



Department for

**Communities**

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**From: Leo O'Reilly  
Permanent Secretary**

**Level 9  
Causeway Exchange  
1-7 Bedford Street  
BELFAST  
BT2 7EG**

**Telephone: 028 90 823301**

**E-mail: [leo.oreilly@communities-ni.gov.uk](mailto:leo.oreilly@communities-ni.gov.uk)**

**Your Ref:  
Our Ref: PSC 799.17  
Date: 19 October 2017**

**John Kelpie  
Chief Executive  
Derry City & Strabane District Council  
98 Strand Road  
Derry  
BT48 7NN**

Dear *John,*

Thank you for your letter dated 2 October 2017. You had also sent similar letters to David Sterling and Hugh Widdis and I am replying on their behalf.

The total amount of rate support grant made available each year for distribution among eligible councils is determined in the annual departmental budget setting process. As you are aware, there had been delays in this process for this year due to the absence of Ministers and an Executive to take decisions ahead of the start of the financial year. However we have now been able to confirm a final figure for rate support grant this year (2017-18) of £17.568 million.

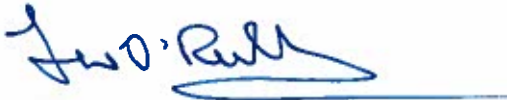
This figure reflects a 4% reduction on the level of rate support grant provided in 2016-17 (£18.3 million). The 4% reduction figure reflects in turn the overall net reduction applied to the Department for Communities (DfC) indicative budget for the present financial year which includes the funding available for the rate support grant.

In order to ensure an equitable allocation of this overall reduction we applied the 4% reduction figure across our affected spending programmes, including the budgets allocated to external voluntary and community sector organisations and programmes. This has inevitably created difficulties and spending pressures across our internal programmes as well as financial challenges for the many voluntary, community and other bodies that are funded by the department, including those councils in receipt of rate support grant. However we have sought to ensure that as far as possible these pressures have been applied equally to all the programmes and sectors affected.

We cannot yet advise on the position for rate support grant next year next year since departments have not yet been allocated budgets for 2018-19. However you will be aware that departments have been asked to provide information on the potential impacts of further reductions of 4%, 8% and 12% for each of the next two financial years. The scope of these potential reductions in DfC would include the funding we have available for a rate support grant allocation in each of these years.

Given the range and scale of these overall financial uncertainties, I think it would be more valuable to postpone a meeting to discuss the implications for future levels of rate support grant until such times as we have better understanding of our financial position in the next financial year. In the meantime my colleagues can keep councils up to date on information about the financial position for next year as it becomes available, including through the finance working group and other channels.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Leo O'Reilly', with a horizontal line underneath it.

**LEO O'REILLY**