

Response to Department of Finance's Consultation on Business Rates.

Community Arts Partnership welcomes the opportunity to respond to the Department of Finance's Consultation on Business Rates.

Community Arts Partnership

Community Arts Partnership is the lead organisation in Northern Ireland in the development, support and delivery of community arts projects which the organisation combines with independent advocacy for community arts and community based art activity. Our organisation's key emphasis is work facilitated in areas of social and economic deprivation.

CAP advocates,

"pro-actively harnessing the transformative power of the creative and cultural sectors to tackle disadvantage and support a confident, creative, informed and healthy society ..."

And beyond that, encourages the view that the Arts should be utilised,

"..to promote social and economic equality and tackle poverty and social exclusion."

CAP therefore advocates for and welcomes the extension of arts activities, of access and participation in the arts for the general population, but in particular for those experiencing poverty and deprivation.

Transformative Power

Community Arts Partnership believes in the transformative power of the Arts. Our working definition of Community Arts, as contained in the Arts Council of Northern Ireland's Community Arts Policy, co-developed with the community arts sector, is

"Community art is a process of harnessing the transformative power of original artistic expression and producing a range of outcomes: social, cultural and environmental. Looked at politically, socially, culturally and/or economically, community arts aim to establish and maximise inclusive ways of working, providing an opportunity for communities and their participants to continue to find ways to develop their own skills as artists and for artists to explore ways of transferring those skills. Through this process, community arts aim to maximise the access, participation, authorship and ownership in collective arts practice."

Put simply, community arts practice develops original creative thinking, activity and outcomes to affect positive change. CAP's work is also governed by the ideas expressed in the United Nations Declaration of Human Rights.

"Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits." (Article 27: Right to participate in cultural life.)

It is this approach which informs our organisation's practice and which orientates our response to the consultation.

Information

1. One difficulty we found in assessing the consultation and the questions which arise from it, is that there is very little information offered in either the consultation document, "Business Rates Public Consultation" or in the "Terms of Reference", which would allow respondents to ascertain why the consultation is being undertaken, why the questions have been framed in a particular way, and why this particular framing has been put forward.
2. Without any information showing for example, what expenditure is required to facilitate government services at their present or enhanced levels, comparable tax rates in other regions throughout the UK or Ireland, perhaps even comparisons between Northern Ireland generally and Belfast specifically or the tax rates and revenue collected in similar sized regions throughout Europe, how is any judgement to be made regarding what might be required regarding business rates revenue.
3. We noticed in a recent rates review in Scotland a substantial amount of detail was provided in the consultation papers showing figures for regional disparities, possible alternative mechanisms for rate collection, and what might be considered, i.e. reduction in rates in some instances, expansion of services in others, if certain targets were achieved.
4. We appreciate that there have been, in the last few years, consultations on the question of rates, and we appreciate also that,
5. "...there were no clear or practical ideas for a replacement for rates...! (NI Assembly Research and Briefing paper – NIAR 280-16)
6. And as part of previous consultations, when respondents were asked
7. "whether there were alternative ways of raising the same amount to pay for regional services, the outcome was that there were no real practical ideas for taking that forward."
8. It would seem that many respondents find it difficult to offer alternatives to the present system of rates collection.
9. We would humbly request that such information, pertaining to the questions raised above, as the Department has at its disposal should be made available as part of a consultation process.
10. This may allow the conversation to proceed in such a way to locate meaningful solutions to the present situation.

Framing

11. We would also like to draw attention to the framing of the consultation questions which appear to insist that there needs to be a widening of the tax base, that the local business sector requires a reduction in taxation, specifically non domestic regional and district rates, and in particular, the suggestion although this was more direct in previous discussions, that this might mean looking into

altering the present rates exemption applied to organisations with charitable status. The aim being not to increase the amount of revenue generated but rather to shift the present balance of which organisations pay and how much they pay.

12. Again without some comparable information it is made more difficult to make meaningful suggestions.
13. We note however that the document, NI Assembly Research and Briefing paper – NIAR 280-16, there is a chart which shows the amount of rates foregone through exemptions. The figure for Charities is £11 million, a tiny figure, less than 1% of the combined total of the Regional and District rates which is stated at £1.32 billion.
14. <http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2016-2021/2016/finance/5916.pdf>
15. In order to contribute to this discussion, Community Arts Partnership is offering some general points regarding the current situation for the Arts sector, our central point being that we do not think removing charities from being exempt from the payment of rates is a desirable option.

The general economic situation

16. In light of the lack of information or any introductory explanation for the consultation, we feel it is necessary to reiterate two issues.
17. We are all well aware of the acute nature of the economic crisis which has led to a general reduction in public funds.
18. The UK Government policy has impacted substantially the availability of public funds, so much so that the present election is being fought on how much government spending will be necessary to repair the damage to our public services after a decade of reductions,
19. <https://www.independent.co.uk/news/uk/politics/uk-public-spending-same-2008-ifs-ten-years-austerity-national-income-labour-tory-government-a8023511.html>
20. <https://www.nytimes.com/2019/02/24/world/europe/britain-austerity-may-budget.html>
21. and with no Government at Stormont, with Brexit, regardless of what deal is struck with the European Union, by many accounts bringing a further reduction in economic growth, our local situation might actually be far worse than other UK regions.
22. <https://www.newstatesman.com/politics/northern-ireland/2019/06/no-government-stormont-public-services-northern-ireland-are-slowly>
23. <https://www.nerinstitute.net/research/the-economic-implications-of-brexit-for-northern-ireland/>

The Arts Sector

24. The Arts sector, of which Community Arts Partnership is part, has been on the receiving end of some of the harshest cuts of any sector within the Assembly's general budget allocations. In other words, our sector has been hard hit by Austerity.
25. <https://www.museumsassociation.org/museums-journal/news-analysis/01042019-cuts-bring-ni-arts-sector-to-its-knees>

26. Where once our sectoral allocation through the Arts Council of Northern Ireland was over £14 million, after continuous cuts over the last 8 years, that allocation is now approximately £8 million.
27. <http://conorcommunity.blogspot.com/2014/08/nolan-and-arts-council-in-year-cuts.html>
28. By any objective assessment, that is a substantial paring back of the funding available to the sector and there are further cuts to come with the restructuring of the Belfast City Council grant application process.
29. Community Arts Partnership's Chief Executive, Conor Shields, has written extensively about the cuts and the impact they have had on the sector,
30. <http://conorcommunity.blogspot.com/2018/04/>
31. and so it would be reasonable to conclude any imposition of additional fees would, we think, be catastrophic for an already ailing sector.
32. <https://www.museumsassociation.org/museums-journal/news-analysis/01042019-cuts-bring-ni-arts-sector-to-its-knees>

Consultation Themes

33. Within the consultation framework, and certainly more directly in a previous consultation process, it has been considered that it might be desirable to withdraw the exemption from non-domestic rates charges for charitable organisations.
34. Arts sector organisations by and large would come under this exempted status. It might be desirable to consider the following; what charitable organisations bring to our community, what arts organisations (with charitable status) offer our community, and how additional charges would devastate an already perilous situation for the sector

The charitable contribution

35. The question of contribution requires some unpacking because there appears to us an inbuilt assumption that if an organisation is not paying rates, then that organisation is somehow not contributing.
36. We don't think this is a particularly useful way of measuring contribution especially given the Charity sector generally, and the Arts sector specifically, operates largely through non-profit organisations.
37. As the Northern Irish Council for Voluntary Action has adequately demonstrated, Charities, beyond their general orientation of religious or social endeavours, contribute substantially to the following
38. "recycling, to the vibrancy of the High Street, to employment and volunteering, and to an uplift in mental health. The unseen financial contribution of these activities surpasses what might be brought in by removing the charitable organisation exemption."
39. https://www.nicva.org/sites/default/files/d7content/attachmentsarticles/nicva_rates_rethink_consultation_response_final_draft.pdf
40. This point was recognised by the Department of Finance through a previous consultation process,
41. "Public benefit not private gain is the underlying distinguishing factor in terms of justifying special treatment for charities and other non for profit bodies under the rating system. Exemption from rates allows them to have a hub and physical presence within communities, facilitating the vital role many play in the social and economic wellbeing of those communities. It follows that it is not only

charities that benefit from rates exemption, but society benefits more widely.” (NI Assembly Research and Briefing paper – NIAR 280-16)

The Arts Sector

42. For the Arts sector, the contribution is also hard to quantify, although those who have attempted to, suggest the arts are a major contributor to employment in NI, with almost 6,000 jobs and over 9,000 volunteers. Beyond that the sector provides support to the creative industries.
43. Estimates for the return on investment vary, but a Belfast City Council assessment put the multiplying effect in the city at around 8 times. That is, for every £1 invested there is a return of £8.
44. Figures produced a few years ago by the then Department of Finance and Personnel suggested Arts and entertainment were substantial contributors to economic growth, perhaps in the region of 3.3%.
45. Community Arts Partnership’s parent organisation, New Belfast Community Arts Initiative, calculated in the first demonstration report on the Social Return on Investment (SROI), that the multiplying effect of socially-engaged arts activity was around 14:1, i.e. £14 for every £1 invested – this wasn’t pure financial return but an aggregation of all the savings made through better health and wellbeing, artists employment, employability and educational attainment by participants, confidence building and reduction of tensions emerging from racism or sectarianism.
46. As with other organisations in the charitable sector, it is those wider benefits which are of consequence to the present conversation.

Wider benefits of the arts

47. So, not only does the Arts sector, and the wider Creative industries which rests on the platform provided by the sector, offer a substantial contribution economically, the Arts sector also contributes to the general health and well-being of our society.
48. Studies show that those attending a cultural place or event in the previous year were almost 60% more likely to report good health compared with those who had not and theatre goers were almost 25% more likely to report good health.
49. A higher frequency of engagement with arts and culture is generally associated with a higher level of subjective wellbeing. Engagement in structured arts and culture improves the cognitive abilities of children and young people.
50. The use of art, when delivered effectively has the power to facilitate social interaction as well as enabling those in receipt of social care to pursue creative interests.
51. Community Arts Partnership’s own research into Community Arts and Dementia showed that, properly applied community arts practice could encourage people experiencing dementia to engage socially.
52. For all the reasons, and many more, stated above, the recent Belfast City Council, “A City Imagining” strategy document outlines the extent to which the council wants to embed arts and culture as part of the economic framework of Belfast going forward, including devoting an entire year to culture in 2023.

53. The Council states, “by supporting cultural participation as a critical part of active participation in civic society. Complex and long standing issues such as life inequalities require a multidimensional response and we believe that creativity has a significant role in the ongoing transformation of Belfast.”

(A City Imagining – Belfast’s Cultural Strategy 2020-2030)

54. And all of this occurs, this societal contribution, both economic and social, with very limited funding. In total less than 0.1% (1,000th) of the entire budgetary allocation is devoted to the Arts sector.

55. With the recent funding cuts, outlined above, the sector has witnessed closures, reduction in staff, reduction in the offer of programmes of creative engagement for our citizens.

56. Reducing the available budget for creative activity through our sector would be harmful to the sector specifically, and we would suggest society more generally.

Concluding remarks

57. It would be reasonable then to suggest that the Arts make a substantial contribution to Northern Ireland’s economic well-being. Given the present situation, the decline in Arts Funding, the stress on the sector, any increase in expenditure, for example the imposition of non-domestic rates charges, would have a devastating impact for the sector.

58. We would hope that other avenues would be considered rather than widening the tax base by removing the charitable exemption, which would destabilise an already precarious sector, compounding the cuts it had received from central government allocation and exposing the volunteers’ trustees, whose personal liability underpins the operations of all charities, to increased vulnerability.

59. For all the reasons stated above, we would urge that the department, instead of widening the tax base to include an already vulnerable sector, that instead it should narrow and segment the current rates tax base, in order that scales of size can be factored into rates revenue calculations.

Community Arts Partnership

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