further disadvantaged through higher taxation burdens and lower levels of service provision.
- 4.10** Finally, the impact of Rates Support Grant cuts has been severely felt in this Council area. As noted above, Causeway Coast and Glens Borough Council has experienced a reduction of £2,883,202 of recurrent funding as a result of the grant cuts with a recurrent rates impact for ratepayers across the District of 4.63%. When inflation is applied to these figures, this would equate to a £4.596m recurrent reduction or an equivalent 7.38% recurrent rates impact for ratepayers across the Borough.

These are very substantial figures and have had significant implications for Causeway Coast and Glens Borough Council's rates striking/ budgeting processes in recent years as follows:-

- Rates increases being higher than other Councils who have not been impacted as severely, or indeed not been implemented at all, by Rates Support Grant cuts;
- Implementation of service cuts to statutory services to offset the impact of the cuts resulting in lower levels of statutory services being provided in this Council area than in more wealthy Council areas;
- Inability to progress critical capital projects across our core services, for example, Coleraine Leisure Centre is now over 50 years old and has not been able to be replaced and modernised due to financing pressures. The recurrent funding lost would have helped to potentially finance and progress this project.

5 Equality and rural needs issues

5.1 As noted above, the Rates Support Grant was reduced by 45% in 2023/24 from £8.924m to £4.9m. The Department for Communities conducted an Equality Impact Assessment in relation to a number of budgetary cuts that it was proposing to implement in its 2023/24 budget including this very substantial cut to the Rates Support Grant.

A number of critical equality and rural needs issues need highlighted including:-

- Causeway Coast and Glens Borough Council, as one of the more severely impacted Councils has a number of further unique characteristics including S75 groups, unemployment levels, economic inactivity, lone parents who would be disproportionately affected by the cuts. Non-RSG Councils' status quo will be maintained while RSG areas already identified as being unable to provide adequate services in the absence of this intervention will further suffer a loss of services.
- Due regard has not been provided to the Rural Needs Act 2016. The cuts will have a more significant impact on those in rural areas. DAERA have published guidance in relation to the Statistical Classification and Delineation of Settlements (DAERA "Review of the Statistical Classification and Delineation of Settlements March 2015"). This identifies urban areas as those with a population of greater than 5,000. An analysis by Council area of settlement statistics on this basis as attached in **Appendix 12** shows that the 7 Councils in receipt of Rates Support Grant comprise rural populations of 61.31%. This compares to rural populations of 19.74% in those Councils who are not entitled to Rates Support Grant and 43.76% across Northern Ireland as a whole. The rural population commute to work a longer distance and older people within rural areas have higher levels of poverty (18%) than older people living within urban areas (13%). Access to support services are worse according to the Multiple Deprivation Measures 2017 (NISRA) and fewer have access to superfast broadband restricting ability to work from home (67%) necessitating travel to urban areas while salary levels are 10% below Urban areas. (2018 data NI Urban Statistics, (DAERA). The impact of rurality is more significant in Causeway Coast and Glens Borough Council having the third lowest population combined with the second largest geographic area making it more difficult to provide the same level of service to all our ratepayers regardless of where they live. For example, our refuse collection service has further to travel to provide a bin collection service than the same service in an urban based Council.

- 5.2** By virtue of the fact that these inequalities relate to the Rates Support Grant cuts, based on the issues highlighted in this report, it can be argued that they can quite easily be extrapolated to the wider rating system in general in the absence of appropriate policy intervention to address wealth, deprivation and rurality.
- 5.3** One of the issues being considered by the review is whether Councils have any Equality issues that they need to consider with regards to the RSG funding. This is a flawed perspective. As highlighted above, the cost of all Council services (including the services listed within the RSG formula) are funded by all the ratepayers within each Council District. Rather than being applied to specific services or ratepayers, Rates Support Grant relief represents the final consideration within Councils' annual budgeting/ rates processes after all service costs have been agreed. The relief is therefore provided to **all** ratepayers through a reduction (albeit inadequate reduction) to their rates bills recognising the fact that they live in less wealthy and more deprived and rural Councils. The key equality issue relates to the Departmental cuts being applied to the grant which is supposed to assist and ensure that less wealthy and more deprived and rural Councils can provide equality of service provision with their more wealthy counterparts.
- 5.6** Surprisingly, the new Equality Impact Assessment issued by the Department for Communities in respect of the 2024/25 budget and associated cuts advises that the decision to implement in 2024-25 has been screened out for Section 75 Equality purposes as **minor impacts** have been identified. It is difficult to understand how a cumulative average 3.60% rates impact ignoring inflation and 5.74% in real terms across the 7 impacted Councils as detailed in s3.10 and s3.11 above can be regarded as a minor impact.

6. Conclusion

- 6.1** The overriding objective of the current independent Rates Support Grant review is to establish whether the original policy intent / objectives remain relevant (ie is financial support required for those councils whose needs exceed their wealth relative to other councils in Northern Ireland).
- 6.2** This paper has definitively demonstrated that the basic principles of the Northern Ireland rating system are as follows:-
- Rates in Northern Ireland is a wealth based taxation system whereby ratepayers pay for the cost of Local Government services according to their rateable property value;
 - Paradoxically, even in an environment with all things being equal (eg cost of Council services, non domestic rates income, deprivation etc.), ratepayers in less wealthy Council areas will pay a higher proportion of their rateable property values in rates;
 - When factors such as deprivation and rurality are taken into account, the paradox is compounded and ratepayers in less wealthy Council areas actually end up paying a significantly higher proportion of their rateable property values in rates;
- 6.3** It can be no coincidence, and indeed it seems grossly unfair, that the 6 Council areas with the highest domestic rates poundages in Northern Ireland are Council's who are entitled to Rates Support Grant.
- 6.4** If the Review concludes that the original policy intent/ objectives of the grant are no longer relevant, Government would be endorsing that:-
- It is fair to compare Councils using their rates poundage figures and for less wealthy, more rural and deprived Councils to be criticised for their rates poundage levels;
 - It is fair that ratepayers in less wealthy, more deprived and rural Council areas should pay a significantly higher proportion (4.9%) of their rateable property values in rates compared to only 4.0% in more wealthy Council areas;
 - It is fair that ratepayers in Causeway Coast and Glens Borough Council pay 4.76% of their rateable domestic property values whereas ratepayers in Lisburn and Castlereagh Council pay 3.66%;
 - It is fair that ratepayers in the least wealthy, more deprived and rural Councils have suffered real terms rates increases of 5.74% as a result of the ongoing cuts applied to the grant and most particularly since Local Government Reform.
- 6.5** These conclusions could not be supported from a fairness, equality and rural needs perspective. The maps below provide a very stark reality of the regional disparities

that exist within the Northern Ireland rating system and the severe real terms rates implications that have been suffered by councils whose needs have been clearly demonstrated to exceed their wealth relative to other councils in Northern Ireland:-

Figure 6.5a: NI Council Rates Support Grant allocations 2024/25

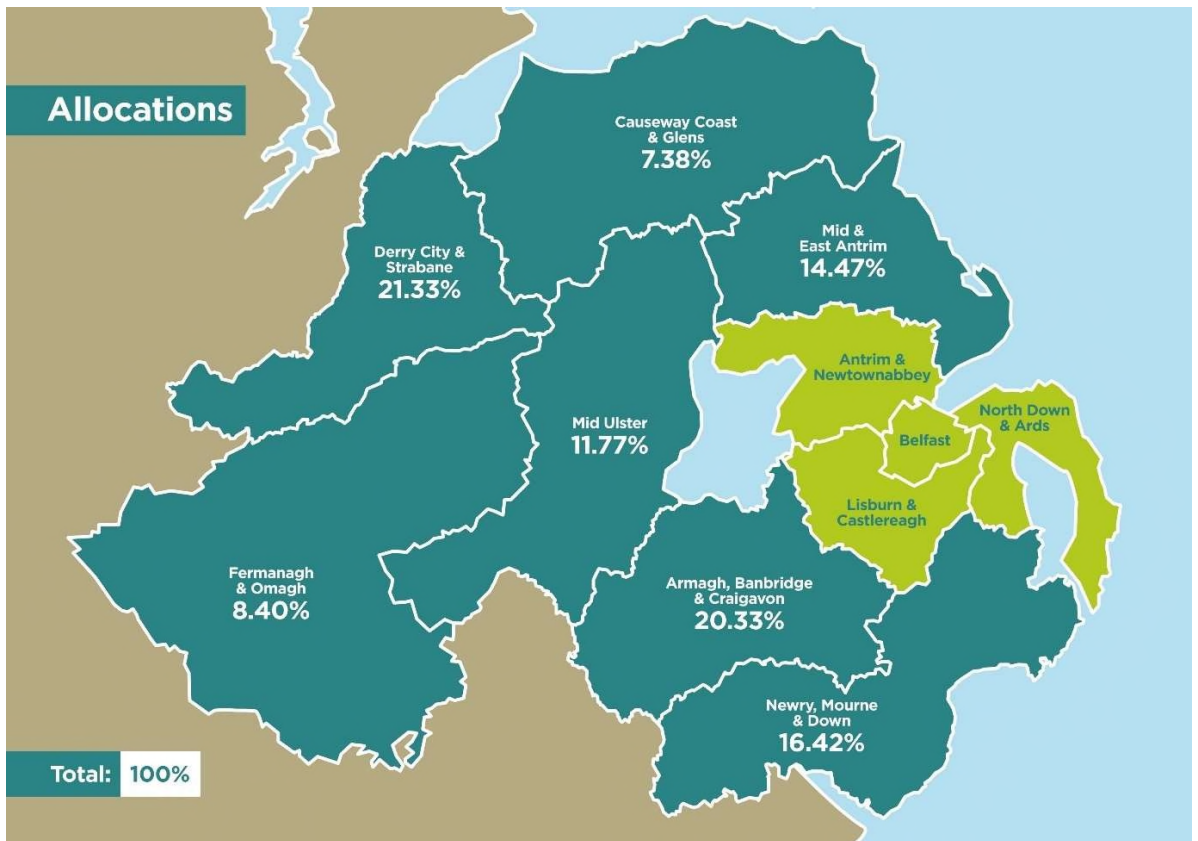


Table 6.5b: NI Councils Actual/ Real Terms rates implications as a result of RSG cuts

	Recurrent RSG Funding lost since 2008/09	Rates Income (Including Derating Grant) Forecast 2024/25 (£)	Indicative recurrent rates impact (%)	Indicative recurrent rates impactinflation adjusted (CPI Mar 2008 =83.4, Mar 2024 = 133.0) (%)
Armagh, Banbridge & Craigavon	3,426,766	86,294,905	3.97%	6.33%
Causeway Coast and Glens	2,883,202	62,268,891	4.63%	7.38%
Derry and Strabane	2,778,612	76,084,766	3.65%	5.82%
Fermanagh and Omagh	2,088,488	45,683,281	4.57%	7.29%
Mid and East Antrim	298,676	66,762,192	0.45%	0.71%
Mid Ulster	2,303,261	54,958,361	4.19%	6.68%
Newry Down and Mourne	2,661,383	71,042,420	3.75%	5.97%
Ards & North Down*	932,612	N/A		
Total	17,373,000		3.60%	5.74%
*Received no further RSG since 2015				

6.6 The focus now needs to shift towards a properly funded policy intervention which ensures regional balance and that the least wealthy Councils in Northern Ireland can deliver the same quality of services as their more wealthy counterparts without placing disproportionate burdens on their ratepayers relative to their wealth.

6.7 On the basis of the principles and detailed evidence provided in this report, Causeway Coast and Glens Borough Council would make the following responses to the review:-

Responses to review questions

6.8 Does the original policy intent / objectives remain relevant? Does the need that the grant sought to meet still exist?

Absolutely. There are a range of statistics detailed both within this report and the supporting appendices which clearly indicate that there are Councils whose needs exceed their wealth. It is a fact that there are Councils with lower property values, lower gross penny rate products, higher 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).

All of these issues contribute to increased costs of services and result in ratepayers in less wealthy and more deprived and rural Councils paying a significantly higher proportion of their rateable property values in rates.

It is no coincidence, and indeed grossly unfair, that the 6 Council areas with the highest domestic rates poundages in Northern Ireland are Council's who are entitled to Rates Support Grant.

This paper has definitively demonstrated that the basic principles of the Northern Ireland rating system are as follows:-

- Rates in Northern Ireland is a wealth based taxation system whereby ratepayers pay for the cost of Local Government services according to their rateable property value;

- Paradoxically, even in an environment with all things being equal (eg cost of Council services, non domestic rates income, deprivation etc.), ratepayers in less wealthy Council areas will pay a higher proportion of their rateable property values in rates;
- 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;

Therefore to conclude that the original policy intent/ objectives of the grant no longer remain relevant would be endorsing that:-

- It is fair to compare Councils using their rates poundage figures and for less wealthy, more rural and deprived Councils to be criticised for their rates poundage levels;
- It is fair that ratepayers in less wealthy, more deprived and rural Council areas pay a significantly higher proportion (4.9%) of their rateable property values in rates compared to only 4.0% in more wealthy Council areas;
- It is fair that ratepayers in Causeway Coast and Glens Borough Council pay 4.76% of their rateable domestic property values whereas ratepayers in Lisburn and Castlereagh Council pay 3.66%;
- It is fair that ratepayers in the least wealthy, more deprived and rural Councils have suffered real terms rates increases of 5.98% as a result of the ongoing cuts applied to the grant and most particularly since Local Government Reform.

These conclusions could not be supported from a fairness, equality and rural needs perspective.

6.9 Does the provision of the grant meet the needs of the people in the eligible councils?

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.

It has been clearly demonstrated within this report that ratepayers within the eligible Councils pay a much higher proportion of their property values in rates (4.9% as compared to 4.0%). Ratepayers in Causeway Coast and Glens Borough Council pay 4.76% of their rateable domestic property values whereas ratepayers in Lisburn and Castlereagh Council only pay 3.66%. These variances reflect lower property values and levels of wealth as well as increased costs of delivering services within eligible Council areas due to the clearly evident wealth, deprivation and rurality challenges. They are primarily driven by Central Government as opposed to Councils through regional policy, lack of investment in infrastructure, third level education, skills, FDI etc. as opposed to Local Government policy. It would therefore seem unfair that local ratepayers and Councils should be further disadvantaged through higher taxation burdens and lower levels of service provision.

Given that the cost of all Council services (including the services listed within the RSG formula) are funded by all ratepayers within each Council District, it is wholly 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 and more deprived and rural Councils. An adequately funded

Rates Support Grant would therefore clearly meet the needs of all the people in the eligible Council areas.

6.10 Whether there are other existing funding streams that meet the need as originally identified.

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.

6.11 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).

As demonstrated within this report, this 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 (including the services listed within the RSG formula) 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. This is certainly the case in Causeway Coast and Glens Borough Council whereby the grant allocation represents the final consideration within its annual budgeting/ rates process after all service costs have been agreed.

6.12 The information supplied by Councils in respect of “Needs”;

Causeway Coast and Glens Borough Council has provided extensive information within this report and appendices in respect of needs including income and employment deprivation statistics, population density/ sparsity and tourism figures. These statistics provide overwhelming evidence of need across eligible Council areas. It should be noted that Councils are not requested or required to provide these statistics to the Department for Communities as part of the annual apportionment calculation. The statistics are obviously publicly available and therefore sourced directly by the Department without interaction with Councils.

In relation to the costs of the services which inform the Rates Support grant formula (tourism, economic development, community services, waste collection and other cleaning), all Councils are required to complete and return a “RSG proforma” to the Department on an annual basis once their financial statements are completed and audited. This proforma requires Councils to analyse the “cost of services on continuing operations” from their accounts across tourism, community services, other cleaning, waste collection, economic development and other services. The return must be supported and evidenced by supporting information from each Council’s ledgers and accounting systems and is reviewed in detail by the Department.

Causeway Coast and Glens Borough Council spent £17.114m on the key service areas associated with the RSG formula in 2023/24 (as per rates support grant proforma returns to Department for Communities). 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.

6.13 The information supplied by Land & Property Services for “Wealth”;

Causeway Coast and Glens Borough Council has provided extensive information within this report in respect of wealth including average domestic property values and gross penny rate product figures. Again, these statistics are all stark and provide overwhelming evidence of wealth disparities across eligible Council areas. It should be noted that Councils are not requested or required to provide these figures to the Department for Communities as part of the annual apportionment calculation. The statistics are sourced directly by the Department from Land and Property Services without interaction with Councils.

6.14 Whether conditions should be attached to such grant funding.

It is important to consider the purpose of the grant in this regard. Rates Support grant provides relief to all ratepayers within an eligible Council area through a reduction in their rate bills. This reduction reflects the lower average wealth of the ratepayers within a Council area as well as the increased costs of delivering services within their Council area arising from wealth, deprivation and rurality challenges.

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.

The grant represents a vital recurrent funding source for the impacted Councils and cannot be the subject of uncertainty and instability which would result from conditions being attached. When striking budgets, the Chief Financial Officer of a Council needs to confirm, in accordance with the Local Government Finance Act (Northern Ireland) 2011, that the Rates Estimates for the year are robust and reserves are adequate for the funding of Council services for the year ahead. The grant must therefore be known with certainty before February each year in order for Councils to properly plan services and strike a robust budget for the financial year ahead.

Councils are also required to consider a medium term financial plan as part of their rates estimates processes. The uncertainties associated with Rates Support Grant quantum and cuts has made this impossible for the 7 least wealthy, more deprived and rural Councils. These Councils need assurance for the medium term (4/5 years) that the policy provision will remain in place, the quantum of funding is ringfenced and protected and that their allocations will not be subject to risks and uncertainties associated with conditions and claims.

6.15 Whether property values are still the best measure of wealth for Councils, as this only looks at one area of Council wealth and funding.

Absolutely. This is why Causeway Coast and Glens Borough Council has prepared this detailed background report to highlight that any review of Rates Support Grant can only be meaningful if it is considered within and in full understanding of the wider rating system within which it is provided. The fact is that the District rating system in Northern Ireland is underpinned by property values with Land & Property Services assigning a property value to all properties (both domestic and non-domestic) against which Councils then apply a poundage/ percentage to raise the necessary money to deliver vital public services such as leisure, community services, planning, building control, environmental health, community services, refuse collection and street cleansing.

Even in an environment where all things were equal (Council expenditure, deprivation, rurality), it has been proven within this report that Councils with lower average property values need to levy higher rates poundages on their ratepayers in order to raise the same amount of income to deliver these vital public services as more wealthy Councils. When issues such as deprivation and rurality are considered, this burden on ratepayers unfortunately becomes even greater due to the increased costs associated with delivering services in eligible Council areas.

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. If property values were not deemed to be the best measure of wealth for Councils or alternative measures were introduced, in essence, we would have a rating system whereby ratepayers are penalised for living in Council Districts with lower property values (and higher challenges associated with deprivation and rurality).

6.16 Whether there are any Equality issues that the Department needs to consider.

Yes. Causeway Coast and Glens Borough Council believes that there are a number of differential negative equality impacts that the Department needs to consider as detailed in it's comprehensive response to the 2023/24 EQIA in respect of Department for Communities funding cuts as follows:-

- Causeway Coast and Glens Borough Council, as one of the more severely impacted Councils has a number of further unique characteristics including S75 groups, unemployment levels, economic inactivity, lone parents who would be disproportionately affected by the cuts. Non-RSG Councils' status quo will be maintained while RSG areas already identified as being unable to provide adequate services in the absence of this intervention will further suffer a loss of services.
- Due regard has not been provided to the Rural Needs Act 2016. The cuts will have a more significant impact on those in rural areas. DAERA have published guidance in relation to the Statistical Classification and Delineation of Settlements (DAERA

“Review of the Statistical Classification and Delineation of Settlements March 2015”). This identifies urban areas as those with a population of greater than 5,000. An analysis by Council area of settlement statistics on this basis as attached in **Appendix 12** shows that the 7 Councils in receipt of Rates Support Grant comprise rural populations of 61.31%. This compares to rural populations of 19.74% in those Councils who are not entitled to Rates Support Grant and 43.76% across Northern Ireland as a whole. The rural population commute to work a longer distance and older people within rural areas have higher levels of poverty (18%) than older people living within urban areas (13%). Access to support services are worse according to the Multiple Deprivation Measures 2017 (NISRA) and fewer have access to superfast broadband restricting ability to work from home (67%) necessitating travel to urban areas while salary levels are 10% below Urban areas. (2018 data NI Urban Statistics, (DAERA). The impact of rurality is more significant in Causeway Coast and Glens Borough Council having the third lowest population combined with the second largest geographic area making it more difficult to provide the same level of service to all our ratepayers regardless of where they live. For example, our refuse collection service has further to travel to provide a bin collection service than the same service in an urban based Council.

- Equality Impact Assessments in respect of Rates Support Grant budget cuts for both 2023/24 and 2024/25 have been screened out for Section 75 Equality purposes as minor impacts have been identified. It is difficult to understand how a cumulative average 3.60% rates impact ignoring inflation and 5.74% in real terms across the 7 impacted Councils as detailed in s3.10 and s3.11 above can be regarded as a minor impact.

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.

6.17 How Councils spend RSG funding they receive from the Department

The review places significant focus on how Council’s spend Rates Support Grant. This is a flawed perspective. As noted in s2.16 above, **Councils do not spend Rates Support Grant**. Council services are funded by ratepayers. It has been clearly demonstrated that ratepayers in less wealthy, more deprived and rural Councils bear higher rates burdens inherently as a result of their lower wealth and also as a result of increased service costs associated with wealth, deprivation and rurality. **This is inherently unfair outcome**. Rather than funding expenditure, Rates Support Grant provides some relief for these ratepayers through a reduction (albeit inadequate reduction) to their rates bills. **If no policy provision exists to address these disparities, Northern Ireland will have a rates/ taxation system whereby wealthy ratepayers are at a double advantage. They will bear a lower proportion of the rates burden whilst availing of higher quality public services that less wealthy Councils cannot afford to provide.**

6.18 Whether Councils have any Equality issues that they need to consider with regards to the RSG funding.

No. Councils do not have any equality issues that they need to consider with regards to the Rates Support Grant funding. As noted in s5.4 above, this is a flawed perspective. The cost of all Council services (including the services listed within the RSG formula) are funded by all the ratepayers within each Council District. Rather than being applied to specific services or ratepayers, Rates Support Grant relief represents the final consideration within Councils' annual budgeting/ rates processes after all service costs have been agreed. The relief is therefore provided to all ratepayers through a reduction (albeit inadequate reduction) to their rates bills recognising the fact that they live in less wealthy and more deprived and rural Councils.

The key equality issue relates to the Departmental cuts being applied to the grant which is supposed to assist and ensure that less wealthy and more deprived and rural Councils can provide equality of service provision with their more wealthy counterparts. 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.

Appendix 1
Northern Ireland Councils Rates comparisons
2024/25

COUNCIL	DOMESTIC			
	AVERAGE RATEABLE CV	Rank	Domestic District Rate 2024/25	Rank
DERRY CITY AND STRABANE	96,964	11	0.607	1
ANTRIM AND NEWTOWNABBEY	113,605	8	0.4094	8
ARMAGH, BANBRIDGE AND CRAIGAVON	112,335	9	0.5067	3
BELFAST	117,233	6	0.4056	9
CAUSEWAY COAST AND GLENS	121,918	5	0.4762	4
FERMANAGH AND OMAGH	115,208	7	0.4223	6
LISBURN AND CASTLEREAGH	144,735	2	0.3658	11
MID AND EAST ANTRIM	110,341	10	0.5295	2
MID ULSTER	126,630	4	0.3983	10
NEWRY MOURNE AND DOWN	133,157	3	0.4676	5
NORTH DOWN AND ARDS	148,438	1	0.4095	7
NORTHERN IRELAND	120,426			

NON DOMESTIC			
Average property rateable NAV	Rank	Non-domestic District Rate 2024/25	Rank
22,852	4	37.7408	2
29,348	3	27.5128	8
18,845	7	29.9353	4
31,161	1	30.9162	3
15,962	10	29.5282	5
17,492	8	25.57	11
29,576	2	25.6984	10
20,291	5	38.2215	1
16,136	11	26.9452	9
17,480	9	29.0334	6
20,121	6	27.8467	7
21,062			

Appendix 2

NI Local Government District domestic property values and District rates comparisons

DOMESTIC RATES STATISTICS						
Council	Total rateable capital value of domestic properties in District at August 2023	Number of rateable domestic properties in District at August 2023	Average rateable CV	Rank	Domestic District Rate 2024/25	Rank
Derry and Strabane	£6,354,661,350	65,536	£96,964	11	0.607	1
Mid and East Antrim	£7,005,118,000	63,486	£110,341	10	0.5295	2
Armagh, Banbridge and Craigavon	£10,260,367,975	91,337	£112,335	9	0.5067	3
Causeway Coast and Glens	£8,223,234,350	67,449	£121,918	5	0.4762	4
Newry, Mourne and Down	£9,951,482,320	74,735	£133,157	3	0.4676	5
Fermanagh and Omagh	£5,893,325,450	51,154	£115,208	7	0.4223	6
Mid Ulster	£7,388,999,550	58,351	£126,630	4	0.3983	10
RSG COUNCILS	£55,077,188,995	472,048	£116,677		0.4906	
Ards and North Down	£11,360,225,150	76,532	£148,438	1	0.4095	7
Antrim and Newtownabbey	£7,273,996,312	64,029	£113,605	8	0.4094	8
Belfast	£19,045,692,500	162,460	£117,233	6	0.4056	9
Lisburn and Castlereagh	£9,400,239,352	64,948	£144,735	2	0.3658	11
NON RSG COUNCILS	£47,080,153,314	367,969	£127,946		0.4000	
NORTHERN IRELAND	£102,157,342,309	840,017	£121,613		0.4509	

Sources:

- Land and Property Services rating data
- Department for Communities NI rates statistics 2024/25

Appendix 3

Worked example- Impact of wealth, deprivation and rurality on NI rates bills

Service area	WEALTHY COUNCIL			LEVELS OF DEPRIVATION AND RURALITY			Comments/ Assumptions
	Gross expenditure £	Income from services £	Net expenditure £	Gross expenditure £	Income from services £	Net expenditure £	
Refuse collection	5,000,000		5,000,000	5,250,000		5,250,000	5% more expensive to collect waste over wider rural area
Waste disposal	5,000,000		5,000,000	5,000,000		5,000,000	Waste disposal contracts procured and same cost in both Councils
Cemeteries	1,000,000	(600,000)	400,000	1,000,000	(500,000)	500,000	Equally efficient from a cost perspective but prices are lower and therefore income raised is less in more deprived/ less wealthy Council
Leisure	3,500,000	(1,750,000)	1,750,000	3,500,000	(1,400,000)	2,100,000	Equally efficient from a cost perspective but prices are lower and therefore income raised less in more deprived/ less wealthy Council
Environmental Health	750,000		750,000	750,000		750,000	Same services delivered and equally efficient from a cost perspective
Community Services	750,000	(250,000)	500,000	1,000,000	(450,000)	550,000	More deprived Council invests more in Community Services due to additional need and receives more grant income from Central Government
Corporate management/ support	400,000		400,000	400,000		400,000	Same services delivered and equally efficient from a cost perspective
Council	500,000		500,000	500,000		500,000	Same number of Councillors
Planning	1,000,000	(500,000)	500,000	900,000	(400,000)	500,000	More planning applications in more wealthy Council area offset by higher costs of processing applications. Net cost funded via Transferred Functions Grant below as opposed to rates.
Off street car parking	200,000	(800,000)	(600,000)	100,000	(400,000)	(300,000)	More car parks in more wealthy Council area offset by slightly higher costs of delivering service. Net cost funded via Transferred Functions Grant below as opposed to rates.
Building Control	800,000	(700,000)	100,000	500,000	(400,000)	100,000	More applications in more wealthy Council area offset by higher costs of processing applications. Service charges set by Central Government.
Total	18,900,000	(3,100,000)	14,800,000	18,300,000	(2,750,000)	15,550,000	
FUNDING:-							
Transferred Functions Grant		(100,000)				200,000	Funds planning and off street car parking net expenditure
Non domestic rates income		7,000,000				5,000,000	More wealthy Council has more public sector buildings (hospitals/ offices/ Universities/ Schools) as well as rates raised from businesses due to better infrastructure etc.
Balance to be raised by domestic rates		7,900,000				10,350,000	Much higher burden to be borne by domestic ratepayers in less wealthy and more deprived and rural Council
Average house rateable value		140,000				95,000	Average house value much higher in more wealthy Council area with better infrastructure etc. These figures are indicative of current NI average domestic rateable values
Number of rateable domestic properties		10,000				10,000	Same number of properties/ domestic ratepayers in each Council- same services provided
Total rateable value of all domestic properties		1,400,000,000				950,000,000	Total rateable value much higher in more wealthy Council area due to higher property values noted above.
Domestic Rates poundage		0.5643				1.0895	Domestic rates poundage 97% higher in less wealthy and more deprived and rural Council. This means ratepayers in this area pay a much higher percentage of their property value in rates- is this fair? This is the only indicator which is published to compare District rates across Councils in Northern Ireland
Average domestic rates bill		790.00				1035.00	Overall domestic rates bills 33% higher in less wealthy and more deprived and rural Council. Effectively this is due to less business rate raised, less income generated from services, more expensive services due to rurality/ deprivation.

Appendix 4

NI District Council Gross Penny Product per resident figures 2024/25

Council	Gross Penny Rate Product 2024/25 (£)- Note 1	Population	Gross Penny Product per resident	Rank
DERRY CITY AND STRABANE	2,027,653	150,800	13.445975	9
ANTRIM AND NEWTOWNABBEY	2,229,101	164,200	13.575524	7
ARMAGH, BANBRIDGE AND CRAIGAVON	2,905,411	220,300	13.188429	10
BELFAST	6,664,880	348,000	19.151954	1
CAUSEWAY COAST AND GLENS	2,123,590	141,300	15.028946	5
FERMANAGH AND OMAGH	1,811,691	117,000	15.484538	4
LISBURN AND CASTLEREAGH	2,466,744	149,900	16.455931	2
MID AND EAST ANTRIM	1,775,399	139,200	12.754303	11
MID ULSTER	2,067,756	151,000	13.693748	6
NEWRY MOURNE AND DOWN	2,473,259	182,600	13.544682	8
NORTH DOWN AND ARDS	2,377,170	146,100	16.270842	3
NORTHERN IRELAND	28,922,654	1,910,400	15.139580	

Sources:-

- Department for Communities- Circular LG 07/2024 – Northern Ireland Council Rate Statistics 2024/25
- NISRA Statistical bulletin mid year population estimates 2022- published August 2023

Note 1

Gross Penny Rate Product refers to the amount of rates that would be raised by a Council by setting a non domestic District Rate of £1

Appendix 5

NISRA NI Local Government District income and employment deprivation measures

LGD2014	LGD2014name	Proportion of the population living in households whose equivalised income is below 60 per cent of the NI median (%)	Rank	Proportion of the working age population who are employment deprived (%)	Rank
N09000001	Antrim and Newtownabbey	10.6%	10	16.9%	9
N09000002	Armagh, Banbridge and Craigavon	13.5%	5	18.9%	6
N09000003	Belfast	12.4%	7/8	24.9%	2
N09000004	Causeway Coast and Glens	14.8%	4	21.2%	4/5
N09000005	Derry and Strabane	15.5%	1	29.5%	1
N09000006	Fermanagh and Omagh	15.0%	3	21.2%	4/5
N09000007	Lisburn and Castlereagh	9.9%	11	13.9%	11
N09000008	Mid and East Antrim	11.6%	9	17.5%	8
N09000009	Mid Ulster	13.3%	6	18.8%	7
N09000010	Newry, Mourne and Down	15.3%	2	21.5%	3
N09000011	North Down and Ards	12.4%	7/8	16.7%	10
Northern Ireland		13.1%		20.6%	

Source: NISRA : Northern Ireland Multiple Deprivation Measure 2017 (NIMDM2017) <https://www.nisra.gov.uk/publications/nimdm-2017-lgd-2014-results>

Appendix 6

NI Local Government population density

Code	Council	Mid year ending 2022	Rank Order
N09000001	Antrim and Newtownabbey	255.8	4
N09000002	Armagh City, Banbridge and Craigavon	165.4	5
N09000003	Belfast	2,617.3	1
N09000004	Causeway Coast and Glens	71.4	11
N09000005	Derry City and Strabane	121.9	7
N09000006	Fermanagh and Omagh	41.3	10
N09000007	Lisburn and Castlereagh	297.7	3
N09000008	Mid and East Antrim	133.3	6
N09000009	Mid Ulster	82.8	9
N09000010	Newry, Mourne and Down	112.2	8
N09000011	Ards and North Down	358.3	2
N92000002	NORTHERN IRELAND	141.0	

Source: NISRA Population Density (number of persons per sq km) LGD 2022 Mid year estimates (Census 2021)

Appendix 7

NI Local Government District Tourist Bed nights 2019

Council	2019	Rank Order
Antrim and Newtownabbey	501,582	10
Armagh City, Banbridge and Craigavon	573,627	9
Belfast	5,253,147	1
Causeway Coast and Glens	3,488,953	2
Derry City and Strabane	939,875	6
Fermanagh and Omagh	1,250,621	4
Lisburn and Castlereagh	636,210	8
Mid and East Antrim	822,414	7
Mid Ulster	483,919	11
Newry, Mourne and Down	1,559,810	3
Ards and North Down	1,073,262	5
NORTHERN IRELAND	16,583,420	

Source: Tourism NI Local Government District tourism statistics 2017-2019

Appendix 8

NI Local Government District claimant count

Local Government District	Number of male claimants	Number of female claimants	Total number of claimants	Male claimants of working age (%)	Female claimants of working age (%)	Total claimants of Working Age (%)	Rank
Antrim and Newtownabbey	1,270	945	2,215	2.8	2.0	2.4	9/10
Ards and North Down	1,525	1,135	2,660	3.2	2.3	2.7	7
Armagh City, Banbridge and Craigavon	2,100	1,700	3,800	3.1	2.5	2.8	6
Belfast	5,485	3,715	9,200	4.9	3.2	4.0	2
Causeway Coast and Glens	1,550	1,175	2,725	3.6	2.7	3.2	3
Derry City and Strabane	2,780	1,870	4,650	6.0	3.8	4.9	1
Fermanagh and Omagh	1,025	785	1,810	2.9	2.2	2.6	8
Lisburn and Castlereagh	1,015	805	1,820	2.2	1.7	2.0	11
Mid and East Antrim	1,450	1,090	2,545	3.4	2.5	3.0	4
Mid Ulster	1,215	1,045	2,260	2.6	2.3	2.4	9/10
Newry, Mourne and Down	1,805	1,445	3,250	3.3	2.6	2.9	5
Northern Ireland	21,230	15,715	36,940	3.6	2.6	3.1	

Source: NISRA June 2024 claimant count data

Appendix 9

NI Local Government District Gross Disposable Household Income

LAD code	Council	Gross Disposable Household Income 2021 (£)	Rank
N09000003	Belfast	17,507	5
N09000002	Armagh City, Banbridge and Craigavon	17,216	8
N09000010	Newry, Mourne and Down	17,275	7
N09000011	Ards and North Down	19,108	2
N09000005	Derry City and Strabane	16,572	11
N09000009	Mid Ulster	17,495	6
N09000004	Causeway Coast and Glens	16,918	10
N09000001	Antrim and Newtownabbey	17,960	3
N09000007	Lisburn and Castlereagh	19,223	1
N09000008	Mid and East Antrim	17,767	4
N09000006	Fermanagh and Omagh	17,132	9

Source: Office for National Statistics Gross Disposable Household Income figures Local Authorities

Appendix10

NI Local Government District Economic Inactivity

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Local Government District	% economically inactive 2022	Rank
Antrim and Newtownabbey	17.5	7
Armagh City, Banbridge and Craigavon	14.8	11
Belfast	23.3	2
Causeway Coast and Glens	23	3
Derry City and Strabane	24.5	1
Fermanagh and Omagh	19.2	5
Lisburn and Castlereagh	15.7	9
Mid and East Antrim	16.6	8
Mid Ulster	15.2	10
Newry, Mourne and Down	18.6	6
Ards and North Down	19.4	4

Source: NISRA Economic Inactivity 2022 (% economically inactive for any reason other than being a student (aged 16 to 64))

Appendix10

NI Local Government District Median Age

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LAD Code	Council	Median Age	Rank
N09000001	Antrim and Newtownabbey	40.4	6
N09000002	Armagh City, Banbridge and Craigavon	38.8	9
N09000003	Belfast	36.3	11
N09000004	Causeway Coast and Glens	42.4	3
N09000005	Derry City and Strabane	39.4	7=
N09000006	Fermanagh and Omagh	40.9	4
N09000007	Lisburn and Castlereagh	40.7	5
N09000008	Mid and East Antrim	43.2	2
N09000009	Mid Ulster	37.5	10
N09000010	Newry, Mourne and Down	39.4	7=
N09000011	Ards and North Down	45.0	1

Source: NISRA Mid-2021 Population Estimates: Median Age