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*the voice of local government*

29<sup>th</sup> January 2024

Dear Sharon

### **Revenue Raising – Rates Measures Consultation**

Thank you for working so closely with NILGA in relation to the above rates measures consultation. The information you provided and your participation in our recent policy event was extremely helpful to our members and council finance officers. We would particularly like to thank you for the additional ‘council-specific’ breakdown of how these measures impact across the 11 council areas.

The rates measures consultation is one of a suite of active and forthcoming consultations, issued at the behest of the Secretary of State for Northern Ireland, about which NILGA has grave concerns.

Firstly, NILGA is of the view that that these issues should be dealt with by incoming NI Executive Ministers. These are devolved matters and rates are devolved taxes. Our members have serious concerns regarding the potential undermining of local democratic decision-making that these consultations foreshadow.

There is little to no information on how the revenue raising consultations will interrelate, or what their potential cumulative impact might be. The wider cumulative context, could include a proposed 15% hike in the regional rate, and we are unsure at present if that figure will include water charges. We also note that the ongoing discussions regarding a ‘fiscal floor’ include consideration on taxable capacity, which is also likely to impinge on local government.

NILGA is of the view that these revenue raising consultations are poorly timed in the context of the wider cost of living crisis, with the potential to cause great financial difficulty for people and businesses across Northern Ireland, should the proposals be brought to bear. We believe strongly that it is the wrong time in the current economic context, to be

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introducing these changes, particularly given the limited revenue that would be raised, even if all proposals were implemented.

The rates measures consultation does not appear to have been designed using an appropriate evidence base, and there is scant information on the evidence for, or information surrounding the proposals as they impact on the economy as an ecosystem. There is insufficient information to form a sound opinion on the proposals, and no future plan or strategy evident.

Some of the rates measures proposals have the potential to increase income for some councils but could disrupt the distribution of rates income. There is not enough information to enable us to have a full picture of the economic impact of these proposals, in what is a largely SME-based economy.

Councils and LPS must keep in mind that the rating system impacts on each council differently in terms of income and what each council is trying to achieve locally, and given the high potential for cumulative or interactive impacts of the various rates measures proposals, NILGA believes that it would be inadvisable to 'cherry pick' individual reliefs in the absence of a wider review.

It is imperative that councils have certainty in what is currently a very volatile 'macro' environment. NILGA highlights the cumulative impact of recent pay agreements and recent cuts including substantial cuts to the rates support grant and complete withdrawal of animal welfare and good relations funding (which came mid-year unexpectedly with council finance officers unable to prepare for this change). To balance out finances for coming years, councils need to be sure of their rate setting process, since rates provide 80% of council income.

We would also take this opportunity to highlight the alarm expressed by our members and senior council officers regarding the proposed 15% increase to the regional rate and its potential local impact, which we firmly believe would hamper councils in setting a reasonable district rate.

There is already a great deal of uncertainty for councils in trying to establish what their district rate should be, and the variation between councils of the relationship between the regional and district rate is highlighted.

Any change of the magnitude of 15% would require a substantial lead-in period, within a timeframe cognisant of the legal timeline and framework for district rates setting. It is noted that if councils reduce their rate correspondingly to minimise the impact on ratepayers, they would effectively be subsidising the regional rate.

The situation is already very difficult for councils who are being asked to make decisions in the absence of a more complete financial picture, with no clarity at present, including on how these proposals are going to impact on ratepayers. There is insufficient information at

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present about where this is going to land, and consequently NILGA is unable to give a view on the overall impact.

We note that LPS intends to issue further more detailed consultation, should it be decided to take forward any of the rated measures proposals. NILGA will participate in more detail when appropriate but at this point in time we would again thank you for the information you have been able to give and we look forward to a time when we can have a more fruitful, pragmatic, evidenced-based discussion on modernisation of the rates system in Northern Ireland.

Yours sincerely,



**Cllr Matt Garrett**  
**President (SF)**



**Cllr Alison Bennington**  
**Vice-President (DUP)**



**Cllr Billy Webb**  
**Vice-President (All)**



**Ald Hazel Legge**  
**Vice-President (UUP)**



**Cllr Brian Tierney**  
**Vice-President (SDLP)**