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## **Consideration of the Local Property Tax Local Adjustment Factor in respect of the financial year 2018**

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### ***1.0 Executive Summary***

This report recommends that the Elected Members consider and apply a reduction in the basic LPT rate of 10% in 2018, effectively returning an additional €4m which will be applied to fund the following services:

- recruitment of additional street cleaning and road maintenance staff
- recruitment of apprentices,
- roll out of additional smart compactor bins.
- an improved bulky household waste collection service,
- an expanded power washing programme,
- an extension of the graffiti removal programme
- roll out of a waste disposal options awareness campaign
- enhanced area based anti litter/graffiti initiatives,
- an increase in the Book Fund
- the abolition of Library fines and
- additional expenditure on Arts and Culture.

More information on these services is given in Appendix 6.

### ***2.0 Introduction***

#### ***2.1 Background***

The LPT statutory framework is set out in Schedule A. Information is presented having regard to the requirements set by the Minister for the Housing, Planning & Local Government in relation to format and content. Report 307/2017 deals with the consideration of a Budget Strategy for Dublin City Council for the financial year 2018. The draft 2018 Annual Budget will be considered by the Elected Members of Dublin City Council at the Statutory Budget meeting scheduled to be held on 13<sup>th</sup> November 2017. Having considered the issues relevant to the LPT variation, the Elected Members must, by resolution:

- Decide to vary or not and the value and direction of variation, if relevant.
- Note that in the event that that Minister is not informed of a decision within the statutory timeframe, it will be interpreted that the LPT rate is held at its base level until the following year.

### ***3.0 Financial Assessment***

#### ***3.1 Movements in Property Valuation***

The original construction of the LPT provided that from 1<sup>st</sup> November 2016, liability for subsequent years would be based on valuations in the preceding November. The property valuation aspect of the tax is not correlated to movements in income. The City Valuer has

advised that over the period May 2013 – June 2017, residential property valuations in Dublin City rose by an average factor of 60% with a range of increases across areas in the City from 30% to 120%. In broad terms, those areas which experienced the most severe property price reductions during the economic downturn have experienced the largest property price increase as the economy recovers. The Finance (Local Property Tax) (Amendment) Act 2015 provides that LPT related property valuations will be based on May 2013 valuations up until the financial year 2019.

### **3.2 Impact of LPT Variation on liable households**

A further aspect of the consideration by the Elected Members is the impact of a variation to the basic rate of LPT on liable households. Circular Fin 05/2017 (Appendix 4 attached) sets out an analysis of property valuation bands in Dublin City as provided by the Revenue Commissioners.

Appendix 1 sets out a schedule of the impact of variations in the LPT in Dublin City on property valuation bands, in respect of increases of between 1% and 15% and of decreases between 1% and 15%. For example, should the LPT local adjustment factor be applied to increase the basic rate by 5%, then the LPT liability in respect of a property valued in May 2013 at €230k would increase from €405 to €425.25 (i.e. by €20.25). Should the LPT local adjustment factor be applied to decrease the basic rate by 5%, then the LPT liability in respect of that property would decrease from €405 to €384.75 (i.e. by €20.25).

### **3.3 Financial Position of Dublin City Council**

The financial position of Dublin City Council, in the format prescribed by the Minister is set out in Appendix 2.

### **3.4 Application of LPT Funding in 2017**

Information on how Dublin City Council's 2017 LPT allocation was directed to be spent by the Department of Housing, Planning, Community and Local Government in 2017 is set out in Appendix 3.

### **3.5 Impact on Dublin City Council LPT Related Funding in 2018**

Circular Fin 05/17 (Appendix 4) gives a provisional LPT allocation for Dublin City Council. LPT receipts in respect of Dublin City householders in 2017 at €79.8m (€79,789,578). In absolute terms, this amounts to an increase of €322k (€322,029) between 2017 and 2018. Owing principally to an increase in the value of funding directed by the Department to fund specific services, the amount of additional discretionary funding in 2018, should the Elected Members apply a 10% decrease, is €32k.

## **4.0 Local Property Tax (LPT)**

### **4.1 Commencement of LPT**

The Local Property Tax was introduced under the Finance (Local Property Tax) Act 2012. Liability for the tax commenced on 1<sup>st</sup> July 2013. The value of the Local Property Tax liability is determined by the property valuations of liable properties. The tax is payable on most residential properties with limited exceptions.

### **4.2 Control of LPT**

The LPT is collected by the Revenue Commissioners and transferred to the Local Government Fund, under the control of the Department of Housing, Planning and Local Government. LPT payments are not collected by and retained by local authorities. The Local Government Fund was established in 1999 with the purpose of 'providing *local authorities with the finance for general discretionary funding of their day-to-day activities and for non-national roads, and funding for certain local government initiatives*'. The Local Government Fund was initially based

on monies from motor tax receipts and the Exchequer (i.e. tax receipts). All monies within the fund were allocated to the provision of local government services. The Exchequer contribution to the Fund ceased in 2012 and a contribution has since been made *from* the Local Government Fund to the Exchequer. Motor tax receipts no longer fund the Local Government Fund.

### 4.3 Consideration of Basic Rate

The basic rate of local property tax is determined as the product of the midpoint of the valuation band, multiplied by the appropriate rate. Valuation bands are established as commencing with €1 - €100,000, thereafter increasing in units of €50,000 up to €1m, after which the additional value over €1m is multiplied by a higher rate. Two rates apply; firstly a rate of 0.18% is applied to the midpoint of the relevant valuation band for properties valued in between €1 and €1m. For properties valued in excess of €1m, the rate of 0.18% applies to the chargeable value of up to €1m without reference to a midpoint, and a rate of 0.25% applies to the remainder of the chargeable value exceeding €1m. The passing of a resolution for the application of a local adjustment factor to the basic rate local property tax is a reserved function, considered annually. In the event of a variation, Elected Members must decide whether that variation is upwards or downwards and the value within a band of no more than 15% more or less than the basic rate. A local adjustment factor cannot be in excess of 15% of the basic rate.

**Table 1 – Impact of reduction in basic LPT rate**

<b>LPT Bands</b>	<b>0 - 100000</b>	<b>100001 - 150000</b>	<b>150001 - 200000</b>	<b>200001 - 250000</b>	<b>250001 - 300000</b>	<b>Over 300000</b>
Percentage of properties in each band	11.6%	20.4%	20.7%	17.9%	9.7%	19.8%
No. of properties in each band	27,588	43,548	45,600	39,216	22,572	49,704
<b>At basic rate (0.018)</b>	90.00	225.00	315.00	405.00	495.00	
<b>At 15% reduction (0.0153)</b>	76.50	191.25	267.75	344.25	420.75	
<b>At 10% reduction (0.0162)</b>	81.00	202.50	283.50	364.50	445.50	
<b>At 5% reduction (0.0171)</b>	85.50	213.75	299.25	384.75	470.25	
<b>If a 10% reduction in LPT was adopted, then the change per year from a 15% reduction for each household is:</b>						
	4.50	11.25	15.75	20.25	24.75	
<b>or per week:</b>	9 cent	22 cent	30 cent	39 cent	48 cent	
<b>Additional funding for services of €4m (€3,989,479)</b>						

Details of the numbers of properties in Dublin City Council across the valuation bands as determined by the Revenue Commissioners is set out in Table 1 above.

- Over 52% of residential properties in Dublin City are valued for LPT purposes at €200k or less. The additional charge arising from a 10% reduction would be *at most* 30 cent per week or €15.75 pa.
- Over 70% of residential properties in Dublin City are valued for LPT purposes at €250k or less. The additional charge arising from a 10% reduction would be *at most* 39 cent per week or €20.25 pa.
- Over 80% of residential properties in Dublin City are valued for LPT purposes at €300k or less. The additional charge arising from 15% to 10% reduction would be *at most* 48 cent per week or €24.75 pa.

#### **4.4 Redistribution**

The Department of Housing, Planning and Local Government operates a process of redistribution of funds within the Local Government Fund. The Department previously operated a Needs and Resources Model which was intended to identify the needs of local authorities and align these needs to available resources. Notwithstanding the needs of Dublin City, both as the capital city and in the context of having areas of high deprivation, Dublin City Council has not received funding through the LPT redistribution process i.e. Dublin City is a net contributor as against net recipient to the LPT redistribution arrangements.

#### **4.5 Public Consultation Process**

Dublin City Council consulted with the public in regard to the setting of a local adjustment factor. Report no 308/2017 provides details of the LPT public consultation process undertaken.

#### **5.0 Possibility of Dublin City Council Re-entering the Domestic Waste Collection Market**

In the context of possible increase in the LPT rate to be applied in respect of properties in the City Council area in 2018 a request was made that consideration be given to the City Council re-entering the domestic waste collection market.

The view of some Members is that the City Council's exit from the provision of this service led to a significant increase in illegal disposal of domestic waste especially in certain areas of the city. It is acknowledged that there has been an increase in illegal dumping in certain areas of the city in recent years. However, it is the view of the Executive that the primary cause of this increase was the requirement to introduce charges for the domestic waste collection service and not the withdrawal of the City Council from service provision per se.

EU Directive 75/442 (the original Waste Framework Directive) established the fundamental principles for waste management in the European Union. It emphasised the primacy of the waste hierarchy and identified a number of key principles for waste management including the 'Polluter Pays' principle. Article 15 also required that the holder of the waste was responsible for bearing the cost of waste disposal in accordance with the 'Polluter Pays' principle. The original Waste Framework Directive was subsequently amended and consolidated in subsequent Directives including Directive 2008/98.

All householders are obliged to demonstrate that they are availing of an authorised waste collection service or managing their waste in an environmentally acceptable manner. The 'Polluter Pays' principle outlined in Directive 2008/98 was transposed into Irish law by Statutory Instrument 126 of 2011 and the insertion of Section 31 A into the Waste Management Act of 1996 which provides as follows:

*'Costs 31 A. In accordance with the Polluter Pays Principle the costs of waste management shall be borne by the original waste producer or by the current or previous waste holders'.*

The Law Agent has advised that it would be illegal for the City Council to re-enter the domestic household waste market offering a 'free' service at point of delivery.

In theory the Council could seek to re-enter the market in competition with existing service providers. However, in addition to charging for the service we would be prevented under competition law from subsidising the service to the detriment of other service providers. Given that the Council's operating costs are likely to be significantly higher than those of the existing private operators in the market our charges would also have to be higher. On this basis the Council is unlikely to attract a significant number of customers and it is difficult to see how the Council could avoid incurring very significant losses. It is also worth noting that there were

significant bad debts associated with the Council provided service in the past which would in all likelihood be a feature of any new Council service.

Given all these factors I consider it would be neither feasible nor appropriate for the City Council to re-enter the domestic waste collection market.

## **6. 0 Recommendation of Chief Executive**

### **6.1 Variation to basic rate of LPT**

I recommend that the Elected Members consider and apply a reduction in the basic LPT rate of 10%, effectively returning an additional €4m to fund the following additional expenditure in 2018:

- recruitment of additional street cleaning and road maintenance staff
- recruitment of apprentices,
- roll out of additional smart compactor bins.
- an improved bulky household waste collection service,
- an expanded power washing programme,
- an extension of the graffiti removal programme
- roll out of a waste disposal options awareness campaign
- enhanced area based anti litter/graffiti initiatives,
- an increase in the Book Fund
- the abolition of Library fines and
- additional expenditure on Arts and Culture.

There has been a consistent demand from Elected Members over recent years for much needed enhancements to Council services after a long period of declining expenditure. By agreeing with my recommendation I am confident the Council can make good progress in improving services in 2018, especially in the areas of street cleaning, litter graffiti etc.

**Owen P. Keegan**  
**Chief Executive**  
**Dublin City Council**

**September 14<sup>th</sup> 2017**

## **Schedule A – LPT Statutory Framework**

Fin 05/2014 Local Government (Financial and Audit Procedures) Regulations 2014 and associated budget related matters

Fin 08/2014 Guidance associated with the Local Property Tax (Local Adjustment Factor) Regulations 2014

Statutory Instrument 296 of 2014 Local Property Tax (Local Adjustment Factor) Regulations 2014

Fin 05/2017 – 2018 LPT Property Valuations Dublin City Council and Provisional LPT Allocation 2018 Dublin City Council (attached) (Appendix 1)

Fin 05/2016 – 2018 Budget Meeting and other matters (attached)

Estimation of Income and Expenditure for Dublin City Council for the financial year 2018

The financial position of the authority, having regard to the prescribed format advised by the DoHP&LG.

The financial effect of a variation to the Local Adjustment Factor

Public Consultation, feedback provided in Report 308/2017

LPT related funding framework applied by Department of Housing, Planning and Local Government



## Appendix 2: Estimation of Income & Expenditure 2016 & 2017 (Prescribed format)

Category Description		Y2017 Adopted to Y2017 Revised			Y2017 Adopted to Y2018 Draft		
		2017 Adopted	2017 Revised	Variance	2017 Adopted	2018	Variance
Income	Rates	320,667,649	321,467,649	800,000	320,667,649	330,867,649	10,200,000
	NPPR	2,500,000	5,500,000	3,000,000	2,500,000	5,500,000	3,000,000
	LGF - LPT Allocation						
	of which						
	LPT Allocation - Own Use	23,068,969	23,068,969	-	23,068,969	23,088,969	20,000
	LPT Allocation - Self Funding	8,780,600	8,780,600	-	8,780,600	8,780,600	-
	Pension Related Deduction	-	-	-	-	-	-
	Goods & Services						
	of which						
	Rents from Houses	78,850,000	80,150,000	1,300,000	78,850,000	79,000,000	150,000
Housing Loans Interest & Charges	9,031,657	9,031,657	-	9,031,657	9,031,657	-	
Other Goods & Service Income	175,733,868	185,383,868	9,650,000	175,733,868	176,183,868	450,000	
Irish Water	45,085,574	45,085,574	-	45,085,574	45,085,574	-	
Revenue Grants & Subsidies	198,858,013	211,858,013	13,000,000	198,858,013	218,878,013	20,020,000	
<b>Total Income</b>	<b>862,576,330</b>	<b>890,326,330</b>	<b>27,750,000</b>	<b>862,576,330</b>	<b>896,416,330</b>	<b>33,840,000</b>	
Expenditure	Payroll Costs						
	of which						
	Salary & Wages	302,015,628	292,515,628	- 9,500,000	302,015,628	301,615,628	- 400,000
	Pensions	94,706,162	92,706,162	- 2,000,000	94,706,162	94,706,162	-
	Other payroll costs	-	-	-	-	-	-
	Financial Expenses						
	of which						
	Bad debt Provision (including irrecoverable rates)	41,079,200	38,079,200	- 3,000,000	41,079,200	36,079,200	- 5,000,000
	Interest paid to central government (NTMA & OPW)	-	-	-	-	-	-
	Interest paid to HFA	11,499,941	11,499,941	-	11,499,941	11,499,941	-
	Interest paid to other financial institutions	270,961	270,961	-	270,961	270,961	-
	Other Revenue Expenses						
	of which						
Maintenance/Improvement of LA Housing	41,174,765	41,924,765	750,000	41,174,765	41,174,765	-	
RAS Programme / HAP	42,185,471	42,185,471	-	42,185,471	42,185,471	-	
Expenditure on behalf of Irish Water	10,551,504	10,551,504	-	10,551,504	10,551,504	-	
Other	319,092,698	346,142,698	27,050,000	319,092,698	358,332,698	39,240,000	
<b>Total Expenditure</b>	<b>862,576,330</b>	<b>875,876,330</b>	<b>13,300,000</b>	<b>862,576,330</b>	<b>896,416,330</b>	<b>33,840,000</b>	

Expected Credit Balance

Y2017R

14,450,000

Expected Credit Balance

**Note** The above template is one that must be returned to Department of Housing, Planning, Community & Local Government  
The final draft budget submitted to the Council will be vary from this analysis  
The assumption for the Y2017 LPT is that the basic rate will be reduced by 15%  
The assumption for Rates income is that the ARV will be increased by .03 (1.16%) - additional income of €3.8m



**Appendix 3: LPT receipts in respect of Dublin City householders in 2017**

<b>Local Property Tax Dublin City Council 2017 Process</b>			
Value of LPT Receipts estimated by Revenue Commissioners	€ 79,467,549		
20% to Central Equalisation Fund	€ 15,893,510		
80% LPT retained i.e assigned to DCC	€ 63,574,039		
Variation 15% by Elected Members	€ 11,920,133		
Remaining LPT Balance	€ 51,653,906		
Funds directed by Govt replacing previous grants of which:	€ 28,584,938		
Housing Capital		€ 19,804,338	
Housing Revenue			€ 3,000,000
Roads Revenue			€ 5,780,600
Total Revenue		€ 8,780,600	
		€ 28,584,938	
Remaining LPT Balance	€ 23,068,968		
PRD		€ 16,428,262	
LPT of which		€ 6,640,706	
Historic Local Government Grant			€ 2,667,300
LPT funding			€ 3,973,406



An Roinn Tithíochta, Pleanála,  
Pobail agus Rialtais Áitiúil  
Department of Housing, Planning,  
Community and Local Government



21 July 2017

**Circular Fin 05/2017**

Chief Executive

cc. Head of Finance

**Provisional Local Property Tax Allocations 2018 – Dublin City Council**

A Chara,

I am directed by the Minister for Housing, Planning, Community and Local Government to inform you that the provisional Local Property Tax (LPT) allocations from the Local Government Fund for 2018 have been agreed and your authority's allocation is set out below and in Appendix A to this document. LPT Allocations have been calculated using the Revenue Commissioners' data on net declared liabilities of €459m post-variation in 2017 (as set out in Appendix B to this document). On a pre-variation basis, the full 2017 net declared liability amounts to €486m and this is the estimate applied to the provisional LPT allocations process for 2018.

**Local Retention of LPT**

A new funding model, based on local retention of LPT, was first introduced in 2015. It aims to benefit local ownership and financial autonomy, achieve improved outcomes and greater engagement between local electors and their local authorities. It is also recognised that local authorities' cost and income bases vary significantly from one another. The ability to raise additional revenue varies considerably among local authorities and some require extra financial support in order to meet the costs of service delivery.

## **2018 Baseline**

Every local authority is entitled to receive a minimum amount of funding under the LPT allocation process, known as the Baseline. 2018 Baselines are unchanged from 2017 and are linked to funding previously received as a General Purposes Grant in 2014. Baselines were adjusted in 2017 to deal with an administrative change to the treatment of the Pension Related Deductions (PRD) in the local government sector.

Dublin City Council's Baseline is €19,095,592.

## **Equalisation**

The local retention mechanism will continue in 2018. 80% of all LPT receipts will be retained within the local authority area where the Tax is raised. The remaining 20% of the Tax collected nationally will be re-distributed on an equalised basis to local authorities, within the context of the annual allocations of LPT, to ensure that all authorities receive, at a minimum, an amount equivalent to their Baseline. This 20% for equalisation will be based on the total expected level of LPT in each local authority area and will not be adjusted if the basic rate of LPT is varied. Based on its surplus position when expected 2018 LPT receipts are compared to the 2018 Baseline, Dublin City Council will not be in receipt of equalisation funding in 2018.

## **Self-Funding**

Some local authorities will receive greater levels of funding in 2018 from the Local Government Fund as a result of local retention of LPT compared to their Baseline. Local authorities will have the surplus allocated in two ways:

- Part of the surplus up to the equivalent of 20% of total expected LPT income (or the full amount of the surplus if that is less than 20%) can be used as additional income by local authorities for the authority's own use as part of their normal budgetary process; and
- The remainder of the surplus, if any, will then be available to the local authority to fund services in the housing and/or roads areas thereby replacing Central Government funding for some of these services. Authorities are expected to continue providing such services regardless of the changed approach to funding.

Based on its surplus position when expected 2018 LPT receipts are compared to the 2018 Baseline, Dublin City Council will be required to self-fund services in the Housing and Roads areas.

The specific detail of the level of Central Government Voted grants funding to be provided to local authorities is a matter that will be considered, as normal, as part of the Estimates process.

## **Provisional LPT allocation to Dublin City Council in 2018**

The LPT allocation for Dublin City Council for 2018 (**pending any decision to locally vary the basic rate**) is **€63,831,662**. As a local authority that will be in receipt of 2018 LPT income in excess of the Baseline, Dublin City Council will be entitled to retain an amount of this surplus funding equivalent to 20% of the total expected LPT yield or €15,957,916 for its own use, e.g. to fund additional budget items, reduce borrowing, etc. Dublin City Council will be required to use the remainder of the surplus to self-fund some specified services in Housing and Roads areas to the value of €28,778,155. Details of the self-funding breakdown between Housing and Roads, capital and revenue will issue in a separate circular.

Please refer to the table in **Appendix A**, which sets out the basis for the allocation.

### **Variation**

Every local authority has the power, from 1 July 2014, to vary the basic rate of LPT by up to 15%. It should be noted that if Dublin City Council decides to vary the LPT basic rate upwards (by up to 15%) in 2018, it will retain 100% of the resultant additional income collected in the local authority area. Similarly, if Dublin City Council decides to vary the LPT basic rate downwards (by up to 15%) in 2018, the resultant loss in LPT income will be reflected in reduced LPT funding to the authority.

Local authorities are further reminded of their statutory obligations as set out in the Local Property Tax (Local Adjustment Factor) Regulations 2014 (S.I. Nos. 296 & 439/2014) which take account of relevant provisions in the Finance (Local Property Tax) Acts. Previous guidance circular Fin 08/2014 also refers.

### **2017 LPT Statistics and Property Valuation Bands**

2017 LPT Preliminary Statistics and Property Valuation Bands were provided to this Department by the Revenue Commissioners as at June 2017. This information is being provided for statistical purposes only to assist in the consideration of the local adjustment factor for 2018 LPT.

LPT statistics set out in **Appendix B** to this document outline the following:

- 2017 LPT Exempt (additional to declared liabilities)
- 2017 LPT Amounts Declared
- 2017 LPT Amounts Deferred
- 2017 Net LPT Position

**The projected amounts for 2017 LPT reflect any local decision to lower/increase the basic rate by the local adjustment factor in 2017, i.e. data provided is post-variation.**

This is of course subject to normal fluctuations that may be caused by transfers in property ownership and the on-going compliance campaign in operation by the Revenue Commissioners.

In accordance with section 152 of the Finance (Local Property Tax) Act 2012, the Department also requested information in relation to property valuation bands for each local authority area from the Revenue Commissioners as set out in **Appendix C** to this document.

Local Authorities will be advised of any further information once it becomes available.

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Lorraine O'Donoghue

Principal

Local Government Finance

## Appendix A

### Dublin City Council - 2018 LPT Allocation (Pending any decision to vary the basic rate)

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LPT 100%	<u>79,789,578</u>
LPT 20% towards Equalisation funding	<u>15,957,916</u>
LPT Retained Locally (80%)	63,831,662
2018 Baseline	<u>19,095,592</u>
2018 Surplus (LPT Retained Locally – 2018 Baseline)	<u>44,736,070</u>
<b>Amount of Surplus to be retained for authority's own use (20% of basic rate of LPT income)</b>	<b>15,957,916</b>
Balance of Surplus to Self-Fund Housing and Roads Services	<u>28,778,155</u>
	<u>44,736,070</u>
<b>Total LPT Funding to be provided in 2018</b>	<b><u>63,831,662</u></b>
Value of potential increase or decrease in 2018 LPT Allocation <b><u>for every 1%</u></b> of variation implemented	+/- 797,896

**Appendix B – 2017 LPT Preliminary Statistics, post application of the 2017 Local Adjustment Factor (as of June 2017) Revenue Commissioners**

Local Authority	LPT 2017 Exempt	LPT 2017 Declared	LPT 2017 Deferred	Net LPT 2017 Post Variation
Carlow County Council	€119,245	€4,083,164	€112,978	€3,970,186
Cavan County Council	€139,670	€4,556,160	€131,670	€4,424,490
Clare County Council	€220,275	€10,300,577	€221,153	€10,079,424
Cork City Council	€341,056	€11,303,807	€243,225	€11,060,582
Cork County Council	€1,120,386	€41,618,610	€776,104	€40,842,506
Donegal County Council	€243,557	€11,285,742	€371,025	€10,914,717
Dublin City Council	€2,189,560	€69,269,492	€1,448,351	€67,821,141
Dún Laoghaire-Rathdown CC	€1,281,941	€44,798,840	€747,976	€44,050,864
Fingal County Council	€849,269	€33,193,024	€705,349	€32,487,675
Galway City Council	€163,635	€8,291,793	€130,613	€8,161,180
Galway County Council	€403,347	€16,374,528	€348,204	€16,026,324
Kerry County Council	€362,630	€14,364,106	€282,173	€14,081,933
Kildare County Council	€529,462	€22,115,352	€496,125	€21,619,227
Kilkenny County Council	€219,730	€7,610,845	€161,910	€7,448,935
Laois County Council	€123,670	€5,067,205	€138,983	€4,928,222
Leitrim County Council	€83,115	€2,177,163	€48,713	€2,128,450
Limerick City and County Council	€466,607	€17,658,270	€403,698	€17,254,572
Longford County Council	€80,787	€2,108,904	€60,497	€2,048,407
Louth County Council	€234,310	€9,821,907	€308,768	€9,513,139
Mayo County Council	€230,760	€10,620,592	€216,135	€10,404,457
Meath County Council	€394,295	€17,984,767	€495,000	€17,489,767
Monaghan County Council	€93,853	€3,915,502	€109,238	€3,806,264
Offaly County Council	€334,035	€5,070,735	€152,775	€4,917,960
Roscommon County Council	€112,230	€4,078,275	€91,395	€3,986,880
Sligo County Council	€126,585	€5,346,974	€102,240	€5,244,734
South Dublin County Council	€187,535	€27,481,104	€698,164	€26,782,940
Tipperary County Council	€604,721	€12,116,326	€287,222	€11,829,104
Waterford City and County Council	€273,586	€9,540,194	€238,388	€9,301,806
Westmeath County Council	€157,674	€6,542,435	€151,470	€6,390,965
Wexford County Council	€318,496	€13,173,012	€378,579	€12,794,433
Wicklow County Council	€447,433	€17,538,980	€417,043	€17,121,937
<b>Totals</b>	<b>€12,453,455</b>	<b>€469,408,377</b>	<b>€10,475,156</b>	<b>€458,933,221</b>

Note 1: This analysis is preliminary; there is a small element of estimation in regard to the distribution of amounts by Local Authority.

Note 2: The LPT Declared amount includes declared amounts from returns filed to date, deferred amounts and amounts due on foot of instructions sent to employers and pension providers to collect LPT by way of mandatory deduction at source. This is based on the information available to Revenue provided from the tax returns of property owners. Where this information is incomplete, it may not reflect the final position achieved in 2017.

Note 3: The figures include LPT amounts for properties owned by Local Authorities and Approved Housing Bodies.

Note 4: The exemption amounts set out above are based on claims made and will be subject to certain verification checks. In addition, the full effects of exemptions are not reflected in the statistics as where an exemption was claimed, the property owner was not always required to value their property.

## Appendix C – LPT Valuation Bands (as of June 2017) Revenue Commissioners

LPT 2017 Valuation Bands	0-100,000	100,001-150,000	150,001-200,000	200,001-250,000	250,001-300,000	Over 300,000
Carlow County Council	38.7%	36.7%	18.6%	3.7%	1.2%	1.2%
Cavan County Council	51.8%	38.2%	7.4%	1.7%	0.5%	0.5%
Clare County Council	37.3%	35.2%	18.8%	5.4%	1.9%	1.5%
Cork City Council	27.2%	29.4%	21.7%	12.5%	3.9%	5.1%
Cork County Council	22.8%	26.2%	29.3%	12.5%	4.6%	4.6%
Donegal County Council	50.6%	38.5%	7.5%	2.1%	0.7%	0.6%
Dublin City Council	11.6%	20.4%	20.7%	17.9%	9.7%	19.8%
Dún Laoghaire-Rathdown CC	1.3%	3.3%	11.0%	13.1%	12.1%	59.1%
Fingal County Council	7.0%	18.6%	23.9%	17.6%	11.4%	21.6%
Galway City Council	19.4%	30.2%	27.4%	11.8%	4.7%	6.5%
Galway County Council	34.9%	32.3%	22.8%	5.6%	2.1%	2.3%
Kerry County Council	31.6%	32.4%	26.5%	5.7%	2.0%	1.7%
Kildare County Council	16.0%	22.1%	30.0%	18.3%	6.7%	6.8%
Kilkenny County Council	30.7%	34.5%	24.3%	6.0%	2.0%	2.5%
Laois County Council	41.8%	41.3%	11.7%	3.0%	1.0%	1.0%
Leitrim County Council	60.6%	33.7%	4.2%	1.0%	0.2%	0.3%
Limerick City & County Council	34.0%	31.7%	22.5%	6.8%	2.7%	2.3%
Longford County Council	59.8%	33.8%	4.8%	1.0%	0.3%	0.2%
Louth County Council	34.7%	29.4%	24.0%	7.2%	2.5%	2.2%
Mayo County Council	42.6%	38.8%	14.0%	2.6%	1.0%	1.0%
Meath County Council	17.9%	28.0%	28.4%	14.3%	5.8%	5.5%
Monaghan County Council	41.4%	42.0%	12.8%	2.4%	0.8%	0.6%
Offaly County Council	40.9%	35.8%	18.2%	3.1%	1.0%	1.1%
Roscommon County Council	56.6%	34.7%	6.3%	1.4%	0.4%	0.6%
Sligo County Council	43.9%	31.8%	16.5%	4.6%	1.5%	1.6%
South Dublin County Council	7.3%	17.7%	26.3%	19.1%	10.3%	19.3%
Tipperary County Council	38.2%	34.7%	19.7%	4.6%	1.6%	1.2%
Waterford City & County Council	37.8%	30.1%	21.3%	5.9%	2.5%	2.4%
Westmeath County Council	38.9%	36.8%	17.7%	4.0%	1.4%	1.3%
Wexford County Council	34.3%	34.9%	23.3%	4.4%	1.6%	1.5%
Wicklow County Council	12.4%	17.9%	26.6%	18.4%	9.7%	15.0%

Note 1: The data provided represents valuation bands based on property values as at the 1 May 2013 valuation date.

Note 2: Any differences in the percentages are due to rounding.

Note 3: The figures are based on preliminary analysis of returns filed and other Local Property Tax related information; of necessity, a certain amount of estimation has been required.





## **Circular Fin 06/2017**

Head of Finance,

8 September 2017

### **Re: 2018 Budget meeting and other budget matters**

Dear Head of Finance,

Further to the Local Government Act 2001 (as amended), the Local Government (Financial and Audit Procedures) Regulations 2014 and the Local Government (Financial and Audit Procedures) (Amendment) Regulations 2015, I am directed by the Minister for the Housing, Planning, Community and Local Government to refer to the 2018 Budget meeting and other budgetary matters.

#### **1. Budget 2018 - Prescribed Periods**

The prescribed periods that apply for the holding of 2018 Budget meetings are as follows:

**All local authorities and joint bodies:** 1 November 2017 to 30 November 2017.

The prescribed periods that apply for the holding of a meeting of a municipal district to consider the draft budgetary plan are as follows:

**All local authorities:** 16 October 2017 to 17 November 2017

As set out in the Local Government (Financial and Audit Procedures) (Amendment) Regulations 2015 the meeting with a municipal district must conclude no later than 10 days prior to the local authority budget meeting.

#### **2. Consultation on main budget at Municipal District/local area level and Schedule of Municipal District Works**

##### **2.1 Consultation on main budget at Municipal District/local area level**

While the Municipal District system has only been in operation for a short time, there are already clear indications of significant benefits being achieved. The elected members perform a wide range of important reserved functions at Municipal District level including consideration of draft budgetary plans for the district and amendment of same; adoption of a schedule of works for the district and; adoption of statements on the economic elements and the community elements of the Local Economic and Community Plan for the consideration of the local authority.

The Municipal District system seeks to maximise efficiency while retaining a high degree of local community-focused decision making and democratic representation, thereby respecting the principle of subsidiarity. Municipal districts now cover the entire territory of each county, reflecting European norms. As well as creating a more rational and

comprehensive structural arrangement, the system leads to more effective and community-focused decision making and implementation.

## **2.2 General Municipal Allocation and Draft Budgetary Plan**

In keeping with these principles, and as required by Section 102(4A)(a) of the Local Government Act 2001 (as amended), local authorities are required, as part of the budgetary process, to ensure there is formal consultation with municipal district members for each municipal district in the council's functional area in the preparation of the draft local authority budget. It is open to each local authority (in consultation with the relevant municipal district) to agree the precise format this consultation may take (e.g. Budget Workshops; Budget Strategy Meetings etc). The consultation should afford members the opportunity to input to the development of the local authority budget and identify particular priorities for that municipal district for the year ahead for consideration within that overall budget. Where possible, this process should be informed by data in relation to the expenditure levels in each municipal district in the current year.

This consultation should also apply to equivalent sub-structures (local area level) within the city authorities, Cork, Dublin and Galway, and the 3 county authorities within the Dublin area, Dún Laoghaire-Rathdown, Fingal and South Dublin, again leaving the exact format to individual authorities in consultation with the relevant members.

Local authorities are also requested to ensure that the consideration of the draft budgetary plan at municipal district level be appropriate and meaningful, having due regard to role of the municipal district. Your attention is drawn to the template for the draft budgetary plan (Appendix 3 of Circular Fin 05/2014) which should be customised or amended as appropriate.

## **2.3 Schedule of Municipal District Works**

Section 103A of the Local Government Act 2001 (inserted by section 58 of the Local Government Reform Act 2014) provides that, following the adoption of the annual budget, a schedule of proposed works of maintenance and repair to be carried out during the financial year in each municipal district shall be prepared, for adoption by the municipal district members. The Schedule of Municipal District Works (SMDW) is, in effect, a plan of works that prioritises and apportions the use, within each municipal district, of funding provided in the overall local authority revenue budget for particular purposes. Consideration should also be given to replicating this approach in the city authorities and the 3 county authorities within the Dublin area.

In the case of local authority areas which do not have municipal districts it is considered that it would be good practice to prepare a schedule of works in any event to identify where works will be prioritised in the local authority area during the year.

Local authorities are reminded that:

- Preparation and adoption of the SMDW is a mandatory requirement.
- The SMDW must be prepared under the direction of the Chief Executive.
- The SMDW is to be prepared as soon as may be following the adoption of the annual budget, for consideration and adoption by resolution, with or without amendment, by the municipal district members.
- If not adopted by the municipal district members, the SMDW reverts to the full council for the elected members consideration and adoption, with or without amendment.

By virtue of being adopted at district level, the SMDW represents an important enhancement of subsidiarity in local government. The provision is fundamentally important to the new system of governance at sub-county level, giving effect to measures set out in the *Government's Action Programme for Effective Local Government, Putting People First*. The SMDW is among the most important reserved functions introduced by the Local Government Reform Act 2014.

Detailed guidance on the preparation and adoption of the SMDW was issued in Circular LG 27/2014 (FIN 21/2014) which local authorities are requested to adhere to.

### **3. Report to the Department of Finance - Preliminary estimate of capital and current income and expenditure for the forthcoming financial year: Requirement for Expenditure Benchmark purposes**

Fin 05/2014 and Fin 08/2015 set out the requirement that each local authority provide a report to the Department setting out its preliminary estimate of current and capital income and expenditure for the forthcoming financial year. This requirement remains in place for 2018 with completed returns to be submitted to the Department by **Friday 22 September 2017**. The local government sector data will then be consolidated by the Department of Finance with information from all parts of general government. As the date of preparation of this report predates the budget meeting, it should include the best estimate of revenue and capital income and expenditure to the end of the current year and for the next financial year 2018. Any known policy changes impacting on the income and expenditure categories between 2019 and 2022 should be noted on the template.

**This report is important for 2018 as it will form the basis of assessing the sector's impact on the Expenditure Benchmark rule as required under the Stability and Growth Pact.**

#### ***Implications for expenditure management of the local government sector***

*The Local Government Sector is subject to the public expenditure rules set out as part of the management of the Stability and Growth Pact similar to the rules applying to all Government Departments by way of Ministerial ceilings. Local authorities are included in General Government Expenditure and therefore expenditure can only grow beyond the rates set if extra revenue raising measures are taken (e.g. Government raise taxes or local authorities increase local charges).*

*Under the Expenditure Benchmark component of the fiscal rules, unplanned expenditure giving rise to the need for a proposed increase to expenditure ceilings cannot be funded by cyclical (i.e. non-permanent) revenues but, rather, through expenditure savings and efficiencies elsewhere or via discretionary revenue measures. The overall allocation of expenditure ceilings by sector remains a matter for Government as part of the budgetary process.*

***Own resource*** expenditure at local government level will impact on these expenditure rules, however any revenue raising measures taken by the sector can be kept and spent within the sector.

*Own resource expenditure can be broadly defined as expenditure arising from income generated from a local authorities own sources; this includes income generated from commercial rates, goods and services, income from Local Property Tax (excluding any self-funding element) and any non-mortgage borrowing that may be availed of by the local authority.*

*Grants to local authorities from a Government Department or agency are accounted for in that Department's expenditure ceiling and therefore not accounted for as own resource expenditure by the local authority.*

The table to be completed as per Appendix 1 is attached in a spreadsheet accompanying this Circular, and should be sent to [vincent.potter@housing.gov.ie](mailto:vincent.potter@housing.gov.ie) and [niamh.kinsella@housing.gov.ie](mailto:niamh.kinsella@housing.gov.ie) no later than **Friday 22 September 2017**.

#### **4. Statutory Budget Book**

##### Format of 2018 statutory budget book

The budget pack is currently being tested by pilot sites and will issue once testing has been completed.

##### Reminders

- Table A Commercial rates should be presented gross
- Table A 'Amount of Rates to be Levied (Gross of BYA)' plus 'Value of Base Year Adjustment' = 'Net Amount of Rates to be Levied'
- Table C should set out the Annual Rate of Valuation (ARV) and the Base Year Adjustment (BYA) to apply to each of the dissolved rating authorities
- Table C - Note that the 'Base Year Adjustment 2018' column (iii) is the sum of column (ii) minus column (i) i.e. a general local authority ARV of 70 with an effective ARV in a rating area of 65 shows as a BYA of -5
- Totals of BYA and Net Effective Valuation (NEV) in Table C should be consistent with those in Table A (the NEV for all former rating areas should be listed in Table C in order to present the total NEV)
- Section 32 penalty income should be shown in Division H, Other income, account element 'Other fines'
- Any change in approach to vacancy refunds will be reflected in a cost increase or reduction (Regulation 29 of Local Government (Financial & Audit Procedures) Regulations 2014 and Circular Fin05/2014)
- Transactions between legal entities within the local government sector should be shown as 'Inter-authority transactions'
- Income from services provided on an agency basis for entities outside the local government sector should be shown as 'agency services & repayable works'
- Cost drivers to be in L1 for budget allocations

Local authorities are requested to exercise restraint in adopting the ARV. Furthermore, local authorities should seek to provide to the greatest extent possible, certainty for commercial ratepayers in terms of the impact harmonisation may have on their rates bills in future years.

#### **5. Submission of budget information**

A CSV file and one hard copy of the budget must be submitted to Niamh Kinsella ([niamh.kinsella@housing.gov.ie](mailto:niamh.kinsella@housing.gov.ie)) at Department of Housing, Planning and Local Government, Newtown Road, Wexford. The submission of information to the Department is required by **Friday 29 December 2017**.

To reduce the level of queries, the following checks should be completed prior to submission:

- All checks on the soft copy budget check sheets are at 0
- CSV files should be checked for format errors, such as incorrect line errors, commas, etc.
- Soft copy budget files should be submitted with each CSV file
- All soft copy budget files should be compared to hard copy budget books submitted to ensure no inconsistencies
- All CSV figures should be rounded to whole numbers; and
- All submissions to be checked and submitted by the contact person for the local authority's budget files in event of any queries arising

Is mise le meas,

A handwritten signature in purple ink that reads "Lorraine O'Donoghue". The signature is written in a cursive style with a long horizontal flourish at the end.

Lorraine O'Donoghue  
Principal

Local Government Finance

## **Appendix 6: Details of Proposed Additional Expenditure**

- 1. Recruitment of 50 Permanent GOs in Cleansing** **€1.000m**  
50 Cleansing GOs were recruited in 2017 on 4-month contracts. The additional expenditure proposed will allow for the recruitment of 50 GOs on a full year basis.
- 2. Recruitment of Additional Staff in Roads Maintenance** **€0.465m**  
This will cover the cost of recruiting 1 Inspector 4 Assistant Inspectors and 6 Driver/GOS.
- 3. Recruitment of 15 Apprentices** **€0.150m**
- 4. Roll out of Additional Smart Bins** **€0.305m**  
This will fund the leasing and roll out of an additional 300 solar compactor units.
- 5. An Improved Bulk Household Waste Collection Service** **€0.150m**  
It is proposed to improve the current service by offering to remove up to three bulky household items for €20.
- 6. Increased Power Washing Programme** **€0.450m**  
This will provide two additional power-washing units for more regular washing of villages, shop fronts and public areas.
- 7. Expansion of Graffiti Removal Programme** **€0.200m**
- 8. Roll out of Waste Disposal Options Awareness Campaign** **€0.200m**
- 9. Area Based Litter/Graffiti Initiatives** **€0.500m**  
It is proposed to provide €100,000 for each Area to expand the Dublin canvas initiative (which covers environmental themed mural painting at graffiti litter black spots) and to fund the painting of control boxes, local anti dumping and dog fouling campaigns, the removal of stickers/posters from street furniture, illegal signage removal and green area litter picking in each Area.
- 10. Increase in the Book Fund** **€0.250m**  
This will increase the City Council's Book Fund from €1.650m to €1.900m or just €200,000 m short of the national target level for local authority Book Funds.
- 11. Abolition of Library Fines** **€0.100m**  
This will remove a barrier to library access for low-income households and children.
- 12. Additional Expenditure on Arts and Culture** **€0.230m**  
This will be spent on the Dublin Culture Connects Programme