

Please note car parking available in Civic  
Offices basement and refreshments available in  
Members' Lounge, City Hall.



Comhairle Cathrach  
Bhaile Átha Cliath  
Dublin City Council

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**NOTIFICATION TO ATTEND SPECIAL MEETING OF COUNCIL  
TO BE HELD IN THE COUNCIL CHAMBER,  
CITY HALL, DUBLIN 2, ON MONDAY, 22nd SEPTEMBER 2014 AT 6.00 p.m.**

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**FÓGRA FREASTAIL DO CHRUINNIÚ SPEISIALTA NA COMHAIRLE  
AG 6.00 i.n.  
SEOMRA NA COMHAIRLE, HALLA NA CATHRACH, CNOC CHORCAÍ,  
DÉ LUAIN, AR 22 MEÁN FÓMHAIR 2014**

Do Gach Ball den Chomhairle.

A Chara,

Iarrtar ort a bheith i láthair ag **Cruinniú Speisialta** de Chomhairle Cathrach Bhaile Átha Cliath a thionólfar i **Seomra na Comhairle, Halla na Cathrach, Cnoc Chorcaí, ar 22 Meán Fómhair 2014 ar 6.00i.n.** chun an ghnó seo leanas a phlé agus gach is gá i dtaca leis a dhéanamh, nó a chur a dhéanamh, nó a ordú a dhéanamh:-

Silent Prayer/Reflection

	<b>Page</b>
1. Report No. 277/2014 of the Dublin City Chief Executive ( <i>O. Keegan</i> ) - Final Draft SPC Scheme 2014 – 2019 and Submissions.	<b>3</b>
2. To fill one vacancy on the Environment Strategic Policy Committee	
3. Report No. 273/2014 of the Dublin City Chief Executive ( <i>O. Keegan</i> ) – Consideration of the Local Property Tax - Local Adjustment Factor in respect of the Financial Year 2015.	<b>21</b>
4. Report No. 274/2014 of the Head of Finance ( <i>K. Quinn</i> ) – Budget 2015 Public Consultation Process.	<b>35</b>
5. Report No. 275/2014 of the Dublin City Chief Executive ( <i>O. Keegan</i> ) – Draft Budget Strategy for Financial Year 2015.	<b>47</b>

6. **Motion 50 referred from 1<sup>st</sup> September 2014 City Council Meeting:**

**COUNCILLOR PAUL MCAULIFFE**

**Received: 27/06/2014**

**Replaced: 14/07/2014**

We, the elected members of Dublin City Council, formally resolve to vary the basic rate of Local Property Tax in respect of residential properties situated in Dublin City Council's administrative area. We propose a local adjustment factor (LAF) of -15% for the year 2015. We call on the City Chief Executive and the Minister for Environment to put in place all necessary arrangements which will allow this Council to notify Revenue Commissioners of our intentions prior to the September 2014 Deadline.

**Vincent Norton  
Bainisteoir Feidhmiúcháin  
An Ché Adhmaid  
Baile Átha Cliath 8**

**17<sup>th</sup> September 2014**



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**Dublin City Council Strategic Policy Committees 2014 - 2019**  
**FINAL DRAFT Scheme for the establishment and operation of Strategic Policy Committees**

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**Introduction**

Under Section 48 Local Government Act 2001, as amended by Section 41 of the Local Government Reform Act 2014, a local authority shall establish by resolution committees to be known as Strategic Policy Committees to consider matters connected with the formulation, development, monitoring and review of policy which relate to the functions of the local authority and to advise the local authority on those matters. The local authority must have regard to Guidelines as may be issued by the Minister in relation to the establishment of SPCs.

Following the Local Elections, it is necessary for each local authority to establish new SPCs in line with the Guidelines published by the DoECLG entitled “Strategic Policy Committees Guidelines for Establishment & Operation” August 1999 and the Guidelines set out in Circular LG07/2014 – both of which are now underpinned by the LG Act 2001 and the Local Government Reform Act, 2014.

**Appointment of Chairs Designate**

Dublin City Council at it’s meeting on 23<sup>rd</sup> June 2014 established seven SPCs and appointed Councillors to be the Chairs Designate to each SPC as follows :

Mary Freehill	-	Arts, Culture, Leisure Recreation and Community SPC
Paul McAuliffe	-	Economic Development & Enterprise SPC
Naoise Ó Muirí	-	Environment SPC
Ruairi McGinley	-	Finance & Emergency Services SPC
Criona Ni Dhalaigh	-	Housing SPC
Andrew Montague	-	Planning & International Relations SPC
Ciaran Cuffe	-	Transportation SPC

**Appointment of Members to the SPCs**

At it’s meeting on the 7<sup>th</sup> July, the City Council appointed Members to each of the SPCs. At the same meeting, the overall membership number was fixed. Remaining vacancies were filled at the City Council meeting on the 1<sup>st</sup> September, with one vacancy still remaining to be filled at the City Council meeting to be held on the 6<sup>th</sup> October.

For full details of the membership, see **Appendix A** to this report. Local sectoral interests, including the trade union, environmental and community/voluntary sectors, along with the business community, constitute one third of the membership of SPCs. Overall Membership

numbers of the individual SPCs has now been finalised. It is a matter for the City Council to fix the numbers but a ratio of 2 : 1 must be maintained between Councillors and sectoral members.

The areas of responsibility for each of the seven Strategic Policy Committees which are indicative but not exhaustive, are set out in Appendix B (attached). Following adoption of the outline SPC Scheme 2014 – 2019 by the City Council in July, submissions and expressions of interest to participate in the various Committees were invited from interested organisations, both Community and Voluntary, and from the relevant Pillars of the Social Partnership - Business and Employers, Trade Unions and Environmental – for details of the Pillars, See Appendix C. The membership of each Committee shall be for the duration of the City Council and the chairmanship of each committee shall be for a minimum period of three years.

### **Submissions**

Submissions were received from Mr Patrick King on behalf of the Business Pillar, from Mr Michael Ewing on behalf of the Environmental Pillar and from Mr Sam McGuinness on behalf of the Simon Community. For full text of these submissions, See Appendix D to this report. The City Council should take full cognisance of these submissions before approving this final SPC Scheme 2014 – 2019.

### **Applications for Sectoral Places**

Applications were received from a total of 43 groups/organisations and there was an additional application during the sectoral selection process which arrived too late for consideration. These 43 groups/organisations applied to be considered for sectoral places in order of their preference of SPC. The Chair and Councillor Membership of each SPC met and considered all the applications as well as the Pillars and made their selection. An email from Mr Ewing of the Environmental Pillar making nominations in the absence of the PPN was circulated to all Members before any selection meetings took place.

The full list of selected organisations can be found at Appendix E to this report. To ensure a gender balance as recommended in Government directives, following City Council ratification, each successful outside agency will be asked when making a nomination to supply two names, one male and one female where possible.

It should be noted that the Planning & International Relations SPC selected four out of a possible five organisations, leaving one place unfilled. This SPC is hereby recommending to the City Council that the remaining place be filled by an organisation with affiliation to or experience of International Relations. It was felt that none of the organisations that applied had the necessary experience/affiliation. If this is approved by the City Council, it is proposed that suitable organisations be invited to apply for inclusion on this SPC. A further meeting of the Chair and Councillor Members would then take place to select the 5<sup>th</sup> sectoral organisation and this would be brought to the City Council for ratification at the earliest opportunity.

Similarly, the Finance & Emergency Services SPC wish to hold a sectoral place for the University sector (a nominee specialising in Emergency Planning/Services). City Council approval is hereby sought for the Finance & Emergency Services SPC to undertake a process whereby universities that can put forward a nominee with the required expertise are invited to apply for inclusion on this SPC.

### **Corporate Policy Group (CPG)**

The Corporate Policy Group comprising the Lord Mayor and the chairpersons of the SPCs was re-established by the City Council at its meeting on the 7<sup>th</sup> July. The Corporate Policy Group will continue to provide a forum for policy issues which transcend the remit of individual SPCs and where policy positions affecting the whole Council can be agreed for submission to the full Council.

It was agreed by the City Council at its Special Meeting on the 8<sup>th</sup> September that the Chairperson of the Local Community Development Committee would attend meetings of the Corporate Policy Group.

The SPC Scheme 2014 – 2019 as set out in the attached appendices is recommended to the City Council for approval. The granting of an SPC Chair allowance of €6k per SPC is also a reserved function and is hereby recommended to the Council for approval.

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

**17<sup>th</sup> September 2014**

**Appendix A - Councillor Membership and Numbers of SPCs 2014 - 2019**

<b>Name of Committee</b>	<b>Councillor</b>	<b>Cllrs</b>	<b>Sectoral Members</b>	<b>Total</b>
<b>Finance and Emergency Services SPC</b>	<b>Ruairi McGinley (Chair)</b>			
Finance and Emergency Services SPC	Nial Ring			
Finance and Emergency Services SPC	Paddy Bourke			
Finance and Emergency Services SPC	Brid Smith			
Finance and Emergency Services SPC	Mícheál Mac Donncha			
Finance and Emergency Services SPC	Noeleen Reilly			
Finance and Emergency Services SPC	Larry O'Toole			
Finance and Emergency Services SPC	Ray McAdam			
Finance and Emergency Services SPC	Brendan Carr			
Finance and Emergency Services SPC	Dermot Lacey			
Finance and Emergency Services SPC	Tom Brabazon			
Finance and Emergency Services SPC	Paddy McCartan	12	6	18
<b>Transportation SPC</b>	<b>Ciaran Cuffe (Chair)</b>			
Transportation SPC	Paul Hand			
Transportation SPC	Teresa Keegan			
Transportation SPC	Frank Kennedy			
Transportation SPC	Paddy Smyth			
Transportation SPC	Paddy McCartan			
Transportation SPC	Larry O'Toole			
Transportation SPC	Ray McHugh			
Transportation SPC	Jane Horgan-Jones			
Transportation SPC	Kieran Binchy	10	5	15
<b>Planning &amp; International Relations SPC</b>	<b>Andrew Montague (Chair)</b>			
Planning & International Relations SPC	Éilis Ryan			
Planning & International Relations SPC	Áine Clancy			
Planning & International Relations SPC	Daithí De Róiste			
Planning & International Relations SPC	Cathleen Carney Boud			
Planning & International Relations SPC	Kieran Binchy			
Planning & International Relations SPC	Dermot Lacey			
Planning & International Relations SPC	Críona Ní Dhálaigh			
Planning & International Relations SPC	Janice Boylan			
Planning & International Relations SPC	Patrick Costello	10	5	15
<b>Economic Development &amp; Enterprise SPC</b>	<b>Paul McAuliffe (Chair)</b>			
Economic Development & Enterprise SPC	Gary Gannon			
Economic Development & Enterprise SPC	Tina MacVeigh			
Economic Development & Enterprise SPC	Deirdre Heney			
Economic Development & Enterprise SPC	Alison Gilliland			
Economic Development & Enterprise SPC	Brendan Carr			
Economic Development & Enterprise SPC	Jonathan Dowdall			
Economic Development & Enterprise SPC	Noeleen Reilly			
Economic Development & Enterprise SPC	Kate O'Connell			
Economic Development & Enterprise SPC	Noel Rock	10	5	15
<b>Arts, Culture, Recreation &amp; Community SPC</b>	<b>Mary Freehill (Chair)</b>			
Arts, Culture, Recreation & Community SPC	Vincent Jackson			
Arts, Culture, Recreation & Community SPC	Mannix Flynn			
Arts, Culture, Recreation & Community SPC	Damian O'Farrell			
Arts, Culture, Recreation & Community SPC	John Lyons			
Arts, Culture, Recreation & Community SPC	Rebecca Moynihan			
Arts, Culture, Recreation & Community SPC	Jim O'Callaghan			
Arts, Culture, Recreation & Community SPC	Kate O'Connell			
Arts, Culture, Recreation & Community SPC	Séamas McGrattan			
Arts, Culture, Recreation & Community SPC	Emma Murphy			
Arts, Culture, Recreation & Community SPC	Greg Kelly			
Arts, Culture, Recreation & Community SPC	Séan Haughey			
Arts, Culture, Recreation & Community SPC	Áine Clancy			
Arts, Culture, Recreation & Community SPC	Claire Byrne	14	7	21

**Appendix A - Councillor Membership and Numbers of SPCs 2014 – 2019 (contd)**

Name of Committee	Councillor	Cllrs	Sectoral Members	Total
<b>Housing SPC</b> Housing SPC Housing SPC Housing SPC Housing SPC Housing SPC Housing SPC Housing SPC Housing SPC Housing SPC Housing SPC Housing SPC Housing SPC Housing SPC Housing SPC	<b>Criona Ní Dhálaigh (Chair)</b> Christy Burke Cieran Perry Pat Dunne Sonya Stapleton Ray McAdam Anthony Connaghan Chris Andrews David Costello Patrick Costello Alison Gilliland Noel Rock Daithí Doolan Tina MacVeigh	14	7	21
<b>Environment SPC</b> Environment SPC Environment SPC Environment SPC Environment SPC Environment SPC Environment SPC Environment SPC Environment SPC Environment SPC <b>Environment SPC</b>	<b>Naoise Ó Muirí (Chair)</b> Andrew Keegan Catherine Ardagh Ciaran O'Moore Denise Mitchell Declan Flanagan Claire Byrne Michael O'Brien Mannix Flynn <b>Vacancy</b>	10	5	15

## **APPENDIX B**

### **INDICATIVE AREAS OF RESPONSIBILITY FOR THE SEVEN SPCs**

#### **(1) ARTS, CULTURE, LESIURE AND COMMUNITY SPC**

Area partnerships  
Archives  
Arts  
Casual Trading  
Community Development  
Control of Horses & Dogs  
Culture  
Events & Festivals  
Galleries  
Higher Education Grants  
Libraries  
Museums  
Music  
Parks and Open Spaces  
Natural Environment  
School Meals  
Social Inclusion/Integration  
Sports and Recreation Centres  
Sports Development  
Youth Development  
Youth Policies

#### **(2) ECONOMIC DEVELOPMENT AND ENTERPRISE SPC**

Economic Development  
Enterprise Support

#### **(3) ENVIRONMENT SPC**

Air/ Water (Raw) Quality  
Environmental Protection  
Environmental Sustainability  
Waste Management  
Surface water Drainage  
Flood Protection  
Litter Management

#### **(4) HOUSING SPC**

Architecture  
Housing Issues - General  
- Supply  
- Refugees  
- Travellers  
- Welfare  
- Disability  
- Homeless  
- Standards



## **(5) FINANCE AND EMERGENCY SERVICES SPC**

Finance  
Motor Tax  
Rates  
Procurement  
Risk Management  
Audit Committee (minutes only)  
Corporate Governance  
Annual Financial Statement  
Budget – Capital & Revenue  
Emergency Planning  
Dublin Fire Brigade  
Local Property Tax

## **( 6) PLANNING AND INTERNATIONAL RELATIONS SPC**

Property Management  
Strategic Projects  
Forward Planning  
Planning Services  
Development Management  
International Relations  
Regional Planning Guidelines  
Urban Renewal  
Heritage  
Conservation  
Archaeology  
Building Control  
Tourism

## **(7) TRANSPORTATION SPC**

Cycling  
Environmental Traffic Planning  
Parking Control and Enforcement  
Pedestrian Facilities  
Public Transport  
Road Safety  
Roads  
School Wardens  
Taxi Ranks  
Traffic Control and Management  
Public Lighting  
Fleet Management  
Commercial / Goods Movement

## APPENDIX C

### National Contact Points of Key Stakeholders

Pillar	Name & Address	Telephone and e-mail
<b>Business</b>	<b>Kim Mulligan</b>	<b>01-4004300</b>
	Chambers Ireland 22-24 Lower Mount Street Dublin 2	<a href="mailto:kim.mulligan@chambers.ie">kim.mulligan@chambers.ie</a>
<b>Trade Unions</b>	<b>Fergus Whelan</b>	<b>01-8897777</b>
	Irish Congress of Trade Unions (ICTU) Head Office 31-32 Parnell Square Dublin 1	<a href="mailto:fergus.whelan@ictu.ie">fergus.whelan@ictu.ie</a>
<b>Environment</b>	<b>Michael Ewing</b>	<b>071-9667373</b>
	Environment Pillar – Coordinator Knockvicar Boyle Co Roscommon	<a href="mailto:michael@environmentalpillar.ie">michael@environmentalpillar.ie</a>

## **Appendix D – Submission No 1**

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### **Submission on Behalf of the Business Pillar**

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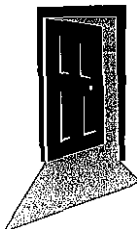
On behalf of the Business Pillar, I wish to offer the following submission on the SPC nominations and the individual nominations collected during this process for the consideration of the Council and Councillors..

In relations to the Draft Scheme consultation, the Pillar was satisfied that the issues of the Council were divided and allotted as necessary and relevant to the SPCs as outlined. The Pillar appreciates that this sets out the areas in scope for each SPC. Similar to a 'heads of bill' the scheme is the basis for which the individual missions and work programmes of each SPC will, we are sure, be the one of first item of the new SPCs to agree as a group.

The public publication of the agreed terms is important for general transparency of the process. The range of business organisations that are a part of the Dublin City Council pillar is quite high as it uniquely draws from a large number of local and national bodies. To strike a balance, we recommend that each SPC have two members from the Business and Employers' pillar with the exception of Housing where a single seat would be sufficient. However, we note the seats available to sectoral members range from 5 to 7 depending on the SPC. Each business pillar member is committed to engaging with the SPCs and the businesses they represent to further the work of the SPC. We believe local businesses play a significant role in the delivery of many of the issues identified in the Draft Scheme and as a Pillar, we've sought to bring forward the expertise of the various business groups to this end.

Once appointed, if any member of the business pillar is unable to effectively participate on any SPC as determined by the Chair of the SPC, the pillar would ask that the Chair make us aware through an email to myself so that we can address the issue and propose an substitute/alternative if necessary.

**Submitted by Patrick King on behalf of the Business Pillar**



**Community**

Dublin Simon Community,  
1-2 Cope Street,  
Dublin 2.  
Tel: (01) 671 5551  
Fax: (01) 671 5524  
Email: [copest@dubsimon.ie](mailto:copest@dubsimon.ie)  
[www.dubsimon.ie](http://www.dubsimon.ie)

Serving Dublin, Kildare, Wicklow.

Vincent Norton  
Executive Manager  
Chief Executive's Department  
Dublin City Council  
Civic Offices  
Wood Quay  
Dublin 8

15<sup>th</sup> August 2014

**Re: Submission on the draft Strategic Policy Committee 2014 to 2019 Scheme.**

Dear Mr Norton,

On behalf of Dublin Simon Community, I submit our observations on the Dublin City Council Strategic Policy Committee 2014 -2019 Draft Scheme. Having reviewed the current draft we make the following observations:

1. We support the establishment of the seven SPCs and appointed Councillors as Chairs in June 2014.
2. Welcome the expression of interest to participate in the various Committees by interested organisations.
3. It's imperative that the 'homeless' agenda remains as part of the area of responsibility under the Housing SPC and membership of 'sectorial interest' should consist of nominations from homelessness. Past membership has consisted of a large majority from housing bodies, however in the current climate and the interest of a balance view point on the SPC, membership of a homeless organisation should be considered.

Dublin Simon Community are supportive of the formulation, development and review of the Housing and Policy agenda by Dublin City Council and believe we are uniquely placed in the region to assist and advise the Housing SPC in relation to the implementation and oversight of:

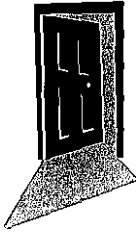
- Dublin Regional Statutory Framework Homeless Action Plan 2014 -2016
- Annual Dublin Region Homeless Executive Business Plan 2014
- Implementation Plan on the States Response to Homelessness (June 2014)

The Simon Community have already made several submissions to respective Government departments and DRHE with regard to; the preparation of a Social Housing Strategy, General Scheme of the Housing Bill 2014 and the creation of the Dublin Regional Statutory Framework Homeless Action plan 2014 – 2016 (see attached).

We are currently members of:

- The Cross Departmental Team on Homelessness and the National Homelessness Consultative Committee
- Implementation Advisory Group reporting to the Statutory Management Group/Dublin Region Consultative Forum
- Dublin Homeless Network
- National Community Platform

r  
/



## Community

Dublin Simon Community,  
1-2 Cope Street,  
Dublin 2.

Tel: (01) 671 5551

Fax: (01) 671 5524

Email: [copest@dubsimon.ie](mailto:copest@dubsimon.ie)

[www.dubsimon.ie](http://www.dubsimon.ie)

Serving Dublin, Kildare, Wicklow.

In Dublin alone we currently provide outreach, resettlement, housing and preventative support for those experiencing homelessness and at risk of becoming homeless.

Specifically we provide:

- **Emergency accommodation & support** providing people with a place of welcome, warmth & safety.
- **Soup runs & rough sleeper teams** who are often the first point of contact for people sleeping rough.
- **Housing provision, tenancy sustainment, visiting support, settlement services, housing advice & information services** helping people to make the *move* out of homelessness & working with households at risk.
- **Specialist health, detoxification & treatment services** via rehabilitation, aftercare and counselling services addressing some of the issues which may have contributed to homelessness occurring or may be a consequence.
- **Health & wellbeing, training & employability** assisting people to strengthen their life experience and source employment opportunities.

We believe an approach is required by the City Council *involving* significant investment in social housing and approved housing bodies support allied to provision of preventative support within the current DRHE business plan.

Please find attached our application form (Appendix C) for nomination to the Housing SPC as a voluntary /community organisation.

Looking forward to hearing from you in the future.

Yours Sincerely,

Sam McGuinness  
CEO  
Dublin Simon Community



## [Submission on the Dublin City Council Draft Scheme for the establishment of CPG and SPCs](#)

From the [Environmental Pillar](#)

14<sup>th</sup> August 2014

### **SPC Membership**

The Environmental Pillar, a coalition of 28 National Environmental Organisations and a national Social Partner, welcomes the opportunity to participate in this consultation, and hopes that our constructive comments will be helpful in striking the right balance of expertise amongst the ‘other sectors’ across the proposed SPCs.

However we find it very difficult comment constructively on the Draft Scheme due to the lack of substance contained within it. This minimalist approach gives a less than transparent appearance to the process. Uniquely in the country, as a Draft Scheme it does not tell us how many Councillors will be on each SPC, nor does it allocate sectoral seats on the different SPCs. Nor does it seem to recognise the changed landscape following the introduction of the Public Participation Network as the body with the right to make nominations from its three electoral colleges, Community/Voluntary, Social Inclusion, and Environmental.

**The overarching driver of policy creation in the city must be for sustainable development. This requires the integration of social, environmental and economic considerations in all aspects of decision-making.<sup>1</sup>**

It is in this context that the Government Guidelines (LG07 2014) on the development of SPCs makes the following statement:

*Specific consideration should be given to inclusion of the Environment Sector on the SPC for Economic Development and Enterprise in view of the expertise available within the sector in relation to sustainable development.*

We would suggest that as the PPN is the body now designated to act as the main vehicle for the public to engage with the local authority<sup>2</sup>, its three electoral colleges should be well represented on the SPCs as they carry forward their agreed “vision for the well-being of their community for this and future generations”<sup>3</sup>

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<sup>1</sup> Our Sustainable Future – A framework for sustainable development in Ireland - <http://www.environ.ie/en/Environment/SustainableDevelopment/PublicationsDocuments/FileDownload,30452,en.pdf>

<sup>2</sup> Circular Letter CVSP2/2014: p1. With effect from 1 June 2014, where community representation is to be provided on appropriate committees of the Local Authority, such as SPCs/LCDCs etc., it must be sourced through the PPN.

<sup>3</sup> Circular Letter CVSP2/2014: p16. As noted already, the County/City Plenary and the Municipal District Plenary of the PPN will commence their work by going through a process



To this end and based on the number of Dublin City Councillors we suggest the arrangement of places on the SPCs to be as illustrated below.

Sector	Economic Development & Enterprise	Environment	Housing	Planning & International Affairs	Finance and Emergency Services	Transportation	Arts, Culture, Leisure & Community
Dublin City Council	9	9	9	9	9	9	8
Development /Construction		1	1	1	1	1	
Business / Commercial	1	1		1	1	1	1
Trade Union	1		1		1		1
Community / Voluntary	1	1	1	1	1	1	1
Social Inclusion	1	1	1	1	1	1	1
Environment/ Conservation	1	1	1	1		1	1
Total	14	14	14	14	14	14	13

This gives 15 seats to the economic sectors, 14 to the Community/Social inclusion and 6 to environment. This achieves a reasonable balance in terms of sustainable development and its three pillars.

*LG07-2014 Guidance CPGs and SPCs accompanying circular*

*At a minimum 6, and where appropriate, 7 sectors should be represented in each local authority's SPC configuration. These are:*

- Agriculture / Farming (Rural Authorities)*
- Environmental / Conservation*
- Development / Construction*
- Business / Commercial*
- Trade Union*
- Community/Voluntary*
- Social Inclusion*

to set out what they consider necessary to promote well-being for present and future generations.



## The Interim Arrangements:

In the same way as the other national Social Partners have nominating rights, in the absence of the PPNs, the Environmental Pillar as a national Social Partner retains its right to nominate representatives from the local environmental community to the environment sector seats on the SPCs. It does so on an interim basis until the PPN is up and running. This right given by national government cannot be handed to any other body.

## Operation

There are four additional items that we feel should be included in the operational TOR for the scheme.

- All members of the SPC should be able to add relevant items to the agenda, with the draft agenda being agreed at the start of every meeting.
- Recommendations from an SPC to the Council may, where a consensus isn't possible, include a minority report or statement. This will give the Council the benefit of the full range of expertise and opinion.
- Training for all SPC members is essential to enable each SPC to fulfil its role. This should include training in conflict resolution.
- The timing and location of meetings should be arranged by agreement amongst the committee members to facilitate maximum participation and proximity to public transport.

This latter is particularly relevant to those potentially valuable contributors with full time jobs that would preclude them from attending office hours meetings.

Thank you for your attention. We do hope that you find our comments helpful. And we hope that you are able to agree with the logic of incorporating the three pillars of sustainability, social, environmental and economic into all decision-making and policy development

Kind Regards

**Michael Ewing**

Coordinator

The Environmental Pillar

Knockvicar Boyle, Co Roscommon

Tel: +353 71 9667373 Mob: +353 86 8672153

email: [michael@environmentalpillar.ie](mailto:michael@environmentalpillar.ie)





## Environmental Pillar

WORKING FOR A SUSTAINABLE FUTURE

*Environmental Pillar members:* An Taisce. Bat Conservation Ireland, BirdWatch Ireland. CELT - Centre for Ecological Living and Training. Coast Watch. Coomhola Salmon Trust. Crann. ECO UNESCO. Feasta. Forest Friends. Friends of the Earth. Global Action Plan Ireland, Gluaiseacht. Good Energies Alliance Ireland, Hedge Laying Association of Ireland. Irish Doctors Environment Association. Irish Natural Forestry Foundation. Irish Peatland Conservation Council. Irish Seal Sanctuary. Irish Seed Saver Association. Irish Whale and Dolphin Group. Irish Wildlife Trust. The Native Woodland Trust. The Organic Centre. Sonairte. Sustainable Ireland Cooperative. VOICE. Zero Waste Alliance Ireland

*The continuing success of human society and social systems depends fundamentally on the preservation of the overall productivity, health and long term sustainability of the ecosystems and environmental services that underpin and supply many of the most basic components of human welfare such as healthy soils, clean water, clean air, stable climate and a healthy biodiversity.*



## APPENDIX E - SECTORAL ORGSANISATIONS

<b>Strategic Policy Committee</b>	<b>Name of Applicant Body</b>
Arts, Culture, Recreation & Community SPC	Dublin City Community Forum
Arts, Culture, Recreation & Community SPC	Irish Sports Council
Arts, Culture, Recreation & Community SPC	Royal Irish Academy of Music
Arts, Culture, Recreation & Community SPC	Children's Books Ireland
Arts, Culture, Recreation & Community SPC	The Little Museum of Dublin
Arts, Culture, Recreation & Community SPC	Dublin Theatre Festival
Arts, Culture, Recreation & Community SPC	NCBI
Economic Development & Enterprise SPC	The Temple Bar Company
Economic Development & Enterprise SPC	Assoc. of Consulting Engineers in Ireland (ACEI)
Economic Development & Enterprise SPC	Inner City Enterprise (ICE)
Economic Development & Enterprise SPC	Small Firms Association
Economic Development & Enterprise SPC	Dublinia Ltd.
Environment SPC	<b>Environmental Pillar</b>
Environment SPC	Dublin City Community Forum
Environment SPC	An Taisce - the National Trust for Ireland
Environment SPC	Disability Federation of Ireland (DFI)
Environment SPC	Docklands Business Forum
Finance & Emergency Services SPC	Dublin City Community Forum
Finance & Emergency Services SPC	IBEC
Finance & Emergency Services SPC	Dublin Chamber of Commerce
Finance & Emergency Services SPC	Dublin City Business Association
Finance & Emergency Services SPC	ICTU
Finance & Emergency Services SPC	VACANT
Housing SPC	Alone Organisation
Housing SPC	Peter McVerry Trust
Housing SPC	Disability Federation of Ireland (DFI)
Housing SPC	Threshold Limited
Housing SPC	The Royal Institute of the Architects of Ireland
Housing SPC	Dublin Simon Community
Housing SPC	Irish Council for Social Housing (ICSH)
Planning & International Relations SPC	<b>Business Pillar - Chambers Ireland</b>
Planning & International Relations SPC	Dublin City Community Forum
Planning & International Relations SPC	Irish Planning Institute
Planning & International Relations SPC	An Taisce - the National Trust for Ireland
Planning & International Relations SPC	VACANT
Transportation SPC	NCBI
Transportation SPC	<b>Environmental Pillar</b>
Transportation SPC	Dublin City Business Association
Transportation SPC	Irish Road Haulage Association
Transportation SPC	Dublin Cycling Campaign





Comhairle Cathrach  
Bhaile Átha Cliath  
Dublin City Council

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## Consideration of the Local Property Tax

### Local Adjustment Factor in respect of the Financial Year 2015

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For consideration at a special meeting of Dublin City Council scheduled for 22<sup>nd</sup> September 2014

#### **1.0 Executive Summary**

I have considered the many factors having influence on the variation of the basic rate of LPT and draw the attention of the Elected Members to:

- The contraction in the resource base in recent years
- The levels of efficiencies achieved within Dublin City Council to date and to be achieved in 2015
- The draft budget strategy (report 275/2014) which provides that the Annual Rate on Valuation (ARV) or multiplier for commercial rates decreases in 2015 by 1%
- The draft budget strategy (report 275/2014) that the arrangements for vacancy refunds will remain unchanged
- The uncertainty around the impact of changes in funding to Dublin City Council from arrangements set out in Circular Fin 14/2014
- The construction of the LPT around property value which mitigates against urban householders in the context of rising property values in Dublin City likely to lead to a spiked increase in LPT liability in future years
- The maximum movement from the basic rate provided for by legislation being 15% upwards or downwards
- the uncertainty around the funding by the Department of the Environment of incurred costs of provision of homeless related services in 2014 and provide funding to the value that would meet incurred costs of service provision in 2015 in the event of current activities continuing,

I propose that the Elected Members give consideration to a variation of the basic LPT Rate by a local adjustment factor of a decrease of 5% each year over the three year period 2015, 2016 and 2017.

#### **2.0 Introduction**

##### **2.1 Background**

This report is presented to the elected members of Dublin City Council at a special meeting held on 22<sup>nd</sup> September 2014 for the purpose of:

- Consideration of the Local Property Tax local adjustment factor in respect of the financial year 2015, and
- Consideration of the outcome of the public consultation process related to a variation of a LPT (see Report 274/2014),
- Consideration of a budget strategy for Dublin City Council in respect of the financial year 2015 (see Report 275/2014)

## **2.2 Purpose**

The purpose of this report is to inform the elected members of matters relevant to the Local Property Tax Local Adjustment Factor. Regard has been made of the guidance issued on this and related matters by the Department of the Environment in circulars:

- 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 09/2014 – 2014 Local Property Tax (LPT) Statistics – Preliminary June 2014
- Fin 11/2014 – 2015 Budget Meeting and other Budget matters
- Fin 14/2014 – LPT Allocation 2015
- Fin 15/2015 – Property Valuation Band Data for Dublin City Council

## **2.3 Relevant Factors**

The relevant factors for consideration within this report include:

- Estimation of Income and Expenditure for Dublin City Council for the financial year 2015
- The financial position of the authority, having regard to the prescribed format advised by the DOEC&LG
- The financial effect of a variation to the Local Adjustment Factor
- Public Consultation feedback is provided in report 274/2014
- Funding information as set out in circular Fin 14/2014

## **2.4 Scope**

Information is presented having regard to the requirements set by the Minister for the Environment in relation to format and content. Report 275/2014 deals with the consideration of a Budget Strategy for Dublin City Council for the financial year 2015. The draft Annual Budget will be considered by the elected members of Dublin City Council at the Statutory Budget meeting scheduled to be held on 10<sup>th</sup> November 2014.

## **2.5 Method**

Financial data provided in this report is based on:

- Quarter 2 2014 report on income, expenditure and General Government Borrowing (GGB) returns to the DoEC&LG,
- A mid-year financial review as amended by actual data to date (September 2014) along with reasonable estimates of likely outturns for current financial year and

- an estimation of likely trend for the financial year 2015 for both income and expenditure
- Estimations of service provisions is based on known factors and does not reflect any changes which may be introduced by Government during the financial year 2015
- Data provided by the Revenue commissioners in relation to LPT collection, deferrals and exemptions

## **2.6 Key issues for consideration by elected members**

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.
- Notify the decision to both the Revenue Commissioners and the Minister for the Environment by 30<sup>th</sup> September in a format prescribed by the Minister.
- Note that in the event that this deadline is not achieved the Minister will interpret that the LPT rate is held at its current level until the following year.

## **3.0 Financial Assessment**

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

The elected members must consider the financial/economic impact of a variation on both the wider economy of the area and also on the persons liable to pay the tax. The construction of the LPT is such that from 1<sup>st</sup> November 2016, liability for the following year will be based on valuations in the preceding November. This aspect of the tax is not correlated to movements in income. The City Valuer has advised that over the period May 2013 to June 2014, residential property valuations in Dublin City rose by an average factor of 21.9% with a range of increases across areas in the City from 19.5% to 24.6%. Based on current trends, there is likely to be a significant increase in the valuations relating to Dublin residential properties in November 2016 over May 2013, resulting in a probable sharp increase in the value of the LPT liability for Dublin households in 2017.

### **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. Appendix 2 sets out the movement in the value of the LPT liability value based on the range of percentage adjustments between the range of 15% increases and decreases. Circular Fin 15/2014 sets out an analysis of property valuation bands in Dublin City as provided by the Revenue Commissioners. The analysis is limited by the amalgamation of all properties with a valuation as of May 2013 into a single category. This one subset represents 46% of all properties within Dublin City.

The DoEC&LG were advised that the information provided in Circular Fin 15/2014 is not adequate in the context of supporting a reasonable consideration of an LPT variation by the elected members. Notwithstanding that in smaller local authority areas unnecessary granularity of information may provoke data protection issues, the analysis as provided is insufficient and Dublin City Council requested that information be provided to a level such that the last category (over a specified value) is no greater than 10%. The DoEC&LG have stated that no further analysis is available on this issue.

Appendix 2 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 regulations made by the Minister for the Environment Community and Local Government prescribe the format of financial information to be provided to elected members as part of the consideration of a variation of the LPT local adjustment factor. Table 1 below has been prepared under two scenarios: best and worst. The figures presented are based on achieved expenditure reductions of a value of €20m across all service departments of Dublin City Council. This process includes a focused review of spend, service provision and income levels. It also includes a mapping of staff resources over 2015 incorporating the exit of staff who may retire on age grounds and also through the government scheme closing in June 2015. This programme is ambitious and far reaching. In the event that this target is not achieved, compensating measures will be required as part of the Budget process in November.

Note A is prepared on the scenario that the LPT basic rate is varied by 5% and no additional funding for homeless is secured (above the base 2014 value). Note B is prepared on the scenario that the LPT basic rate is varied by 5% and that the DoEC&LG fund 90% of the additional service costs for 2014 and 2015. This would be in contrast to the funding ratio of the 2014 homeless services base grant from the DoEC&LG which represents slightly above 70% of then estimated service costs.



**Table 1: Estimation of Income & Expenditure 2014 & 2015**

Income	Note A						Note B					
	2014	2014R	Variance	2014	2015	Variance	2014	2014R	Variance	2014	2015	Variance
Commercial Rates	342.3	342.2	0.1	342.3	334.3	8.0	342.3	342.2	0.1	342.3	334.3	8.0
Local Property Tax	0	-	-	0	62.1	- 62.1	0	-	-	0	62.1	- 62.1
Grants & Subsidies	98.7	99.0	- 0.3	98.7	49.1	49.6	98.7	105.9	- 7.2	98.7	61.8	36.9
Other Income	361.7	362.2	- 0.5	361.7	348.6	13.1	361.7	362.5	- 0.8	361.7	356.3	5.4
<b>Total Income</b>	<b>802.7</b>	<b>803.4</b>	<b>- 0.7</b>	<b>802.7</b>	<b>794.1</b>	<b>8.6</b>	<b>802.7</b>	<b>810.6</b>	<b>- 7.9</b>	<b>802.7</b>	<b>814.5</b>	<b>- 11.8</b>
<b>Expenditure</b>												
Payroll	376.7	372.2	4.5	376.7	369.7	7.0	376.7	372.2	4.5	376.7	369.7	7.0
Loan Interest & Exp	24.7	24.7	-	24.7	24.7	-	24.7	24.7	-	24.7	24.7	-
<b>Note 1</b> Social Benefits	67.8	75.5	- 7.7	67.8	81.9	- 14.1	67.8	75.5	- 7.7	67.8	81.9	- 14.1
<b>Note 2</b> Capital Grants	12.3	12.3	-	12.3	12.3	-	12.3	12.3	-	12.3	12.3	-
Other	321.2	310.8	10.4	321.2	305.5	15.7	321.2	310.8	10.4	321.2	305.5	15.7
<b>Total Expenditure</b>	<b>802.7</b>	<b>795.5</b>	<b>7.2</b>	<b>802.7</b>	<b>794.1</b>	<b>8.6</b>	<b>802.7</b>	<b>795.5</b>	<b>7.2</b>	<b>802.7</b>	<b>794.1</b>	<b>8.6</b>
<b>Expected Credit Balance 2014R (Funding 2015)</b>	<b>7.9</b>						<b>15.1</b>					
<b>Expected Credit Balance 2015</b>				<b>-</b>						<b>20.4</b>		

**Note** The above analysis is based on target expenditure cuts of €20m  
The final draft budget to be submitted to Council will vary from this analysis.

**Note A** This analysis is based on the assumptions that  
1) A reduction in the basic rate of the LPT of 5%  
2) No additional funding is received for Homeless Services

**Note B** This analysis is based on the assumptions that  
1) A reduction in the basic rate of the LPT of 5%  
2) The additional expenditure in Homeless Services are funded by the DECLG (90%) of €12.7m and the DLA (3.3%) of €0.5m

**Note 1** Social Benefits include;  
1) Homeless Services  
2) RAS

**Note 2** Capital Grants include;  
DPG's

### 3.4 Impact of Circular Fin 14/2014

Circular Fin 14/2014 indicates that the adjusted LPT allocation (i.e. 80% of the full value collected, less previous year allocation, less 20% of basic rate LPT income retained for discretionary purposes) should be applied to self fund Housing and Roads service. Clarification has been requested from the DoEC&LG in the form of a detailed listing of Housing and Roads related grant categories and values affected by this policy change (i.e. the move from grant funded to funded from LPT receipts), as being essential to the elected members to give full understanding of the financial position of Dublin City Council for 2015.

Also the DoEC&LG has been requested to confirm that the withdrawal of grants is limited to the grants to be specified i.e. that further grants will not be withdrawn in the future. Dublin City Council has been advised that clarity on these matters will issue as part of the national Estimates process and also arising from the new Social Housing Strategy to be finalised shortly.

In that context, there is a wide variation in the potential impact of the new funding arrangements for Dublin City Council as set out in the Circular. It has not been possible to secure clarity on key issues that would give the elected members clear sight of the value of the resource base for Dublin City Council for the close of this financial year (2014) and for the forthcoming financial year (2015). Table 2 below sets out the funding elements around which further clarity is required.

The funding impacts from potential outcomes of these variables (i.e. best outcomes for Dublin City Council and worst outcomes for Dublin City Council) range from:

- **At worst:** A shortfall of €41m, under the scenario that the current total value of grants to Housing and Roads of €66.2m is met by €46.9m only (i.e. that the current level of homeless funding at €31.3m only is continued) and the costs of increased services in 2014 of €7.7m and in 2015 of €14m are unfunded by DoECLG, without Dublin City council using the discretionary funding of €16.5m.

€66.2m (value of current housing and roads grants) less  
€46.9m (value of grants for housing and roads specified in Fin 14/2014) equals  
€19.3m (shortfall in current grants over specified grants) plus  
€ 7.7m (additional 2014 homeless services costs not grant funded ) plus  
€14.0m (additional 2015 homeless services costs at 2014 levels not grant funded) equals  
-€41.0m (shortfall in funding)

- **At best:** Increased funding of €28.5m, under the scenario that the specified value of €46.9m does not include the funding of homeless services and that the funding of homeless services is fully funded by the DoEC&LG i.e. payment of 2014 allocation of €31.3m plus additional 2014 costs of €7.7m plus additional 2015 funding of €14m with Dublin City Council having €16.5m discretionary funding.

€46.9m (value of grants for housing and roads specified in Fin 14/2014) less  
€34.9m (value of housing and roads grants excluding homeless) equals  
€12.0m (gross potential additional funding) plus  
€16.5m (discretionary funding) equals  
+€28.5m (total potential additional funding)

Dublin City Council has been advised by the DoEC&LG that clarity of funding arrangements relating to housing and road grants including homeless services, will emerge as part of the national estimates process, having a timeline of mid October 2014. Consequently there is insufficient information available for elected members to consider in the context of the funding base available to Dublin City Council in 2015 and due caution must be applied to reflect the lack of specific data.

**Table 2: Impact of Circular Fin 14/2014**

	€m	€m
LPT Yield for Dublin City	82.7	
20% funding retained centrally	16.5	
80% Funding identified by DoEC&LG to be directed to Dublin City Council	66.1	
Less GPG Allocation	2.7	
Net LPT Funding to be directed to Dublin City Council	63.4	
20% of basic rate LPT income to fund discretionary services	16.5	
Balance to fund Housing and Roads Services	46.9	
Housing Grants: 2014 Allocation	57.3	
CLSS Management and Maintenance		0.8
Construction Social Leasing		2.5
Disabled Persons Grants		5.4
Housing Maintenance Voids		1.9
Recoupment – Travellers		0.8
Rental Accommodation Scheme		13.8
Rental Subsidy, Shared Ownership		0.85
Homeless Services		31.3
Roads Grants: 2014 Allocation	8.9	
Block Grant		6.8
Other NRA		2.1
Sum of 2014 Housing and Roads Grants including homeless	66.2	
Sum of 2014 Housing and Roads Grants excluding homeless	34.9	
Increased costs incurred in 2014 for homeless services	7.7	
Increased funds above based funding required for 2015 homeless services provided at current 2014 levels	14.0	

### **3.5 Impact of Variation on LPT Yield**

The elected members are required to have consideration of the financial effect of the varied rate. This consideration involves the effect of the value of LPT yield that would be due to be received by the Revenue Commissioners in the first instance and subsequently by Dublin City Council. Table 3 sets out a schedule of the impact of variations in the LPT in Dublin City on the likely yield, in respect of increases 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 yield in Dublin City would increase by €4.1m.

**Table 3: Variations in LPT**

Schedule of impact of Variations in LPT in Dublin City on payments to the Local Government Fund									
80% of basic rate yield:	€66,127,438	80:20 retention basis confirmed Circular 14/2014 as 20% value			20% of basic rate yield:	€ 16,531,860	80:20 retention basis confirmed Circular 14/2014 as 20% value being		
Likely LPT 2014 Yield	Increase by:	Increased LPT Payments	Impact on DCC funding	transfer to Central Fund	Likely LPT 2014 Yield	Decrease by:	Decreased LPT Payments	Impact on DCC funding (incl. Transfer)	Transfer to Central Fund
€ 82,659,298	1%	€ 826,593	€ 826,593	€ -	€ 82,659,298	-1%	-€ 826,593	-€ 826,593.0	-€ 165,318.6
€ 82,659,298	2%	€ 1,653,186	€ 1,653,186	€ -	€ 82,659,298	-2%	-€ 1,653,186	-€ 1,653,186.0	-€ 330,637.2
€ 82,659,298	3%	€ 2,479,779	€ 2,479,779	€ -	€ 82,659,298	-3%	-€ 2,479,779	-€ 2,479,778.9	-€ 495,955.8
€ 82,659,298	4%	€ 3,306,372	€ 3,306,372	€ -	€ 82,659,298	-4%	-€ 3,306,372	-€ 3,306,371.9	-€ 661,274.4
€ 82,659,298	5%	€ 4,132,965	€ 4,132,965	€ -	€ 82,659,298	-5%	-€ 4,132,965	-€ 4,132,964.9	-€ 826,593.0
€ 82,659,298	6%	€ 4,959,558	€ 4,959,558	€ -	€ 82,659,298	-6%	-€ 4,959,558	-€ 4,959,557.9	-€ 991,911.6
€ 82,659,298	7%	€ 5,786,151	€ 5,786,151	€ -	€ 82,659,298	-7%	-€ 5,786,151	-€ 5,786,150.9	-€ 1,157,230.2
€ 82,659,298	8%	€ 6,612,744	€ 6,612,744	€ -	€ 82,659,298	-8%	-€ 6,612,744	-€ 6,612,743.8	-€ 1,322,548.8
€ 82,659,298	9%	€ 7,439,337	€ 7,439,337	€ -	€ 82,659,298	-9%	-€ 7,439,337	-€ 7,439,336.8	-€ 1,487,867.4
€ 82,659,298	10%	€ 8,265,930	€ 8,265,930	€ -	€ 82,659,298	-10%	-€ 8,265,930	-€ 8,265,929.8	-€ 1,653,186.0
€ 82,659,298	11%	€ 9,092,523	€ 9,092,523	€ -	€ 82,659,298	-11%	-€ 9,092,523	-€ 9,092,522.8	-€ 1,818,504.6
€ 82,659,298	12%	€ 9,919,116	€ 9,919,116	€ -	€ 82,659,298	-12%	-€ 9,919,116	-€ 9,919,115.8	-€ 1,983,823.2
€ 82,659,298	13%	€ 10,745,709	€ 10,745,709	€ -	€ 82,659,298	-13%	-€ 10,745,709	-€ 10,745,708.7	-€ 2,149,141.7
€ 82,659,298	14%	€ 11,572,302	€ 11,572,302	€ -	€ 82,659,298	-14%	-€ 11,572,302	-€ 11,572,301.7	-€ 2,314,460.3
€ 82,659,298	15%	€ 12,398,895	€ 12,398,895	€ -	€ 82,659,298	-15%	-€ 12,398,895	-€ 12,398,894.7	-€ 2,479,778.9

## 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 from liable persons in the State across a variety of payment methods. The monies collected by the Revenue Commissioners are transferred to the Government to be applied to the Local Government Fund, under the control of the Department of the Environment. LPT payments are not collected by and retained by local authorities.

The Local Government Fund is managed under the direction of the Minister for the Environment, Community & Local Government. The 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'. At inception the Local Government Fund was comprised of monies from motor tax receipts and the Exchequer (i.e. tax receipts). Also all monies within the fund were allocated to the provision of local government services. Since 2012 there is no longer an Exchequer contribution to the Fund. (Please see Appendix 1). Since 2012 a contribution has been made from the Local Government Fund to the Exchequer. Revised arrangements have been put in place such that motor tax receipts no longer fund the Local Government Fund in 2015. The funding of allocations from the Local Government Fund to Dublin City Council by the DoEC&LG relate only to LPT payments. Over the period 2002 to 2014 the movement in funds:

- From the exchequer to the LGF has been a net €1bn (from an inflow of €419m to an outflow of €600m.
- From motor tax receipts has been an increase of €631m (from €539m to €1.1bn).

### **4.3 Redistribution**

The Department of the Environment operate 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. Dublin City Council has in the past made submissions to the Department on the needs of Dublin City, both as the capital city and in the context of having areas of high deprivation. The Department's policy with regard to redistribution / equalisation has been stated in circular Fin 14/2014 as:

*'...Local authorities' cost and income bases vary significantly from one another. In previous years, General Purpose Grants have been structured to bring about equalisation over time; that is, a position of balance where the financial needs of local authorities are met by their resources and they are able to provide an appropriate level of service to their customers. It is understood that not all local authorities have the same ability to raise additional revenue locally and appropriate levels of financial support need to be made available to individual local authorities in order to sustain the continued ability of those authorities to meet their service delivery costs....*

*...This new funding model aims to lead to a virtuous cycle of local ownership and financial autonomy, improved outcomes and greater engagement between local electors and their local authorities...*

*...the Government has confirmed its intention to move to 80% retention of all Local Property Tax receipts within the local authority area where the Tax is raised from 2015. 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 no local authority is worse off from local retention of LPT in 2015 compared to General Purpose Grant allocations in 2014. This 20% 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 the expected 2015 LPT receipts are compared to GPG allocations 2014, Dublin City Council will not be in receipt of equalisation funding in 2015.'*

### **4.4 Local Property Tax Receipts – Dublin City**

In 2013, an LPT liability was due in respect of a half year from 1<sup>st</sup> July 2013. LPT receipts in respect of liable properties in Dublin City amounted to €39.7m. Circular Fin 14/2014 states that the Revenue Commissioners project LPT income for the State of €500m in 2015. It further specifies €82.7m as the full LPT yield for 2014 in respect of liable properties in Dublin City with net declared liabilities of €478m declared in the State. Circular Fin 09/2014 issued in June 2014 identified LPT deferrals to the value of €1.5m and exemptions to the value of €2.7m. An additional €22m i.e. the difference between the net declared liabilities of €478m and the projected income yield 2015 of €500m, has been allocated based on the percentage share of each local authority of the 2014 net declared liability (i.e. €478m).

Circular Fin 14/2014 stated the Government's position to move to 80% retention of all LPT receipts within the local authority area where the tax is raised from 2015, while 20% will be re-distributed to local authorities on an equalised based (see 2.4 Redistribution). Funds will not be re-distributed to Dublin City Council in this process. In the context of an LPT yield of €82.7m in respect of households in Dublin City, €63.5m (net of deduction by DoEC&LG of 2014 GPG allocation €2.7m) will be issued to Dublin City Council by the Department of the Environment during 2015 under arrangements yet to be confirmed. The remaining 20% amounting to €16.58m will be retained by the Department of the Environment for redistribution.

#### **4.5 Impact of Variation of LPT receipts directed locally and retained centrally**

In consideration of whether or not to apply a variation to the basic LPT rate, the attention of the elected members is drawn to the arrangements specified by the Minister for the Environment Community and Local Government around the value of LPT raised locally to be held centrally for redistribution in the event of a variation by a local authority of the basic rate. As stated, using the existing basic rate and property valuations, households in Dublin City Council are projected to make LPT payments to the value of €82.7m, €63.5m (net of deduction of 2014 GPG allocation €2.7m) will be directed to Dublin City Council while €16.5m will be held centrally to redistribute for equalisation purposes to local authorities.

In the event of an increase to the basic rate by a local adjustment factor (for example 15%), then households in Dublin City Council would be projected to make LPT payments of €95.1m, €75.9m (net of 2014 GPG deduction) would be directed to Dublin City Council while €16.5m would be retained centrally for redistribution. In the event of a decrease to the basic rate by a local adjustment factor (for example 15%) then households in Dublin City Council would be projected to make LPT payments of €70.3m, €51.1m (net of GPG deduction) would be directed to Dublin City Council while €16.5m would be retained centrally for redistribution. The redirected value to Dublin City Council is in the range of €51.1m to €75.9m (dependant on the outcome of the variation process).

**Table 4: Impact of variation of basic rate on LPT receipts to be retained locally**

<b>LPT Rate</b>	<b>Basic</b>	<b>15% Reduction</b>	<b>15% Increase</b>
LPT Yield Dublin City	€82.7m	€70.3m	€95.1m
Held Centrally	€16.5m	€16.5m	€16.5m
Redirected to DCC gross	€66.1m	€53.8m	€78.6m
GPG 2014	€ 2.7m	€ 2.7m	€ 2.7m
Redirected to DCC net	€63.4m	€51.1m	€75.9m

Based on Circular Fin 14/2014, the value of LPT receipts for equalisation purposes remains a constant at 20% of the basic rate. The decision of the elected members in relation to the variation of the LPT is the only issue that may change the “provisional” allocation indicated in Circular Fin 14/2014.

#### **4.6 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. In 2013, the tax payable was 50% of the basic rate.

The passing of a resolution for the application of a local adjustment factor to the basic rate local property tax is a reserved function. Elected members must consider:

- Whether or not to apply a local adjustment factor to the basic rate local property tax
- 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, and so if an adjustment factor is applied, no further adjustment in that direction can be applied in future years

#### **4.7 LPT and Irish Water**

As circular Fin 14/2014 is silent in relation to the funding of Irish Water, confirmation was sought from the DoEC&LG as to the funding arrangements for Irish Water as related to the LPT yield and local authority specific allocations. These IW funding arrangements have been confirmed as being considered separately (to the LPT allocations) as part of the 2015 Estimates Process.

#### **4.8 Public Consultation Process**

The Local Property Tax (Local Adjustment Factor) Regulations 2014 require that a local authority consult with the public in its administrative area in relation to its consideration of the setting of a local adjustment factor. The Local Authority is further required to have regard, in its consideration of a report summarising the written submissions received from the public consultation process. In addition, the regulations provide that the Chief Executive provide a report to elected members giving details of how the public consultation process was conducted and its outcome. Report no 274/2014 provides details of the public consultation.

### **5.0 Recommendation of Chief Executive**

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

I have considered the many factors having influence on the variation of the basic rate of LPT and draw the attention of the Elected Members to:

- The contraction in the resource base in recent years
- The levels of efficiencies achieved within Dublin City Council to date and to be achieved in 2015
- The draft budget strategy (report 275/2014) which provides that the Annual Rate on Valuation (ARV) or multiplier for commercial rates decreases in 2015 by 1%
- The draft budget strategy (report 275/2014) that the arrangements for vacancy refunds will remain unchanged
- The uncertainty around the impact of changes in funding to Dublin City Council from arrangements set out in Circular Fin 14/2014
- The construction of the LPT around property value which mitigates against urban householders in the context of rising property values in Dublin City likely to lead to a spiked increase in LPT liability in future years
- The maximum movement from the basic rate provided for by legislation being 15% upwards or downwards
- the uncertainty around the funding by the Department of the Environment of incurred costs of provision of homeless related services in 2014 and provide funding to the value that would meet incurred costs of service provision in 2015 in the event of current activities continuing,

I propose that the Elected Members give consideration to a variation of the basic LPT Rate by a local adjustment factor of a decrease of 5% each year over the three year period 2015, 2016 and 2017.

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

**Appendix 1: LGF Accounts 2002 – 2014**

	2002	2009	2010	2011	2012	2013	2014
<b>Income</b>							
	€	€	€				
Motor Tax	539,464,297	1,056,324,243	1,021,366,254	1,011,629,770	1,052,863,980	1,116,300,000	1,160,000,000
Exchequer funding	419,571,000	443,000,000	241,403,000	175,000,000	-	-	-
Bank interest	1,609,071	1,398,401	1,077,139	2,368,653	602,193	150,000	150,000
Other income	-	-	-	429,377	-		
Household Charge	-	-	-	-	113,914,055	23,400,000	
Local Property Tax							550,000,000
<b>TOTAL</b>	<b>960,644,368</b>	<b>1,500,722,644</b>	<b>1,263,846,393</b>	<b>1,189,427,800</b>	<b>1,167,380,228</b>	<b>1,139,850,000</b>	<b>1,710,150,000</b>
<b>Expenditure</b>							
	€	€	€	€	€	€	€
General purpose payments to Local Authorities	591,688,064	832,668,626	762,784,350	699,761,891	637,106,314	640,903,000	275,000,000
Irish Water							490,000,000
Non-national roads	394,029,000	548,190,000	411,409,000	410,991,756			
Dept of Transport Payments					418,539,179	407,987,000	363,943,000
Payments to the exchequer					46,500,000	100,000,000	600,000,000
Other schemes	64,801,712	80,052,639	68,977,198	37,559,250	46,000,074	64,924,000	50,000,000
<b>TOTAL</b>	<b>1,050,518,776</b>	<b>1,460,911,265</b>	<b>1,243,170,548</b>	<b>1,148,312,897</b>	<b>1,148,145,567</b>	<b>1,213,814,000</b>	<b>1,778,943,000</b>
Surplus/ (Defecit) for the year	-89,874,408	39,811,379	20,675,845	452,858,562	491,225,713	-73,964,000	-68,793,000
Accumulated Surplus @ 1st January	132,267,748	22,015,985	61,827,364	82,503,209	123,618,112	142,853,000	68,889,000
<b>Surplus @ 31st December</b>	<b>42,393,340</b>	<b>61,827,364</b>	<b>82,503,209</b>	123,618,112	142,853,000	68,889,000	96,000





### Appendix 3

Schedule of impact of Variations in LPT in Dublin City on payments to the Local Government Fund									
			If 80:20 retention basis is confirmed then					If 80:20 retention basis is confirmed then	
Likely LPT 2014 Yield	Increase by:	Increased LPT Payments	80% impact DCC	20% impact Central Fund	Likely LPT 2014 Yield	Decrease by:	Decreased LPT Payments	80% impact DCC	20% impact Central Fund
€ 82,659,298	1%	€ 826,593	€ 661,274	€ 165,319	€ 82,659,298	-1%	-€ 826,593	-€ 661,274.4	-€ 165,318.6
€ 82,659,298	2%	€ 1,653,186	€ 1,322,549	€ 330,637	€ 82,659,298	-2%	-€ 1,653,186	-€ 1,322,548.8	-€ 330,637.2
€ 82,659,298	3%	€ 2,479,779	€ 1,983,823	€ 495,956	€ 82,659,298	-3%	-€ 2,479,779	-€ 1,983,823.2	-€ 495,955.8
€ 82,659,298	4%	€ 3,306,372	€ 2,645,098	€ 661,274	€ 82,659,298	-4%	-€ 3,306,372	-€ 2,645,097.5	-€ 661,274.4
€ 82,659,298	5%	€ 4,132,965	€ 3,306,372	€ 826,593	€ 82,659,298	-5%	-€ 4,132,965	-€ 3,306,371.9	-€ 826,593.0
€ 82,659,298	6%	€ 4,959,558	€ 3,967,646	€ 991,912	€ 82,659,298	-6%	-€ 4,959,558	-€ 3,967,646.3	-€ 991,911.6
€ 82,659,298	7%	€ 5,786,151	€ 4,628,921	€ 1,157,230	€ 82,659,298	-7%	-€ 5,786,151	-€ 4,628,920.7	-€ 1,157,230.2
€ 82,659,298	8%	€ 6,612,744	€ 5,290,195	€ 1,322,549	€ 82,659,298	-8%	-€ 6,612,744	-€ 5,290,195.1	-€ 1,322,548.8
€ 82,659,298	9%	€ 7,439,337	€ 5,951,469	€ 1,487,867	€ 82,659,298	-9%	-€ 7,439,337	-€ 5,951,469.5	-€ 1,487,867.4
€ 82,659,298	10%	€ 8,265,930	€ 6,612,744	€ 1,653,186	€ 82,659,298	-10%	-€ 8,265,930	-€ 6,612,743.8	-€ 1,653,186.0
€ 82,659,298	11%	€ 9,092,523	€ 7,274,018	€ 1,818,505	€ 82,659,298	-11%	-€ 9,092,523	-€ 7,274,018.2	-€ 1,818,504.6
€ 82,659,298	12%	€ 9,919,116	€ 7,935,293	€ 1,983,823	€ 82,659,298	-12%	-€ 9,919,116	-€ 7,935,292.6	-€ 1,983,823.2
€ 82,659,298	13%	€ 10,745,709	€ 8,596,567	€ 2,149,142	€ 82,659,298	-13%	-€ 10,745,709	-€ 8,596,567.0	-€ 2,149,141.7
€ 82,659,298	14%	€ 11,572,302	€ 9,257,841	€ 2,314,460	€ 82,659,298	-14%	-€ 11,572,302	-€ 9,257,841.4	-€ 2,314,460.3
€ 82,659,298	15%	€ 12,398,895	€ 9,919,116	€ 2,479,779	€ 82,659,298	-15%	-€ 12,398,895	-€ 9,919,115.8	-€ 2,479,778.9



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**Budget 2015 Public Consultation Process**  
***For consideration at a special meeting of Dublin City Council scheduled for 22<sup>nd</sup> September 2014***

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## **1. Executive Summary**

The public consultation process can be summarised as follows:

- The total number of completed surveys was 899
- The largest single group of respondents were Dublin City Council residents
- 80% (or 711 respondents) indicated that they were aware that Councillors had the power to vary the basic rate of the LPT
- 29.4% (or 204 respondents) became aware of the consultation by our advertisement, followed by 25.6% (or 178 respondents) who became aware by public debate
- 86% (or 759 respondents) wished for the LPT to be varied
- 95% (or 747 respondents) did not wish to increase the basic rate of the LPT
- Of those who did wish to increase the basic rate of the LPT, 42.9% (or 24 respondents) requested an increase of 11% - 15%, followed by 41.1% (or 23 respondents) who requested an increase of 0% - 5% with the balance of 16.1% (or 9 respondents) requesting an increase of between 6% - 10%
- 97.1% (or 731 respondents) wished for the basic rate of the LPT to be reduced
- Of those respondents who requested a decrease in the basic rate of the Local Property Tax, 85.2% (or 618 respondents) called for a reduction of 11% - 15%, followed by 9.6% (or 70 respondents) called for a reduction of 6% - 10%, with the balance of 5.2% (or 38 respondents) calling for a reduction of under 5%
- Of those respondents who made comments / observations, 20% (or 129 respondents) referenced the burden of tax experienced as significant making it difficult to pay the LPT

- Of those respondents who made comments / observations, 18% (or 116 respondents) referenced the fundamental inequality of the construction of the LPT against urban householders
- Of those respondents who made comments / observations, 14% (or 94 respondents) referenced the failure of the LPT framework to acknowledge ability to pay
- Of those respondents who made comments / observations, 8% (or 50 respondents) referenced that all monies collected from Dublin householders should provide services for Dublin only and not be held by Government to fund services in other counties
- Of those respondents who made comments / observations 5% (or 36 respondents) referenced that the LPT should be abolished in its entirety.
- Of those respondents who made comments / observations 3% (or 27 respondents) referenced that the full reduction of 15% should be applied.

## 2. Background

The Local Property Tax (Local Adjustment Factor) Regulations 2014 requires that Dublin City Council consult with the public in its administrative area in relation to its consideration of the setting of a local adjustment factor. Dublin City Council is further required to have regard, in its consideration of a report summarising the written submissions received from the public consultation process.

## 3. Public Notice

Dublin City Council placed an advertisement in the Irish Times on Tuesday 15<sup>th</sup> July and Dublin City Gazette newspaper on Thursday 17<sup>th</sup> July giving notice of the consideration of setting a local adjustment factor and seeking completion of an online survey on this issue. The notice was in compliance with the prescribed format as indicated in the regulations. The consultation period extended for thirty days from Tuesday 15<sup>th</sup> July 2014 to Wednesday 13<sup>th</sup> August 2014 at 4.30pm.

The consultation was also notified to the public via:

- [www.dublincity.ie](http://www.dublincity.ie)
- Social media (Facebook & Twitter)

Hard copies of the survey were made available at:

- Public libraries
- Area Offices
- Customer Services Centre

The survey was available for completion in English & Irish.

## 4. Management of Consultation Process

Dublin City Council utilises a cloud-based software for managing, publicising and archiving its consultation activity for the LPT Public Consultation. The software (Citizen Space) hosted a web application which has been designed with a view to allowing organisations to run their consultation processes more efficiently and effectively.

The consultation process was managed using:

- Password-protected administration area allowing staff of the City Council to add, edit and report on consultations;
- A front-end website allowing the public to search for, share and participate in consultations that are being run by Dublin City Council;
- An online survey system for securely collecting consultation responses from users.

The use of this tool supported the protection by Dublin City Council of the integrity of responses.

## 5. Response to Consultation Process

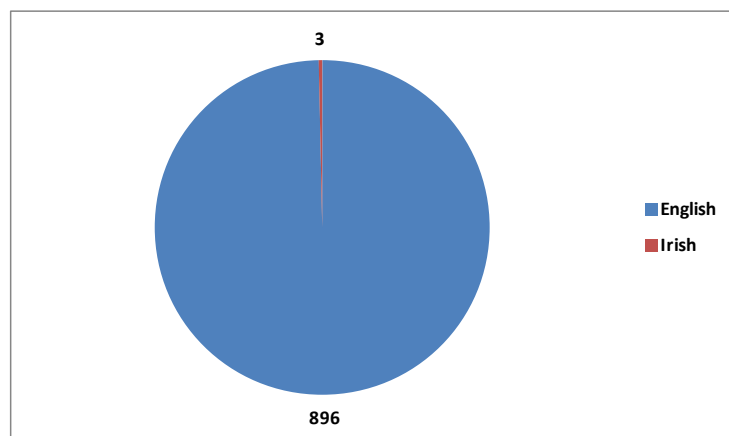
During the consultation process, 899 surveys were completed and 2 written submissions were received (See Schedule 1 of list of submissions made). This number represented 6 groups in the following categories;

- a) Dublin City Council Residents
- b) Non-Dublin City Council Residents (using Dublin City Council services)
- c) Business
- d) Charitable Organisation
- e) Sectoral Interest and
- f) Other (requested to specify).

A total of 759 submissions supported that a local adjustment factor be applied to the LPT liability, while a total of 124 submissions supported that a local adjustment factor should not be applied to the LPT liability, while 16 respondents did not indicate a preference.

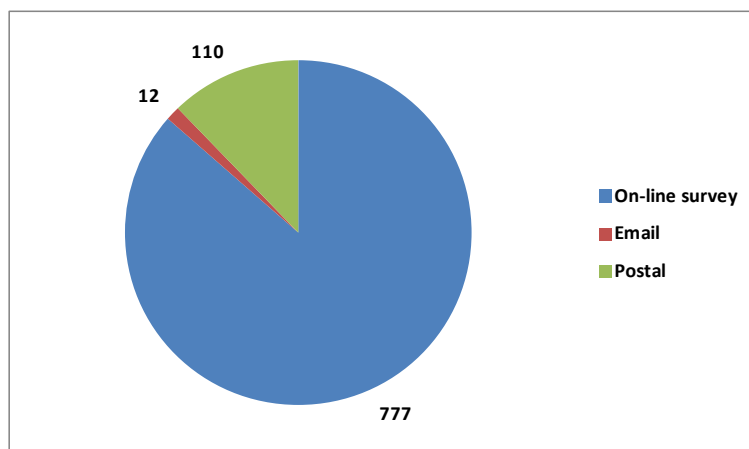
## 6. Analysis of Survey results

### 6.1 Total number of respondents



The total number of completed surveys was 899. Of this 896 (or 99.7%) were in English with the balance of 3 (or 0.3%) in Irish.

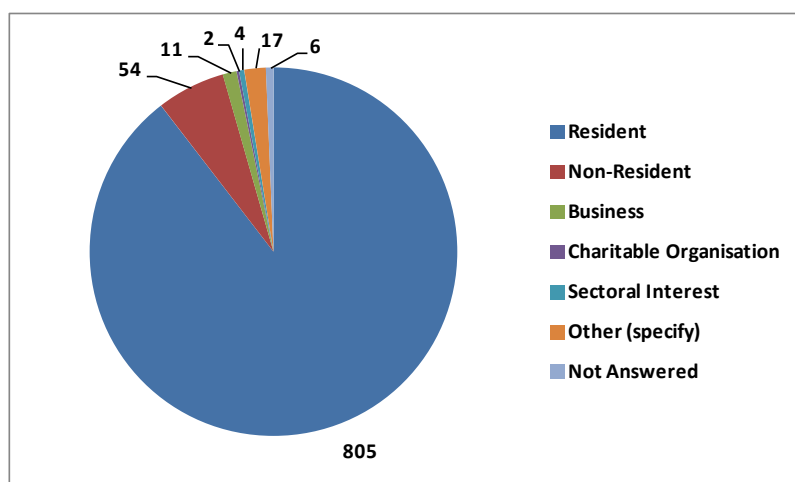
## 6.2 Analysis of submissions received



Completed surveys were submitted as follows:

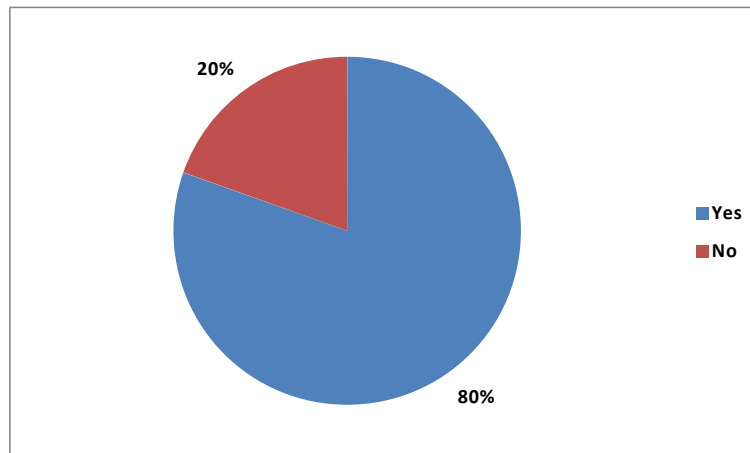
- On-line at [www.dublincity.ie](http://www.dublincity.ie), a total of 777 (86.4%)
- By post to the Finance Dept., a total of 110 (12.3%)
- By email to [LPTconsultation@dublincity.ie](mailto:LPTconsultation@dublincity.ie), a total of 12 (1.3%)

## 6.3 Question 1 – Analysis of Respondents



The largest single group of respondents were Dublin City Council residents who comprised 805 (or 89.5%) of the total, followed by Non Dublin City Council residents at 54 (or 6%). A total of 6 (or 0.7%) respondents chose not to answer this question.

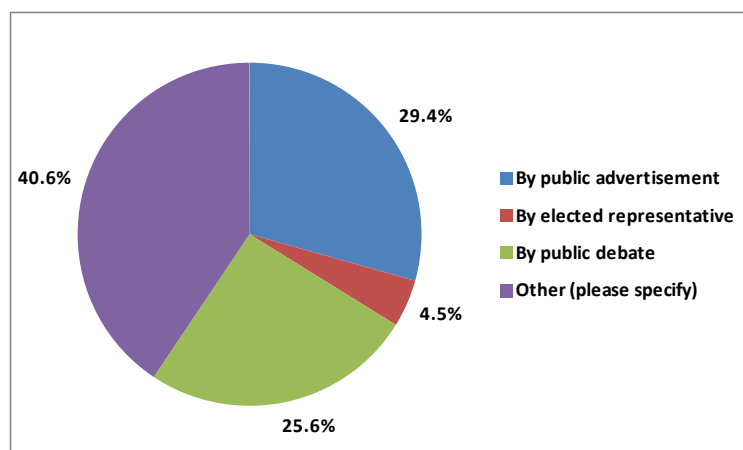
**6.4 Question 2 – Are you aware that City Councillors can vary the basic rate of the Local Property Tax for Dublin City Council’s revenue budget for 2015 by +/- 15%**



A total of 884 respondents answered this question. 80% (or 711 respondents) indicated that they were aware that Councillors had the power to vary the basic rate of the LPT, 20% (or 173 respondents) were not aware that Councillors had the power to vary the basic rate.

The above analysis excludes the 15 respondents who did not answer this question.

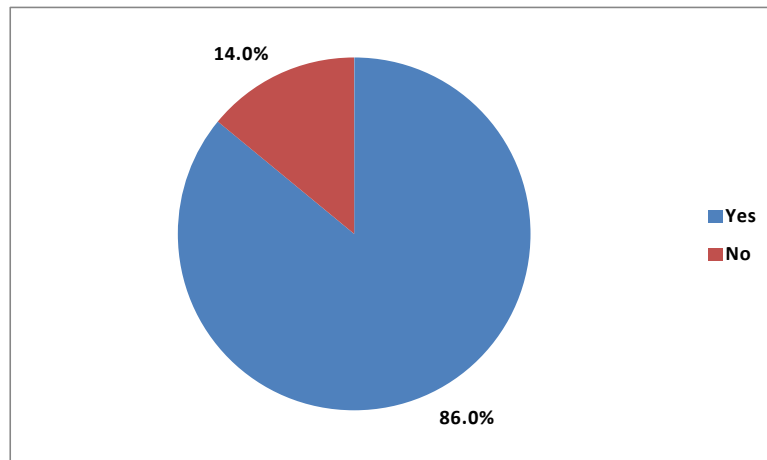
**6.5 Question 3 – How did you become aware of this?**



A total of 695 respondents answered this question. 29.4% (or 204 respondents) became aware of the consultation by our advertisement, followed by 25.6% (or 178 respondents) who became aware by public debate, 4.5% (or 31 respondents) became aware of the consultation by our elected representatives. 40.6% (or 282 respondents) indicated that they became aware of the consultation by other avenues; it included items such as media comment, on-line discussion and radio.

The above analysis excludes the 204 respondents who did not answer the question.

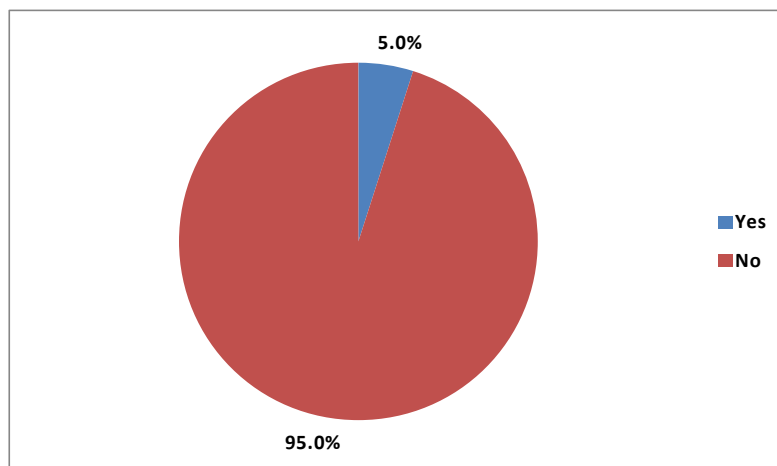
**6.6 Question 4 – Do you wish your elected representative to vary the basic rate of the Local Property Tax?**



A total of 883 respondents answered this question. Of these, 86% (or 759 respondents) wished for the LPT to be varied, 14% (or 124 respondents) did not ask to vary the LPT.

The above analysis excludes the 16 respondents who did not answer the question.

**6.7 Question 5 – Do you wish your representative to increase the basic rate of the Local Property tax?**

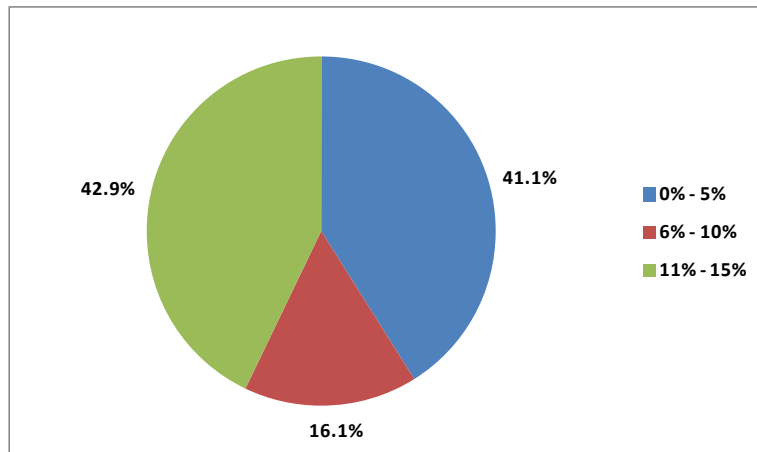


A total of 786 respondents answered this question. Of those who answered, 95% (or 747 respondents) did not wish to increase the basic rate of the LPT. 5% (or 39 respondents) wished to increase the basic rate.

The above analysis excludes the 113 respondents who did not answer this question.



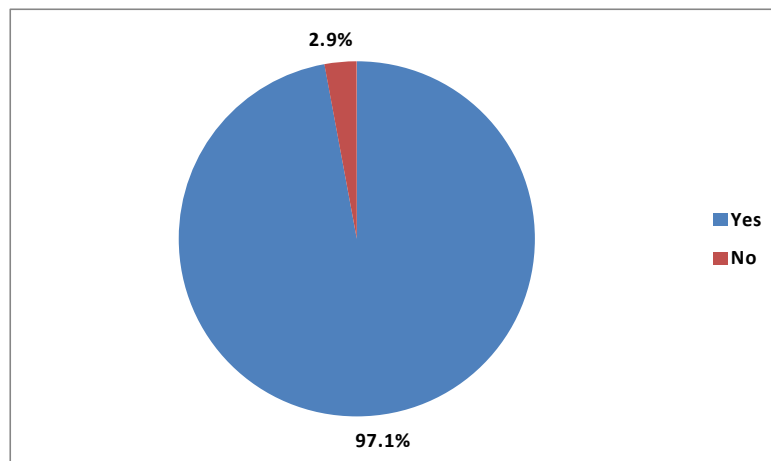
**6.8 Question 6 – If yes by what range?**



In question 5, a total of 39 respondents indicated they wished to increase the basic rate of LPT however 56 people answered this question. 42.9% (or 24 respondents) requested an increase of 11% - 15%, followed by 41.1% (or 23 respondents) who requested an increase of 0% - 5% with the balance of 16.1% (or 9 respondents) requesting an increase of between 6% - 10%.

The above analysis is based on the 56 responses.

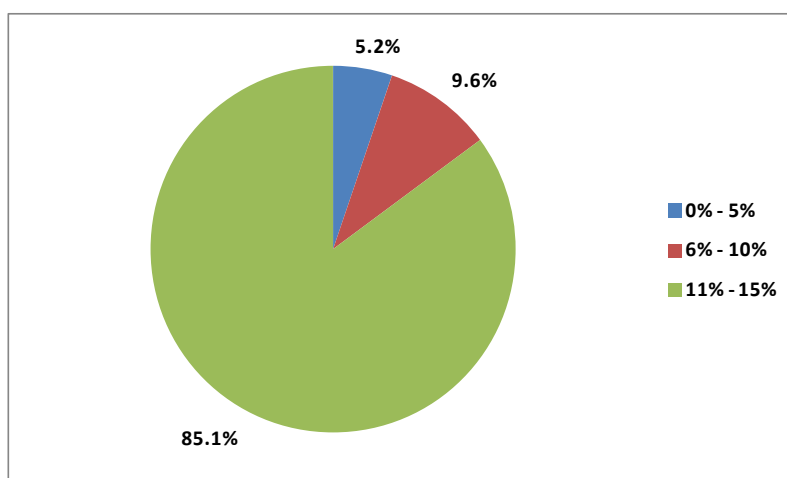
**6.9 Question 7 – Do you wish your representative to decrease the basic rate of the Local Property tax?**



A total of 753 respondents answered this question. Of those that answered, 97.1% (or 731 respondents) wished for the basic rate of the LPT to be reduced. 2.9% (or 22 respondents) did not wish for the basic rate of the LPT to be reduced.

The above analysis excludes the 146 respondents who did not answer this question.

## 6.10 Question 8 – If yes by what range?



In question 7, a total of 731 respondents wished to decrease the basic rate of LPT, however only 726 people answered question 8.

Of those respondents who requested a decrease in the basic rate of the Local Property Tax, 85.2% (or 618 respondents) called for a reduction of 11% - 15%, followed by 9.6% (or 70 respondents) called for a reduction of 6% - 10%, with the balance of 5.2% (or 38 respondents) calling for a reduction of under 5%.

The above analysis is based on the 726 responses.

**Note:** The above analysis on questions 2 through 8, excludes those respondents who did not answer the question.

## 6.11 Question 9 – Additional Comments/Observations made

Respondents were given an opportunity to make additional comments / observations. Not all respondents took this opportunity. Many respondents made several comments / observations.

### **Existing Tax Burden**

Of those respondents who made comments / observations, 20% (or 129 respondents) referenced the burden of tax experienced as significant making it difficult to pay the LPT. Other taxes specifically referenced were PAYE, USC, Stamp Duty and forthcoming water charges.

### **Inequality of LPT towards urban households**

Of those respondents who made comments / observations, 18% (or 116 respondents) referenced the fundamental inequality of the construction of the LPT against urban householders. Reference was made to the rise in property prices in urban areas being a causal factor for potential annual increases in LPT liability into the long term. Also the view was expressed that given the benefits of economies of scale achieved in the provision of services for larger populations, the LPT for urban areas per head of population should be lower, hence the inequality of the LPT as currently constructed. An LPT framework based on the floor area of the dwelling was suggested.

### ***Failure of LPT to reflect ability to pay***

Of those respondents who made comments / observations, 14% (or 94 respondents) referenced the failure of the LPT framework to acknowledge ability to pay. In some instances this comment was linked to the view that the LPT is constructed to mitigate against urban householders. The lack of reference in the LPT framework to ability to pay / income was expressed as it was noted that rising property values cannot be correlated to rising income levels.

### ***LPT payments from Dublin households to fund services in Dublin only***

Of those respondents who made comments / observations, 8% (or 50 respondents) referenced that all monies collected from Dublin householders should provide services for Dublin only and not be held by Government to fund services in other counties. The demand for services by residents of Dublin was expressed as having first priority to be met from LPT payments made by Dublin householders.

### ***Abolish the LPT***

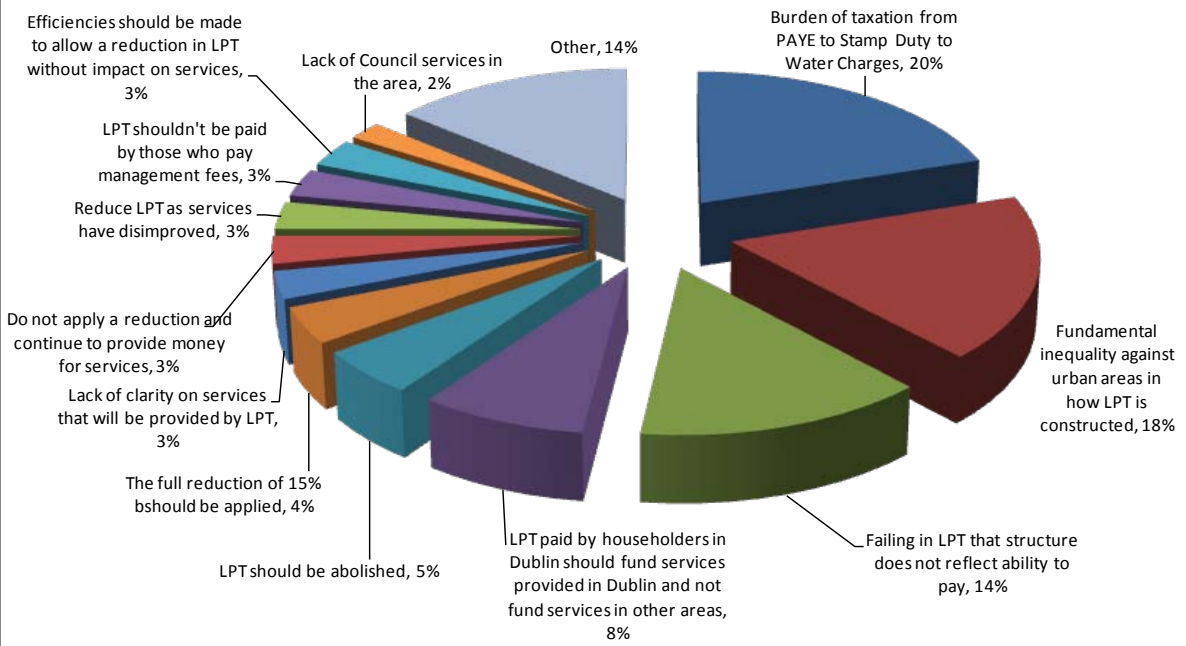
Of those respondents who made comments / observations 5% (or 36 respondents) referenced that the LPT should be abolished in its entirety. In many instances this comment was linked to another observation such as that the structure of the LPT specifically mitigates against urban householders or that the burden of taxation is too high etc followed by an observation that the LPT should be abolished.

### ***Apply the full 15% reduction to the LPT***

Of those respondents who made comments / observations 3% (or 27 respondents) referenced that the full reduction of 15% should be applied. As mentioned in relation to the comment observation that the LPT should be abolished, in many instances this comment was linked to another observation such as that ability to pay the LPT was not incorporated into the tax structure or that property values are rising which will lead in the future to proportionally higher LPT values in urban areas etc. followed by an observation that the LPT should be varied by the full reduction of 15%.

<b>Comment</b>	<b>%</b>
Burden of taxation from PAYE to Stamp Duty to Water Charges	<b>20%</b>
Fundamental inequality against urban areas in how LPT is constructed	<b>18%</b>
Failing in LPT that structure does not reflect ability to pay	<b>14%</b>
LPT paid by householders in Dublin should fund services provided in Dublin and not fund services in other areas	<b>8%</b>
LPT should be abolished	<b>5%</b>
The full reduction of 15% should be applied	<b>4%</b>
Lack of clarity on services that will be provided by LPT	<b>3%</b>
Do not apply a reduction and continue to provide money for services	<b>3%</b>
Reduce LPT as services have disimproved	<b>3%</b>
LPT shouldn't be paid by those who pay management fees	<b>3%</b>
Efficiencies should be made to allow a reduction in LPT without impact on services	<b>3%</b>
Lack of Council services in the area	<b>2%</b>
Other	<b>14%</b>

## Comments



## **7.0 Summary**

In summary:

- The total number of completed surveys was 899
- The largest single group of respondents were Dublin City Council residents
- 80% (or 711 respondents) indicated that they were aware that Councillors had the power to vary the basic rate of the LPT
- 29.4% (or 204 respondents) became aware of the consultation by our advertisement, followed by 25.6% (or 178 respondents) who became aware by public debate
- 86% (or 759 respondents) wished for the LPT to be varied
- 95% (or 747 respondents) did not wish to increase the basic rate of the LPT
- Of those who did wish to increase the basic rate of the LPT, 42.9% (or 24 respondents) requested an increase of 11% - 15%, followed by 41.1% (or 23 respondents) who requested an increase of 0% - 5% with the balance of 16.1% (or 9 respondents) requesting an increase of between 6% - 10%
- 97.1% (or 731 respondents) wished for the basic rate of the LPT to be reduced
- Of those respondents who requested a decrease in the basic rate of the Local Property Tax, 85.2% (or 618 respondents) called for a reduction of 11% - 15%, followed by 9.6% (or 70 respondents) called for a reduction of 6% - 10%, with the balance of 5.2% (or 38 respondents) calling for a reduction of under 5%
- Of those respondents who made comments / observations, 20% (or 129 respondents) referenced the burden of tax experienced as significant making it difficult to pay the LPT
- Of those respondents who made comments / observations, 18% (or 116 respondents) referenced the fundamental inequality of the construction of the LPT against urban householders
- Of those respondents who made comments / observations, 14% (or 94 respondents) referenced the failure of the LPT framework to acknowledge ability to pay
- Of those respondents who made comments / observations, 8% (or 50 respondents) referenced that all monies collected from Dublin householders should provide services for Dublin only and not be held by Government to fund services in other counties
- Of those respondents who made comments / observations 5% (or 36 respondents) referenced that the LPT should be abolished in its entirety.
- Of those respondents who made comments / observations 3% (or 27 respondents) referenced that the full reduction of 15% should be applied.

**Kathy Quinn**  
**Head of Finance**





Comhairle Cathrach  
Bhaile Átha Cliath  
Dublin City Council

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**Draft Budget Strategy for Financial Year 2015:**  
***For consideration at a special meeting of Dublin City Council scheduled for 22<sup>nd</sup>***  
***September 2014***

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## **1. Executive Summary**

The draft budget strategy to be submitted to the Minister for the Environment, Community & Local Government by 30<sup>th</sup> September 2014 is based on:

- The absence of clarity on the provision of funding of incurred costs of homeless service provision in 2014 and 2015
- A call for transition arrangements to be put in place to return to the original funding principles for homeless services of 90% DoEC&LG funding within three years.
- That further efficiencies will be made in Dublin City Council in 2015
- The achievement of implementing €20m reductions (either through reduced expenditure or increased income).
- The incorporation of an enduring loss of €4.5m funds for service provision for 2015 arising from the appeals on revaluation
- The existing 50% vacancy refunds being retained
- The one percent reduction to be applied to the ARV for commercial rates in the financial year 2015
- The absence of clarity on key issues that would give the elected members clear sight of the value of the resource base for Dublin City Council for the close of this financial year (2014) and for the forthcoming financial year (2015) as a wide variation presents in the potential impact of the new funding arrangements for Dublin City Council as set out in Circular 14/2014.

- The forecasted capital spend for 2015 as identified in Dublin City Council's 2014 to 2016 capital programme.
- Rising costs in the repair and servicing of gas boilers in 2014 and 2015
- Reduced income from housing rents in 2014 and 2015

As set out in Report 273/2014, my advice to the Elected Members that a local adjustment factor of -5% to be applied to the LPT Basic Rate in respect of LPT liability for the years 2015 to 2017, representing a reduction of €4.1m in LPT yield from householders in Dublin City each year.

## **2. Introduction**

### **2.1. Background**

This draft Budget Strategy is presented to the elected members of Dublin City Council for consideration at the special meeting of Dublin City Council scheduled for 22<sup>nd</sup> September 2014. Circular Fin 05/14 requires that local authorities report to the Dept of Environment by 30<sup>th</sup> September on a preliminary estimation of income and expenditure for the following year. The Local Government (Financial and Audit Procedures) Regulations 2014 (S.I. 226 of 2014) on this and other matters came into effect from 1<sup>st</sup> June 2014.

### **2.2. Purpose**

The purpose of this report is to provide elected members of Dublin City Council with a draft budgetary strategy for the financial year 2015 having regard to the format as prescribed by the Minister for the Environment, and to factors pertinent to the forthcoming financial year. This report reflects the expected service provision, expenditure commitment, and available resource base in 2015, based on available information.

### **2.3. Scope**

Information is presented in a format prescribed by the Minister (see Appendix 1). The report does not address in detail issues relating to the consideration to vary the Local Property Tax by a local adjustment factor (please see report:273/2014). Also this report does not contain a detailed budget. The draft Annual Budget for the financial year 2015 will be considered by the City Council elected members at the Statutory Budget meeting scheduled to be held on 10<sup>th</sup> November 2014.

### **2.4. Method**

Financial data provided is based on actual data to date (September 2014) along with reasonable estimates of likely outturns for the current financial year 2014. A comprehensive mid-year review of the financial performance was carried out in July 2014. Service provision is based on known factors and does not reflect any changes which may be introduced by Government over the relevant period of the strategy.



## **2.5. Relevant Factors to Budget Strategy**

The factors relevant are:

1. Movement in commercial rates 2015
2. Vacancy refunds – reserved function in respect of financial year 2015
3. The revaluation of Dublin City carried out by the Valuation Office – impact on the financial years 2014 and 2015
4. Variation of the Local Property Tax 2015
5. Level of grant funding for financial year 2015
6. Financial Management and cost pressures in the current year
7. Service demands 2015
8. Trends in income for the financial year 2015
9. Efficiencies made in 2014 and planned for 2015
10. Expenditure commitments 2015
11. Capital Expenditure and Income 2015
12. Financial Position

## **2.6. Objectives of Budget Strategy**

The objectives of Dublin City Council's Budget Strategy are:

- To indicate a financially sustainable approach to funding operational services and capital programmes for the financial year 2015
- To ensure that the resource base as identified is adequate to provide services to business and communities
- To ensure that service provision and expenditure commitments are priced giving best value for money to Dublin City Council and the people who live, work or visit Dublin City
- To ensure that the City's resource base is prudently managed and that the compliance is achieved with Circular Finance 03/09 which states that there can be no deficits in local authority budgets (operational or capital)
- To comply with EU requirements that the main parameters of national budgets are published by 15<sup>th</sup> October each year

## **3. Factors relevant to Budget Strategy**

### **3.1 Movements in Commercial Rates**

#### **3.1.1 Importance of Commercial Rates to Service Provision**

The funding of local government services occurs through a range of sources – specific government grants, commercial rates, income from services, the general purpose allocation (Local Government Fund allocation). Appendix 2 sets out the trends in recent years as to the value of inputs from these sources to the funding of services. All sources of funding are important however commercial rates are especially important. The buoyancy of trade in

Dublin City is crucial to the City's economic prospects. Trade must function with a cost base that reflects relevant inputs and no more. Dublin City Council services support trade and so it is appropriate that commercial entities makes a contribution for their trading environment. This contribution must be appropriate and not at a level which dampens trade and removes potential for growth.

Appendix 3 (attached) details commercial ratepayers in Dublin City Council by band. Almost 60% of commercial ratepayers have a rates charge in 2014 of under €10,000, while almost 40% of commercial rate payers have a rates charge in 2014 of under €3,000. By contrast, almost 50% of the total rates debit is paid by just over 25% of commercial rate payers or 346 accounts.

### 3.1.2 Movements in Annual Rate on Valuation (ARV)

The impact on rates income on a range of movements by percentages in the (ARV) is set out in Appendix 3. Also noted is a neutral position i.e. no change from 2014. All scenarios include an estimate for a 1.3% loss on appeals. Also detailed in Appendix 3 is the impact on rates income on a range of movements by one decimal place in the ARV. Table 1 below details the cumulative impact of reductions in the Annual Rate on Valuation (ARV) from 2009 to 2014. Commercial rates were last increased in Dublin City in 2009. Successive decreases since then have resulted in a cumulative value up to and including the financial year 2014 of a rate yield foregone by Dublin City Council, not levied on ratepayers of €66.1m. This demonstrates the awareness held by Dublin City Council of the need for a competitive cost base on the part of businesses.

**Table 1 – Cumulative impact of reductions in the ARV 2009 to 2014**

	2009	2010	2011	2012	2013	2014
CPI	-4.2%	-0.9%	2.2%	1.0%	0.7%	0.4%
ARV	63.91	62.63	62.25	61.19	60.88	0.257
% Increase/Decrease	3.3%	-2.0%	-0.6%	-1.7%	-0.50%	-0.40%
NEV	€ 5,318,887	€ 5,493,711	€ 5,503,572	€ 5,588,203	€ 5,595,750	1332049058
Actual Income	€ 339,930,068	€ 344,071,120	€ 342,597,357	€ 341,942,142	€ 340,691,923	€ 342,336,608
Potential income if no decrease		€ 351,103,070	€ 344,688,714	€ 347,865,637	€ 342,403,943	€ 343,735,992
Benefit to Business arising from decrease		€ 7,031,950	€ 2,091,357	€ 5,923,495	€ 1,712,020	€ 1,399,384
Cumulative Benefit each year			€ 9,123,307	€ 15,046,803	€ 16,758,822	€ 18,158,206
Total Cumulative Benefits						€ 66,119,088

### 3.1.3 ARV and other Dublin Authorities

This budget strategy is based on the recommendation of a one percent reduction in the ARV for commercial rates in the financial year 2015 i.e.

- The application of the multiplier .25186
- A reduction in yield of €3.38m.

## 3.2 Vacancy Refunds

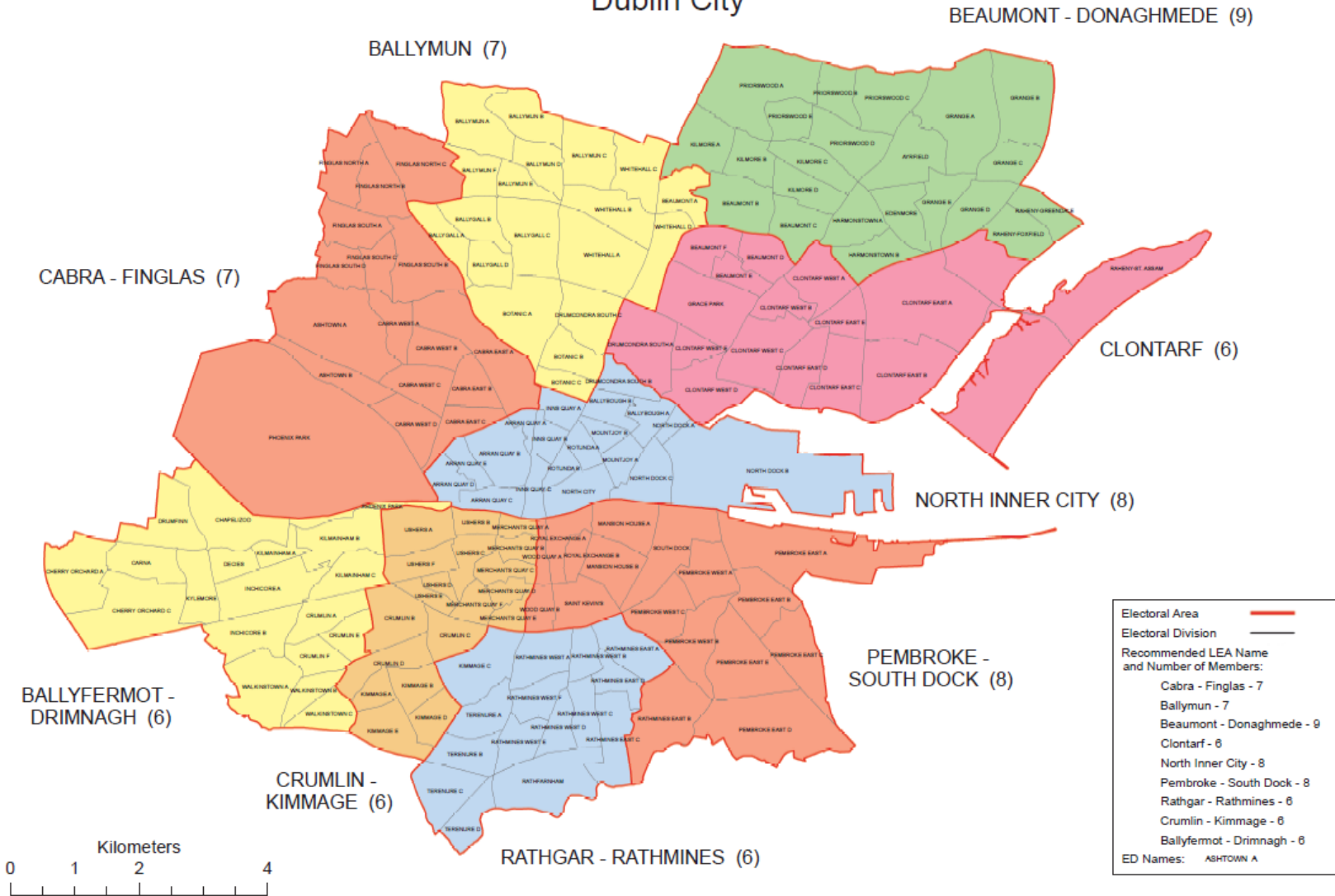
The Local Government Reform Act provides for elected members to determine, by resolution, the vacancy refund rate to apply to electoral districts within the local authority's jurisdiction. In Dublin City a vacancy refund rate of 50% has applied to date under the

Dublin 1930 Act i.e. where a rateable premises has been vacant, 50% of rates due has been paid, with 50% not paid. In other local authorities, a full 100% vacancy rate refund has applied. In other words where a rateable premises was vacant, no rates were due. In any financial year, the value of vacancy rates refunds in Dublin City amounts to a value between €12m and €15m. This arises from the total value of rates associated with vacant premises being between €24m and €30m, with €12m - €15m being the value paid as rates and also the value not due or refunded. Please see Table 2 below for details of vacancy refunds in Dublin City in 2006 and 2014.

2006			2013			2006 - 2013 Difference	
AREA	No of Accounts	Vacancy Credit	AREA	No of Accounts	Vacancy Credit	No of Accounts	Write off Total
Central Area	315	€1,068,205.20	Ballyfermot	152	€930,544.52		
North Cental Area	102	€476,886.57	Ballymun	182	€648,153.82		
North West Area	116	€425,694.65	Beaumont	139	€762,177.20		
South Central Area	232	€986,593.42	Cabra	96	€583,940.49		
South East Area	389	€1,353,397.23	Clontarf	92	€145,686.22		
MISC	151	€827,480.48	Crumlin	196	€685,825.29		
			North Inner City	629	€3,611,977.50		
			Pembroke	935	€6,308,638.32		
			Rathgar	136	€385,893.36		
<b>TOTAL</b>	<b>1305</b>	<b>€5,138,257.55</b>		<b>2557</b>	<b>€14,062,836.72</b>	<b>1252</b>	<b>€8,924,579.17</b>

Note\* misc were vacant fit for occupation in 2006 but now struck out

# Local Electoral Area Boundary Committee Report 2013 Dublin City



The legislation provides that the elected members may determine the application of vacancy refunds for one or more electoral areas, and may determine the proportion of refund that will apply to the specified areas for the whole of the financial year in question.

This strategy is based on the recommendation that the existing 50% vacancy refunds be retained on the basis that:

- A 50% charge is reasonable and should not be reduced further i.e. the refund rate should not be increased
- As approximately two thirds of all vacant rateable commercial properties in 2013 are within the Central and South East areas, it is likely that these vacancy refunds applied for these areas in 2014 will be reduced year on year owing to improving economic conditions
- Increasing charges to business at a time of fragile economic growth might displace that growth to other local authority areas

### **3.3 Revaluation of commercial properties in Dublin City by the Valuation Office**

The Valuation Office carried out a review of commercial property valuations in Dublin City and determined restated valuations in the context of trading conditions in April 2011. The revaluation outcome was that 56% of ratepayers have reduced liabilities, 41% have increased rates liabilities, with 3% having no change. The revaluation process is neutral in yield to the local authority i.e. Dublin City Council does not benefit from an increased yield from commercial rates as a revaluation outcome.

The existing revaluation legislative framework provides for an appeal process after the valuation office has determined the restated valuations for commercial properties. This construction (i.e. appeal after final determination) results in a loss of funds for local authorities from reductions in rates liability granted on appeal. In previous circumstances, local authorities have lost between 3% and 5% of total rates yield through this process. Dublin City Council requested legislative amendments so that the yield to local authorities, including the outcome from appeals, remains neutral. However, the legislation remains unchanged.

Dublin City Council notes that the outcome of the appeals to revaluation advised by the Valuation Office amounts to €4.5m. This outcome follows the review of the Valuation Office of 2553 appeals involving a rates yield of €77.7m. The appeals upheld by the Valuation Office represent 1.3% of total rates yield. This is a permanent loss of funds supporting important services to communities and businesses alike. This loss is not in keeping with the spirit of the revaluation rating. A further loss of funds to Dublin City is possible as a result of a second stage appeal which may be made to the Valuation Tribunal. These appeals must be made within 28 days of the issue of the last valuation certificate by the Valuation Office. Information on appeals made to the valuation tribunal will be available towards the end of September.

This budget strategy is based on the incorporation of an enduring loss of €4.5m funds for service provision for 2015 arising from the appeals on revaluation.

### **3.4 Variation of the Local Property Tax 2015**

Report 273/2014 relates to the consideration of the Local Property Tax Local Adjustment Factor in respect of the financial year 2015. In summary, that report identifies that:

- Considerable uncertainty relating to grant funding from the DoEC&LG, and that
- The construction of the LPT is such that it is biased against urban householders where property values are generally higher than in rural areas. Urban tax payers pay within a framework that simultaneously invokes a higher tax liability and withdraws funds for local services for the provision of services in non-urban settings.

This strategy incorporates that:

- a local adjustment factor of -5% be applied to the LPT Basic Rate in respect of LPT liability for the years 2015 to 2017, representing a reduction of €4.1m in LPT yield from householders in Dublin City each year. (see report 273/20140)

### 3.5 Level of Grant Funding and Impact of Circular Fin 14/2014

Circular Fin 14/2014 indicates that the adjusted LPT allocation (i.e. 80% of the full value collected, less previous year allocation, less 20% of basic rate LPT income retained for discretionary purposes) should be applied to self fund Housing and Roads service. Clarification has been requested from the DoEC&LG in the form of a detailed listing of Housing and Roads related grant categories and values affected by this policy change (i.e. the move from grant funded to funded from LPT receipts), as being essential to the elected members to give full understanding of the financial position of Dublin City Council for 2015. Also the DoEC&LG has been requested to confirm that the withdrawal of grants is limited to the grants to be specified i.e. that further grants will not be withdrawn in the future. Dublin City Council has been advised that clarity on these matters will issue as part of the national Estimates process and also arising from the new Social Housing Strategy to be finalised shortly.

In that context, there is a wide variation in the potential impact of the new funding arrangements for Dublin City Council as set out in the Circular. It has not been possible to secure clarity on key issues that would give the elected members clear sight of the value of the resource base for Dublin City Council for the close of this financial year (2014) and for the forthcoming financial year (2015). The funding impacts from potential outcomes of these variables (i.e. best outcomes for Dublin City Council and worst outcomes for Dublin City Council) range from:

- **At worst:** A shortfall of €41m, under the scenario that the current total value of grants to Housing and Roads of €66.2m is met by €46.9m only (i.e. that the current level of homeless funding at €31.3m only is continued) and the costs of increased services in 2014 of €7.7m and in 2015 of €14m are unfunded by DoECLG, without Dublin City council using the discretionary funding of €16.5m.

€66.2m (value of current housing and roads grants) less

€46.9m (value of grants for housing and roads specified in Fin 14/2014) equals

€19.3m (shortfall in current grants over specified grants) plus

€7.7m (additional 2014 homeless services costs not grant funded) plus

€14.0m (additional 2015 homeless services costs at 2014 levels not grant funded) equals

- €41.0m (shortfall in funding)

- **At best:** Increased funding of €28.5m, under the scenario that the specified value of €46.9m does not include the funding of homeless services and that the funding of homeless services is fully funded by the DoEC&LG i.e. payment of 2014 allocation of €31.3m plus additional 2014 costs of €7.7m plus additional 2015

funding of €14m with Dublin City Council having €16.5m discretionary funding.

€46.9m (*value of grants for housing and roads specified in Fin 14/2014*) less  
€34.9m (*value of housing and roads grants excluding homeless*) equals  
€12.0m (*gross potential additional funding*) plus  
€16.5m (*discretionary funding*) equals  
+ €28.5m (*total potential additional funding*)

Dublin City Council has been advised by the DoEC&LG that clarity of funding arrangements relating to housing and road grants including homeless services, will emerge as part of the national estimates process, having a timeline of mid October 2014. Consequently there is insufficient information available for Elected Members to consider in the context of the funding base available to Dublin City Council in 2015 and due caution must be applied to reflect the lack of specific data.

### **3.6 Financial Pressures in the current year**

In 2014, an operational budget of €802.7m was adopted by the elected members and an Annual Rate on Valuation of 0.257 was struck. Financial management reporting in Dublin City Council ensures that significant budget variances are identified and appropriate actions are taken to minimise any adverse financial impact.

During 2014, cost and funding pressures continue to significantly shape service provision in the City. While trading conditions have improved, this improvement is not consistently experienced across all sectors or locations within the City. As a result constraints on the collection of commercial rates remain among some businesses particularly in relation to receiverships and liquidations. Unemployment has shown steady contractions in recent months, the underlying numbers of persons unemployed is high. This has an impact on debt collections relating to households such as housing rents and also impacts on the service demands placed on many of Dublin City Council's services. Over the course of 2014, many issues have arisen which have been dealt with by management. The key financial pressures having corporate impact are set out below.

#### **Homeless Services**

The increase in the numbers of persons presenting as Homeless in 2014 has been separately documented and discussed by the City Council members. This increasing trend in the numbers of homeless, along with a decision by the City Council as part of the 2014 budget that the proportion of funds provided by the Dept of the Environment for Homeless would reduce, results in a significant budgetary pressure.

The cost of meeting the increased demand for homeless services is *the* key corporate cost pressure in both 2014 and 2015. The increased costs incurred in 2014 are based on actual presentations for services. The additional incurred costs above the allocated DoEC&LG based funding of €31.3m amount to €7.7m, amounting to a 2014 funding requirement of €20m. Based on current presentation levels, service cost estimates for 2015 require further funding above the 2014 additional requirement, of €6.3m, i.e. the 2015 service provision will require increased funding of €14m above the base 2014 value amounting to a 2015 funding requirement from the DoEC&LG of €45.3m.

Separate correspondence has issued to the DoEC&LG detailing the increased costs incurred. Circular Fin 14/2014 and subsequent correspondence indicates that specific funding for homeless services will be clarified as part of the national estimates process in October 2015. This time line results in inadequate information being available to enable full

consideration as part of the budget strategy process. It is expected that the matter will be clarified by the DoEC&LG within the timeline for the Annual Budget process in November.

Table 3 below illustrates that spend on homeless services is estimated to rise to €50.8m based on current 2014 activity levels. Homeless services have been operated by local authorities under funding arrangements that the DoEC&LG had responsibility for 90% of incurred costs with the local authority having responsibility for 10% of incurred costs. Further with regard to local authorities in the Dublin Region, the original funding arrangements were that Dublin City Council meets 6.67% of incurred costs (i.e. two thirds of the 10% funding from local authorities) with the other three Dublin Local Authorities (Fingal, South Dublin and Dun Laoghaire Rathdown) contributing 1.11% each. These arrangements have not been applied which has led to a disproportionate burden of funding for homeless services been met by Dublin City Council.

**Table 3: Funding of Homeless Services based on current practices and absence of confirmation on funding of additional services**

Item	2014 Adopted	%	2014 Revised	%	2015 Estimated	%
<b>Expenditure</b>	<b>43,105,060</b>		<b>50,805,060</b>		<b>57,205,060</b>	
<b>Funding Analysis</b>						
Net cost to DCC	10,469,800	24.3%	18,169,800	35.8%	24,569,800	43.0%
DECLG	31,378,822	72.8%	31,378,822	61.8%	31,378,822	54.9%
DLA	445,379	1.0%	445,379	0.9%	445,379	0.8%
HSE	811,059	1.9%	811,059	1.6%	811,059	1.4%
	<b>43,105,060</b>		<b>50,805,060</b>		<b>57,205,060</b>	

**Table 4: Funding of Homeless Services based on original funding principles**

Item	2014 Adopted	%	2014 Revised	%	2015 Estimated	%
<b>Expenditure</b>	<b>43,105,060</b>		<b>50,805,060</b>		<b>57,205,060</b>	
<b>Funding Analysis</b>						
Net cost to DCC	2,833,698	6.6%	3,349,598	6.6%	3,778,398	6.6%
DECLG	38,064,601	88.3%	44,994,601	88.6%	50,754,601	88.7%
DLA	1,395,702	3.2%	1,649,802	3.2%	1,861,002	3.3%
HSE	811,059	1.9%	811,059	1.6%	811,059	1.4%
	<b>43,105,060</b>		<b>50,805,060</b>		<b>57,205,060</b>	

Table 3 demonstrates that funding for homeless services is funded to a higher level by Dublin City Council than originally envisaged with a significantly decreasing proportion funded by the DoEC&LG. Table 4 is based on current costs incurred in service provision and the original funding model i.e. DoEC&LG funding 90%, DCC funding 6.7% and the other three Dublin local authorities collectively funding 3.3%. A comparison between Tables 3 and 4 illustrates that, in the absence of clarification of funding for increased costs of service provision in 2014 and 2015

- The DoEC&LG will fund 35% less than originally provided to a value of €20.1m
- DCC will fund 36% more than originally provided to a value of €20.8m
- The three Dublin local authorities will fund 2.5% less than originally provided to a value of €1.4m



Many households have become homeless due to significant increases in rent which were not affordable. There has been a notable drop in the numbers of households in receipt of rent supplement through the Dept of Social Protection (DSP) i.e. a state payment related to the rent of private sector residential accommodation. Expenditure savings have been made by DSP in this regard. Many of the households becoming homeless and presenting for services/accommodation were previously in receipt of a DSP funded rent supplement. It is not appropriate that the expenditure savings made by DSP should be shifted as a cost burden to the commercial rate payers of Dublin City. There is no rationale for the costs of accommodation of certain households being met by Dublin businesses when in different circumstances those costs were properly met by DSP.

The funding arrangements for homeless services require an immediate review to achieve an outcome that reduces the growing and disproportionate burden on Dublin City Council. Funding arrangements should return to the original funding principles. This budget strategy has been formed without clarity on the provision of funding of incurred costs of service provision in 2014 and 2015. Further the DoEC&LG are requested to put transition arrangements in place to return to the original funding principles of 90% DoEC&LG funding within three years.

### Housing Maintenance

Dublin City Council's Housing stock is old and requires investment in refurbishment. In the absence of investment funds, it is considered appropriate, for health and safety reasons, that housing units with gas boilers have those boilers serviced. I conclude that additional spend above the budgeted value on servicing of gas boilers will be €1.2m in 2014.

	Budgeted 2014	Estimated outturn 2014	Difference
Servicing Gas Boilers	€2.1m	€3.3m	€1.2m

### Housing Rents

Due to a decrease in the relevant incomes of Dublin City Council's housing tenants, the value of rents billed will fall in 2014 by €2m.

	Budgeted 2014	Estimated outturn 2014	Difference
Housing Rents Income	€72.8m	€70.8m	€2m

## 3.7 Service Demands 2015

In framing this draft budget strategy, due regard has been given to service demands likely to present in 2015. The most significant are:

**Homeless services:** see comments above in relation to the funding requirement for homeless services in 2015.

**Housing maintenance:** Over the period 2009 to 2013, expenditure of €2.85m on average has been incurred in relation to servicing gas boilers funded by income billed through housing rents of €2.68m. A budget of €3.1m is required in 2015 to service gas boilers.

### 3.8 Trends in Income 2015

Commercial rates, Local Property Tax and government grants are each considered separately below (sections 2, 2.9 and 2.10 respectively). In relation to income from goods and services, the most significant trends having corporate impact are:

**Housing Rents** – Following on from reduced income in 2014 against budgeted values owing to lowered tenant incomes, this trend is expect to continue in 2015 with a reduction of €1m in income from housing rents

### 3.9 Efficiencies made in 2014 and planned for 2015

Over the course of 2014, efficiencies have been in how service provision is structured and the associated costs of same, specifically:

- In 2013, as reported through the LGER process, a minimum of €2.2m savings arising from procurement arrangements were secured. Based on revised/new contracts in place, I estimate that a further €2.1m in savings will be achieved in 2014 in Dublin City Council due to procurement. It should be noted that in 2013, the LGER process identified sectoral procurement savings of €6.1m, of which €2.2m were achieved by Dublin City Council.

It is intended to pursue procurement opportunities in 2015 with similar savings as in previous years likely to be achieved.

- Dublin City Council staff numbers at 30<sup>th</sup> August 2014 demonstrate a reduction of 1426 on both core and non-core staff, from 6931.5 at December 2008 to 5506, representing 20.6% of the 2008 staff resource. Reviews of service delivery have resulted in this large drop in staff resources being accommodated with minimal impact on service provision. Savings in pay budgets have been central to reducing the overall spend and exercising budgetary control.

This budget strategy provides that further efficiencies will be made in Dublin City Council in 2015. As of September 2014, expenditure reductions of €20m are targeted across all service departments of Dublin City Council. This process includes a focused review of spend, service provision and income levels. It also includes a mapping of staff resources over 2015 incorporating the exit of staff who may retire on age grounds and also through the government scheme closing in June 2015. This programme is ambitious and far reaching. This budget strategy is based on achieving the objective implementing €20m reductions (either through reduced expenditure or increased income). In the event that this target is not achieved, compensating measures will be required as part of the Budget process in November.

### 3.10 Expenditure Commitments 2015

Dublin City Council's budget is comprised of both discretionary (i.e. costs which a decision could be made not to incur by changing service provision) and non-discretionary costs (i.e. costs which will be incurred, regardless of service provision).

Practically many cost elements will have a base non discretionary value (such as base electricity costs or base material costs) with a discretionary element that could be varied through revised procurement practices or changed work practices. Examples of discretionary costs are advertising, purchase of tools and equipment, purchase of supplies etc. The budgeted value of discretionary costs in 2014 is €79.6m or 11.6%. Examples of

non discretionary costs are loan charges, insurance payments, electricity etc. The budgeted value of non discretionary costs in 2014 is €606.8m, or 88.4%. The value of the service level agreement between Dublin City Council and Irish Water at €118.1m is not included in the above values.

I consider that the rate between each cost elements will continue to vary such that the level of discretionary costs reduces relative to non discretionary costs over 2015 with the proportion of non discretionary costs increasing over the proportion of discretionary costs. This trend results in a reduced capacity for cost reductions implemented in the short term and a requirement for changes in cost structure to be planned over the medium to longer term.

### 3.11 Capital Expenditure and Income 2015

The budget strategy is based on the forecasted capital spend for 2015 as identified in Dublin City Council's 2014 to 2016 capital programme. Adjustments have been made for movements in terms of spend, income etc. as identified both at the midyear review in July and to date (September 2014). A detailed capital programme for the period 2015 to 2017 based on further analysis will be presented to the Elected Members in November along with the operational budget for the financial year 2015.

### 3.12 Financial Position

The regulations made by the Minister for the Environment Community and Local Government prescribe the format of financial information to be provided to elected members as part of the consideration of the draft budget strategy.

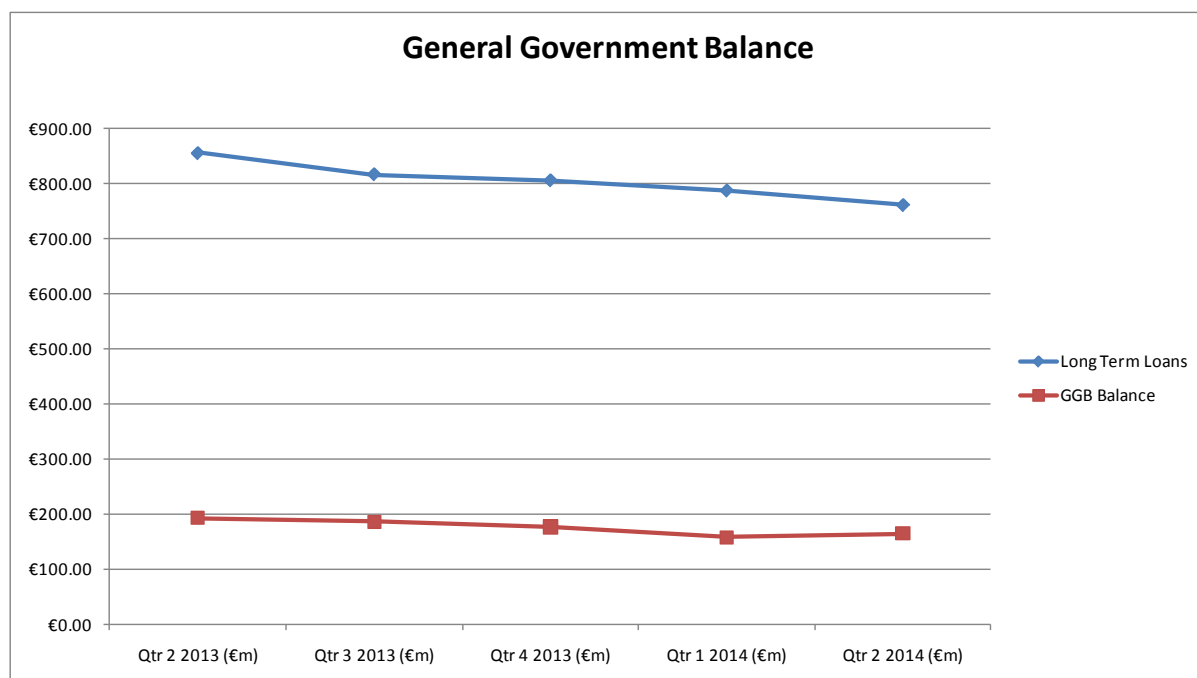
**Table 5: FINANCIAL POSITION OF DUBLIN CITY COUNCIL**

	As at Year To 27th of June 2014
<b>ASSETS</b>	€
Current assets (including cash and investments)	435,354,036
General revenue reserve (if surplus)	16,835,555
Loans receivable	557,323,437
<b>LIABILITIES</b>	€
Current liabilities (including overdraft)	392,808,173
General revenue reserve (if deficit)	-
Loans payable	
Voluntary housing/mortgage loans	428,262,157
Non mortgage loans	332,823,694
<b>INDICATORS</b>	
Ratio of loans payable to revenue income	94.7%
Ratio of current assets to current liabilities	1.11:1

Dublin City Council's financial position over the past year, as reported to Government and the EU/IMF on a quarterly basis is set out below. This data demonstrates that the GGB has reduced over the year Qtr 2 2013 to Qtr 2 2014.

**Table 6: GGB Data 2013 to 2014**

	Qtr 2 2013 (€m)	Qtr 3 2013 (€m)	Qtr 4 2013 (€m)	Qtr 1 2014 (€m)	Qtr 2 2014 (€m)
Current Assets	€ 474.60	€ 359.40	€ 258.80	€ 520.00	€ 435.40
Current Liabilities	€ 383.20	€ 293.50	€ 196.00	€ 451.90	€ 392.80
Creditors (< 1 yr)	€ 893.80	€ 853.70	€ 826.00	€ 806.90	€ 780.00
Long Term Loans	€ 855.90	€ 817.40	€ 806.30	€ 787.60	€ 761.10
GGB Balance	€ 193.60	€ 186.90	€ 177.20	€ 158.80	€ 165.70
Movement against qtr4 of previous year	€ 24.80	€ 31.50	€ 41.20	€ 18.50	€ 11.50



#### 4.0 Summary

My advice to the Elected Members that the draft budget strategy be submitted to the Minister for the Environment, Community & Local Government by 30<sup>th</sup> September 2014 and is based on:

- The absence of clarity on the provision of funding of incurred costs of homeless service provision in 2014 and 2015
- A call for transition arrangements to be put in place to return to the original funding principles for homeless services of 90% DoEC&LG funding within three years.
- That further efficiencies will be made in Dublin City Council in 2015
- The achievement of implementing €20m reductions (either through reduced expenditure or increased income).
- The incorporation of an enduring loss of €4.5m funds for service provision for 2015 arising from the appeals on revaluation
- The existing 50% vacancy refunds being retained

- The one percent reduction to be applied to the ARV for commercial rates in the financial year 2015
- The absence of clarity on key issues that would give the elected members clear sight of the value of the resource base for Dublin City Council for the close of this financial year (2014) and for the forthcoming financial year (2015) as a wide variation presents in the potential impact of the new funding arrangements for Dublin City Council as set out in Circular 14/2014.
- The forecasted capital spend for 2015 as identified in Dublin City Council's 2014 to 2016 capital programme.
- Rising costs in the repair and servicing of gas boilers in 2014 and 2015
- Reduced income from housing rents in 2014 and 2015

As set out in Report 273/2014, my advice to the Elected Members that a local adjustment factor of -5% to be applied to the LPT Basic Rate in respect of LPT liability for the years 2015 to 2017, representing a reduction of €4.1m in LPT yield from householders in Dublin City each year.

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

## Appendix 1 – Prescribed format of Budget Strategy

Report to be submitted to the Dept of Environment, Community & Local Government by 30 September

Preliminary estimate of capital and current income and expenditure for the forthcoming financial year

€

### Overall balance (1 - 2)

#### 1. Total Revenues / inflows

Rates / NPPR (net of bad debt provision for rates)

Property income

Other receipts

Inflows from central government <sup>1</sup>

Inflows from operations in financial instruments <sup>2</sup>

#### 2. Total expenditure / outflows

Compensation of employees <sup>3</sup>

Interest paid to non government <sup>4</sup>

Social benefits (transfer payments to households)

Capital transfers (capital grants paid)

Other expenditure (net of bad debt provision for rates)

Outflows to central government <sup>5</sup>

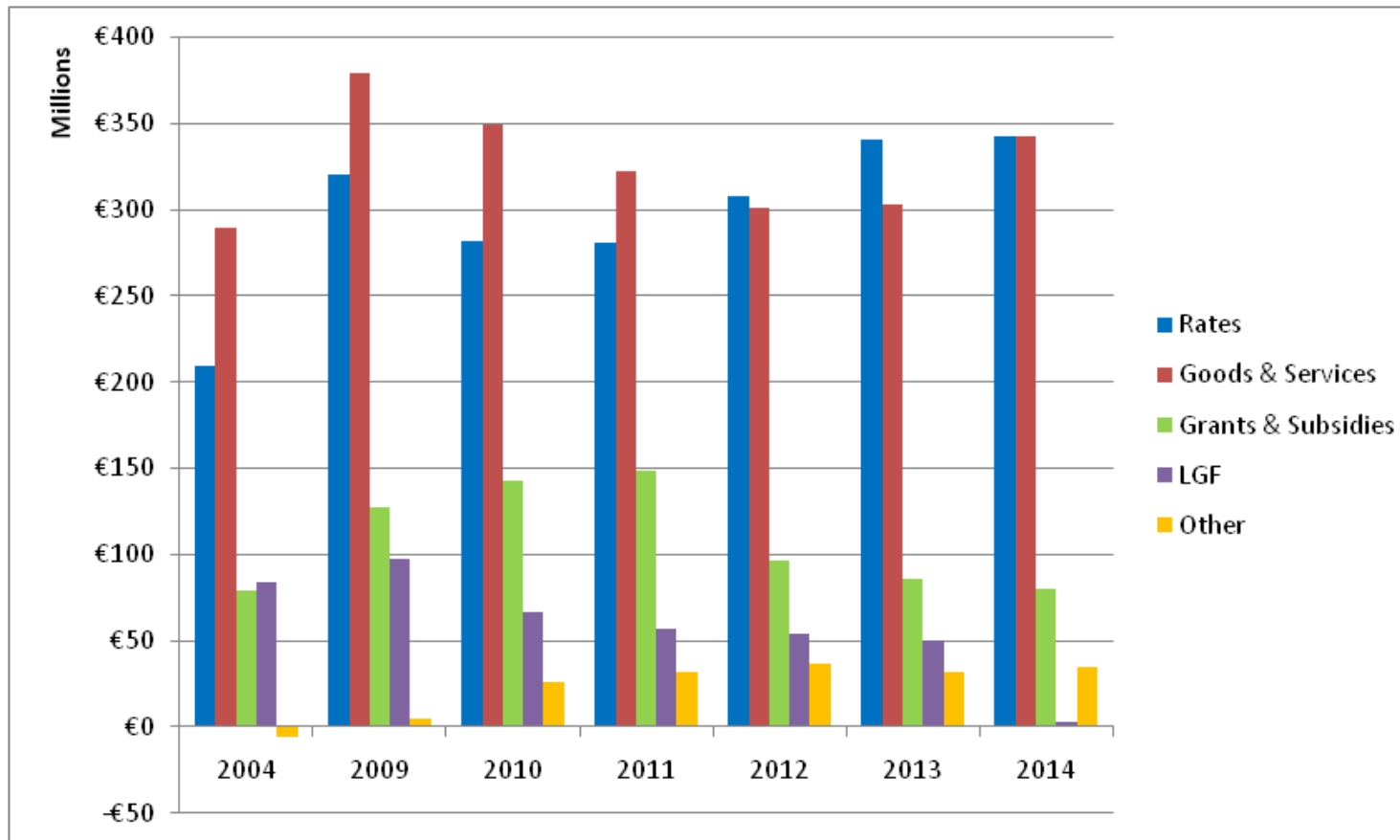
Outflows from operations in financial instruments <sup>6</sup>

### Notes

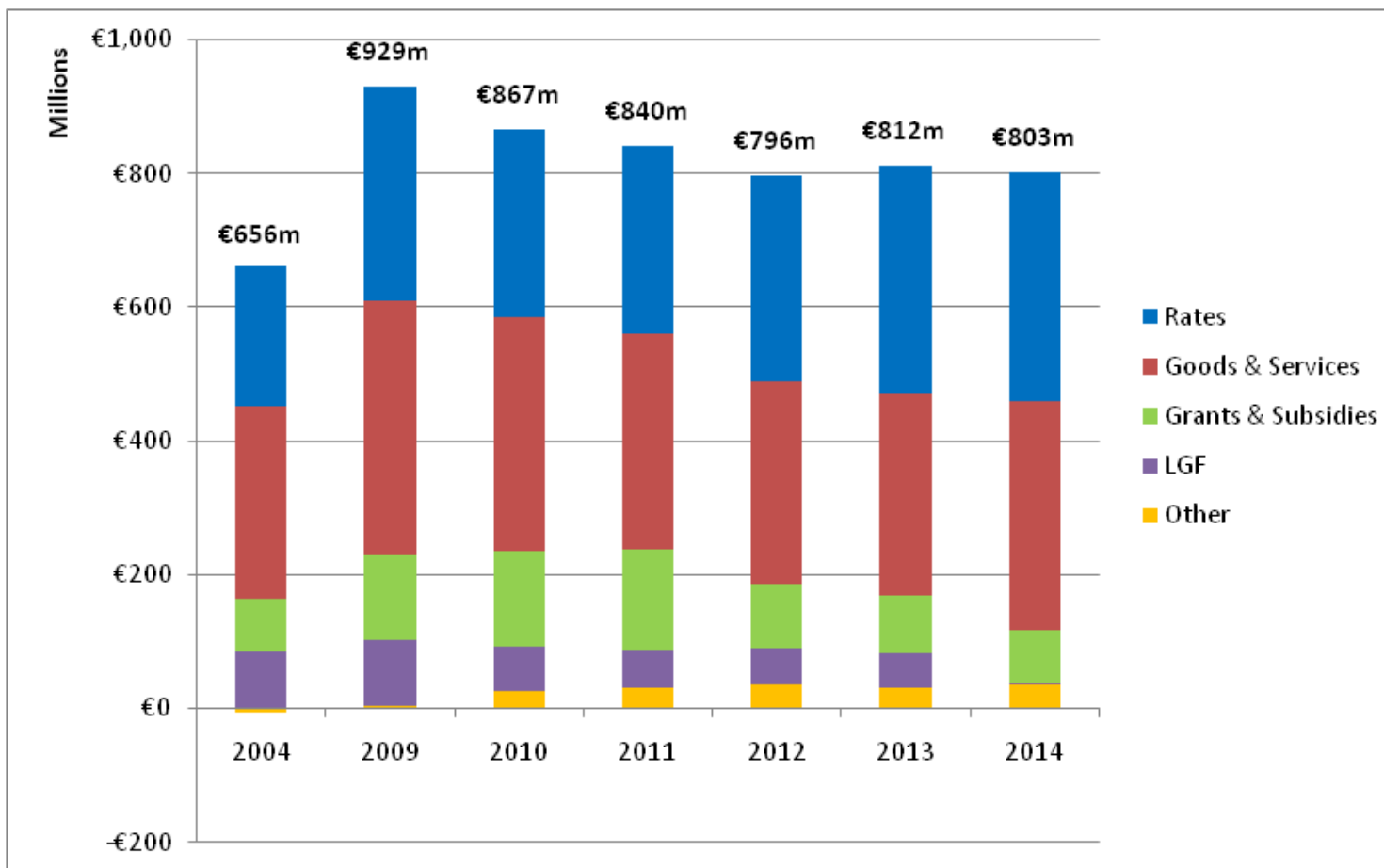
1. Grants and subsidies
2. Loans
3. Including pensions
4. Interest paid other than to the HFA, OPW or NTMA
5. Interest and principal paid to the HFA, OPW and NTMA
6. Principal repaid, other than to the HFA, OPW or NTMA

## APPENDIX 2 – ANALYSIS OF FUNDING SOURCES

### Budgeted Income Sources by Year



### Budgeted Total Income by Year





### Appendix 3 Rates

RV @ June 2014	**+/- %	ARV + 1% to 5%	Total income	1.3% loss on appeal	Income 2015	Difference
€ 1,331,651,539.00	0%	<b>0.257</b>	€ 342,234,445.52	€ 4,449,047.79	€ 337,785,397.73	€ 4,449,047.79
€ 1,331,651,539.00	1%	<b>0.25957</b>	€ 345,656,789.98	€ 4,493,538.27	€ 341,163,251.71	-€ 4,493,538.27
€ 1,331,651,539.00	2%	<b>0.26214</b>	€ 349,079,134.43	€ 4,538,028.75	€ 344,541,105.69	-€ 4,538,028.75
€ 1,331,651,539.00	3%	<b>0.26471</b>	€ 352,501,478.89	€ 4,582,519.23	€ 347,918,959.66	-€ 4,582,519.23
€ 1,331,651,539.00	4%	<b>0.26728</b>	€ 355,923,823.34	€ 4,627,009.70	€ 351,296,813.64	-€ 4,627,009.70
€ 1,331,651,539.00	5%	<b>0.26985</b>	€ 359,346,167.80	€ 4,671,500.18	€ 354,674,667.62	-€ 4,671,500.18
		<b>Arv - 1% to 5%</b>				
€ 1,331,651,539.00	-1%	<b>0.25443</b>	€ 338,812,101.07	€ 4,404,557.31	€ 334,407,543.75	€ 3,377,853.98
€ 1,331,651,539.00	-2%	<b>0.25186</b>	€ 335,389,756.61	€ 4,360,066.84	€ 331,029,689.78	-€ 4,360,066.84
€ 1,331,651,539.00	-3%	<b>0.24929</b>	€ 331,967,412.16	€ 4,315,576.36	€ 327,651,835.80	-€ 4,315,576.36
€ 1,331,651,539.00	-4%	<b>0.24672</b>	€ 328,545,067.70	€ 4,271,085.88	€ 324,273,981.82	-€ 4,271,085.88
€ 1,331,651,539.00	-5%	<b>0.24415</b>	€ 325,122,723.25	€ 4,226,595.40	€ 320,896,127.84	-€ 4,226,595.40

#### Applying .001 decrease

NAV	ARV	Income	Less 1.3% on appeal	Difference
1,331,651,539.00	0.257	€ 342,234,445.52	€ 337,785,397.73	
1,331,651,539.00	0.256	€ 340,902,793.98	€ 336,471,057.66	€ 1,314,340.07
1,331,651,539.00	0.255	€ 339,571,142.45	€ 335,156,717.59	€ 1,314,340.07
1,331,651,539.00	0.254	€ 338,239,490.91	€ 333,842,377.52	€ 1,314,340.07
				€ 3,943,020.21

#### Applying .001 increase

€ 1,331,651,539.00	0.258	€ 343,566,097.06	€ 339,099,737.80	
1,331,651,539.00	0.259	€ 344,897,748.60	€ 340,414,077.87	€ 1,331,651.54
1,331,651,539.00	0.260	€ 346,229,400.14	€ 341,728,417.94	€ 1,331,651.54
1,331,651,539.00	0.261	€ 347,561,051.68	€ 343,042,758.01	€ 1,331,651.54
1,331,651,539.00	0.262	€ 348,892,703.22	€ 344,357,098.08	€ 1,331,651.54
				€ 3,994,954.62

### Rate Bands

CHARGE 2014	No Of Accounts	Cumulative total	% per band	Cumulative Total	Total debit per band	% of Debit	Cumulative Total
€1 - €999	2215	2215	10.62%	10.62%	€ 1,362,737.37	0.40%	0.40%
€1,000 - €3.000	6075	8290	29.13%	39.75%	€ 11,759,299.97	3.44%	3.83%
€3,000 - €5,000	3753	12043	17.99%	57.74%	€ 14,610,275.24	4.27%	8.10%
€5,000 - €10,000	3931	15974	18.85%	76.59%	€ 27,568,258.93	8.06%	16.16%
€10,000 - €25,000	2819	18793	13.52%	90.10%	€ 43,567,940.42	12.73%	28.89%
€25,000 - €50,000	1057	19850	5.07%	95.17%	€ 36,894,123.30	10.78%	39.67%
€50,000 - €75,000	378	20228	1.81%	96.98%	€ 23,201,238.09	6.78%	46.45%
€75,000 - €100,000	184	20412	0.88%	97.86%	€ 15,121,109.00	4.42%	50.87%
€100,000 - €500,000	391	20803	1.87%	99.74%	€ 74,604,327.23	21.80%	72.67%
€500,000 -	55	20858	0.26%	100.00%	€ 93,545,136.25	27.33%	100.00%
<b>TOTAL</b>	<b>20858</b>		<b>100.00%</b>		<b>€ 342,234,445.80</b>	<b>100.00%</b>	