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**FÓGRA FREASTAIL DO CHRUINNIÚ SPEISIALTA NA COMHAIRLE  
I SEOMRA NA COMHAIRLE, HALLA NA CATHRACH, CNOC CHORCAÍ,  
DÉ MÁIRT, ar 19 MEÁN FÓMHAIR 2017 AG 6.15 I.N**

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**NOTIFICATION TO ATTEND SPECIAL MEETING OF COUNCIL  
TO BE HELD IN THE COUNCIL CHAMBER, CITY HALL, DAME STREET, DUBLIN 2.,  
ON TUESDAY 19 SEPTEMBER 2017 AT 6.15 PM**

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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 19 Meán Fómhair 2017 ag 6.15 i.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

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**Deirdre Ni Raghallaigh,  
Riarathóir Cruinnithe,  
An Ché Adhmaid,  
Baile Átha Cliath 8**

**14 Meán Fómhair 2017**





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**Draft Budget Strategy for Financial Year 2018:**  
***For consideration at a special meeting of Dublin City Council scheduled for***  
***19<sup>th</sup> September 2017***

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## **1. Executive Summary**

This draft budget strategy proposes that Dublin City Council's revenue base is expanded to provide for services which are key to the growth of the City. This requires an increase in commercial rate ARV from 0.258 to 0.261 (just over 1%), with a yield of €3.25m, maintaining the commercial rates vacancy refund rate of 45%, a reduction in the LPT of 10%, effectively returning an additional €4m to support the provision of services. There is a considerable degree of uncertainty on key elements for the 2018 draft budget.

## **2.0 Introduction**

### **2.1. Background**

The elected members will consider a draft Budget Strategy for the forthcoming financial year in advance of the statutory budget meeting, scheduled for November 13<sup>th</sup>. The relevant legislative provisions are The Local Government (Financial and Audit Procedures) Regulations 2014 (S.I. 226 of 2014), Circular Fin 05/14 and Circular Fin 4/201. This framework prescribes the format of financial data provided. In this report, financial information is based on actual data to date (September 2017) along with reasonable estimates of likely outturns for the current financial year 2017. A comprehensive mid-year review of the financial performance was carried out in July 2017.

### **2.2. Relevant Factors**

The factors relevant to the 2018 Budget are movements in commercial rates including the overall quantum of rateable properties, the setting of the rate and the value of vacancy refunds; variation to the basic LPT rate; the level of government grant funding; financial management and cost pressures in the current year (2017) and estimated for next year (2018); expenditure commitments and service demands in 2018, efficiencies gained in 2017 and scheduled for 2018 and capital expenditure and income in 2018. DCC's financial position is set out in the prescribed format in Appendix 1.

### **2.3 Objectives**

The objectives of Dublin City Council's Budget Strategy are to develop a financially sustainable approach to funding operational services and capital programmes for the financial year 2018. The strategy will ensure that the resource base as identified is adequate to provide services to business and communities and further ensure that service provision and expenditure commitments are priced giving best value for money to Dublin City Council and the people who live, work, invest in or visit Dublin City.

### 3. Factors relevant to Budget Strategy

#### 3.1 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 and 3 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, commercial rates especially important. The buoyancy of trade in Dublin City is crucial to the City's economic prospects. 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.

#### 3.2 Increase in the ARV

Details of commercial ratepayers in Dublin City by band in 2017 are set out in Appendix 4. Almost 77% of commercial ratepayers have a rates charge in 2017 of €10K or under, while almost 40% of commercial rate payers have a rates charge in 2017 of under €3,000. By contrast, almost 50% of the total rates debit is paid by 2% of commercial rate payers or 426 accounts.

- Almost 40% of ratepayers in Dublin City receive a rates bill of €3k or less. Each 1% increase in the ARV would increase their bill *at most* by €30 in 2018.
- Almost 58% of ratepayers in Dublin City receive a rates bill of €5k or less. Each 1% increase in the ARV would increase their bill *at most* by €50 in 2018.
- Almost 77% of ratepayers in Dublin City receive a rates bill of €10k or less. Each 1% increase in the ARV would increase their bill *at most* by €100 in 2018.

This budget strategy is based on the recommendation to increase the ARV for commercial rates in the financial year 2018 to a multiplier of .261 i.e. just slightly over 1% increase (see Appendix 5). The funds raised through this measure would be applied to a programme of improvements to the City environment which would bring benefits to the trading environment.

#### 3.3 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% had applied under the Dublin 1930 Act until 2017 when the vacancy rate was changed to 45% (i.e. where a rateable premises has been vacant, 55% of rates due is liable, with 45% not paid). In most other local authorities, a full 100% vacancy rate refund has applied prior to and since the reform act. In other words where a rateable premises was vacant, no rates are due.

A review of the vacancy refund arrangements for commercial rates was commissioned at the request of the Finance Strategic Policy Committee in early 2017. The purpose of this review was to objectively evaluate the impact of changes in vacancy refund arrangements on payment patterns and on vacancy rates. The review report is scheduled to be discussed at the September meeting of the Finance Strategic policy committee.

Over the period 2013-2016, the value of vacancy rates refunds in Dublin City amounted to an estimated annual value of between €11.2m and €17.4m. This arises from the total value of rates associated with vacant premises being between €22.4 and €34.8m, with €11.2m - €17.4m being the value paid as rates and also the value not due or refunded. Please see Table 1 below for details of vacancy refunds in Dublin City in 2013 - 2016.

Table 1: Vacancy Refunds Dublin City 2013 - 2016								
	2013		2014		2015		2016	
Area	No. of Accounts	Vacancy Credits						
Central Area	553	€4,678,432	520	€3,292,518	479	€2,730,963	474	€2,722,532
North Central Area	199	€1,015,851	220	€1,051,523	207	€872,939	118	€386,775
North West Area	265	€1,457,689	229	€1,314,017	263	€1,085,722	211	€964,994
South Central Area	364	€1,912,214	339	€1,648,624	334	€1,527,788	287	€1,370,056
South East Area	1028	€8,305,296	1019	€7,317,206	954	€6,949,833	814	€5,762,024
Mics								
<b>Total</b>	<b>2409</b>	<b>€17,369,482</b>	<b>2327</b>	<b>€14,623,888</b>	<b>2237</b>	<b>€13,167,245</b>	<b>1904</b>	<b>€11,206,380</b>

As the commercial rates vacancy refund rate was lowered with effect from 2017 (from 50% to 45%), the budget strategy proposes that no further changes are made pending a review of actual payment and enforcement patterns arising from the changes.

### 3.4 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 intended to be neutral in yield to the local authority i.e. Dublin City Council should 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 permanent loss of funds for local authorities from reductions in rates liability granted on appeal. This occurs as any reductions in rate liability determined by the Valuation Tribunal are not followed by a revised local authority determination. Consequently the revaluation process has resulted in a loss of commercial rates income for Dublin City Council. It was expected that all appeals would have been dealt with by the Valuation Tribunal by end of 2017. However it is now expected that circa 840 appeals will be dealt with in 2017 with a further 82 progressed in 2018.

### 3.5 Variation of the Local Property Tax 2018

Report 309/2017 relates to the consideration of the Local Property Tax Local Adjustment Factor in respect of the financial year 2018. In summary, that report proposes that the elected members move from applying a 15% reduction in the LPT basic rate to a 10% reduction thereby providing €4m in additional funds which will allow for the provision of additional street cleaning staff, a bulky household waste collection service, apprenticeship scheme, increased book funds per capita for libraries and the removal of library fines.

This strategy incorporates that:

- a local adjustment factor of 10% reduction, with an impact of an additional €4m funds for services, is applied to the LPT Basic Rate in respect of LPT liability for the year 2018 (see Report 309/2017)

### 3.6 Financial Pressures in the current year 2017

In 2017, an operational budget of €862.6m was adopted by the elected members and an Annual Rate on Valuation of .258 was struck, representing an increase of 0.78 of 1%. This was the first increase in the ARV since 2009. Financial management within Dublin City Council ensures that significant budget variances are identified and appropriate actions are taken to minimise any adverse financial impact.

During 2017, 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. In relation to the value of funds associated with receiverships and liquidations, this has reduced from €7m in 2017 to €5.5m in 2016 and €5.3m as at start of September 2017. Unemployment has shown steady contractions in recent months, the underlying numbers of persons unemployed has decreased with clusters of unemployment relating to skills and training, with the real prospect of Dublin achieving full employment in the short term. Over the course of 2017, 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 costs of service provision for homeless persons have increased in parallel with increases in presentation rates. Trends in demand for homeless related services have been well documented and debated over 2017 and previous years.

Table 2 sets out detail of the costs of provision of homeless services in 2017 and 2018.

**Table 2 Homeless Funding**

<b>Analysis of Projected Homeless Expenditure and Funding</b>						
	<b>2017 - Adopted</b>		<b>2017 - Revised</b>		<b>2018 - Estimated</b>	
	<b>Budget</b>	<b>% Share</b>	<b>Budget</b>	<b>% Share</b>	<b>Budget</b>	<b>% Share</b>
<b>Expenditure</b>	119,184,401		130,000,000		135,000,000	
<b>Income</b>						
DoHPC&LG	94,890,087	79.6%	105,705,686	81.3%	110,705,686	82.0%
Dublin LA's	6,020,000	5.1%	6,020,000	4.6%	6,020,000	4.5%
Other (HSE/Health & Misc)	1,207,397	1.0%	1,207,397	0.9%	1,207,397	0.9%
<b>Total Income</b>	<b>102,117,484</b>	<b>85.7%</b>	<b>112,933,083</b>	<b>86.9%</b>	<b>117,933,083</b>	<b>87.4%</b>
DCC Contribution	17,066,917	14.3%	17,066,917	13.1%	17,066,917	12.6%
Total Expenditure	119,184,401	100.0%	130,000,000	100.0%	135,000,000	100.0%

**Note** The above analysis is based on the following assumptions  
DCC contribution is fixed at €17.066m  
DLA contribution is fixed at €6.020m  
The funding for all increased expenditure is passed to the DoHC&LG  
Per the analysis the DoHCLH funding is moving from €94.9m (adopted 2017) to €110.7m (Est 2018)  
This is increased DoHCLG funding of €15.8m  
The DoHPC&LG funding % moves from 79.6% to 82%

Dublin City Council has worked consistently with The Minister for Housing, Planning & Local Government on the implementation of the Action Plan for Housing and Homelessness: Rebuilding Ireland. Addressing homelessness is a key pillar of the action plan. Based on my engagement with the Minister I am satisfied that funding will be given for additional costs incurred by Dublin City Council for the provision of homeless related services due to increased presentation, notwithstanding that written confirmation of such funding has not yet been received.

### **3.7 Service Demands 2018**

In framing this draft budget strategy, due regard has been given to service demands likely to present in 2018. The most significant are:

- Recruitment of staff for street cleaning duties
- Recruitment of apprenticeships
- Revision of arrangements for bulky household waste collection
- Homeless services
- Maintaining the number of void housing units at a minimum
- Improvements to the public realm
- Maintaining the quantum of Area Discretionary Funding which provides flexibility to local area committees to fund local initiatives in areas such as parks development, public realm, sports and culture
- Increasing spend on footpath and Carriageway improvements which provides investment in roads resurfacing and footpath repairs
- Increasing spend on maintaining Parks and Open Spaces which provides investment in the network of parks, open spaces and playgrounds
- Increasing spend on Grant Funding which provides investment in community building through community, arts and sports grants

### 3.8 Income Trends 2018

Commercial rates and Local Property Tax have been considered separately. In relation to income from goods and services, the most significant trend having corporate impact is that of housing rents and parking meters, both of which are expected to increase in 2017. The grant paid by the Department of Housing in respect of rates formerly liable on Irish Water related properties has not been confirmed for 2018 (€14.4m). Income in respect of the ambulance services has not been provided by the HSE to a value of €4m in 2017 and 2018. Further, as of now (early September 2017), grant funding for the costs of implementation of the Haddington Road and Public Sector Stability Agreement (PSSA) of €10.8m has not been confirmed for 2018 and beyond.

### 3.9 Efficiencies made in 2017 and planned for 2018

Over the course of 2017, efficiencies have been made in how service provision is structured and the associated costs of same, specifically:

#### **Staff**

Dublin City Council staff numbers at 30<sup>th</sup> June 2017 demonstrate a reduction of both core and non-core staff, from 6,932 at December 2008 to 5,393 at 30<sup>th</sup> June 2017. This represents a reduction of 1,530 in both core and non-core staff or 22.2% of the 2008 staff resource. The City Council continues to review service delivery with a view to minimising the impact on service provision in the context of this large drop in staff resources.

Table 4: Staff Numbers

	December 2008	June 2017
<b>Headcount</b>	7278	5722
<b>Core</b>	7125	5541
<b>Non Core</b>	153	181
<b>WTE</b>	6931.5	5393.30
<b>Core</b>	6794.7	5216.60
<b>Non Core</b>	136.8	176.70

#### **Procurement**

Dublin City Council continues to pursue value for money outcomes through the introduction of local contracts and Frameworks and through availing of central procurement arrangements. The Office of Government Procurement schedule of contracts and Frameworks, identifies potential for DCC to generate further savings through aggregation and leverage in the following areas:

- Professional Services
- Fleet and Plant Hire and Maintenance
- Marketing, Print and Stationery
- Cleaning Products and Equipment
- Road Making Materials
- ICT Services and Office Equipment
- First Aid and Medical Supplies
- Postal Services (Business Post)
- Utilities
- Facilities Management & Maintenance
- Travel, Transport and HR Services
- PPE (Personal Protective Equipment)
- White Goods
- Tools and Equipment
- Non Domestic Waste Services
- Financial Services
- Courier Services
- Laboratory, Diagnostics and Equipment (incl. research)

### **3.10 Capital Expenditure and Income 2018**

The budget strategy is based on the forecasted capital spend for 2018 as identified in Dublin City Council's 2018 to 2020 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 2017). A detailed capital programme for the period 2018 to 2020 based on further analysis will be presented to the Elected Members in November along with the operational budget for the financial year 2018.

## **4.0 Summary**

This draft budget strategy proposes that Dublin City Council's revenue base is expanded to provide for services which are key to the growth of the City. This requires an increase in commercial rate ARV from 0.258 to 0.261 (just over 1%), with a yield of €3.25m, maintaining the commercial rates vacancy refund rate of 45%, a reduction in the LPT of 10%, effectively returning an additional €4m to support the provision of services. There is a considerable degree of uncertainty on key elements for the 2018 draft budget.

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

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

## Appendix 1

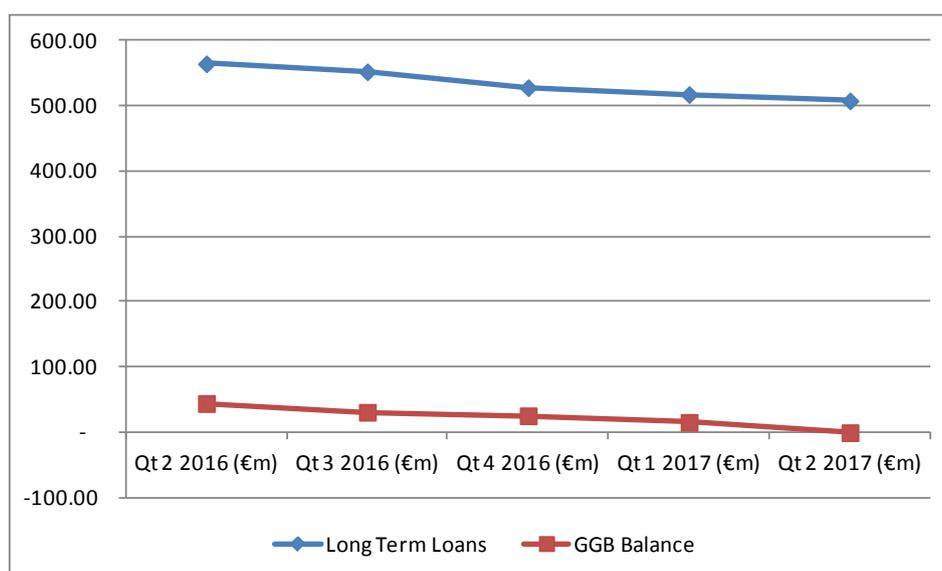
### FINANCIAL POSITION OF DUBLIN CITY COUNCIL (PRESCRIBED FORMAT)

	As at Year To 30th of June 2017
<b>ASSETS</b>	€
Current assets (including cash and investments)	469,412,557
General revenue reserve (if surplus)	30,331,064
Loans receivable	429,197,016
	-
<b>LIABILITIES</b>	€
Current liabilities (including overdraft)	370,647,894
General revenue reserve (if deficit)	-
Loans payable	-
Voluntary housing/mortgage loans	357,885,990
Non mortgage loans	149,808,001
	-
<b>INDICATORS</b>	-
Ratio of loans payable to revenue income	58.9%
Ratio of current assets to current liabilities	1.27:1

### GGB Data 2016 to 2017

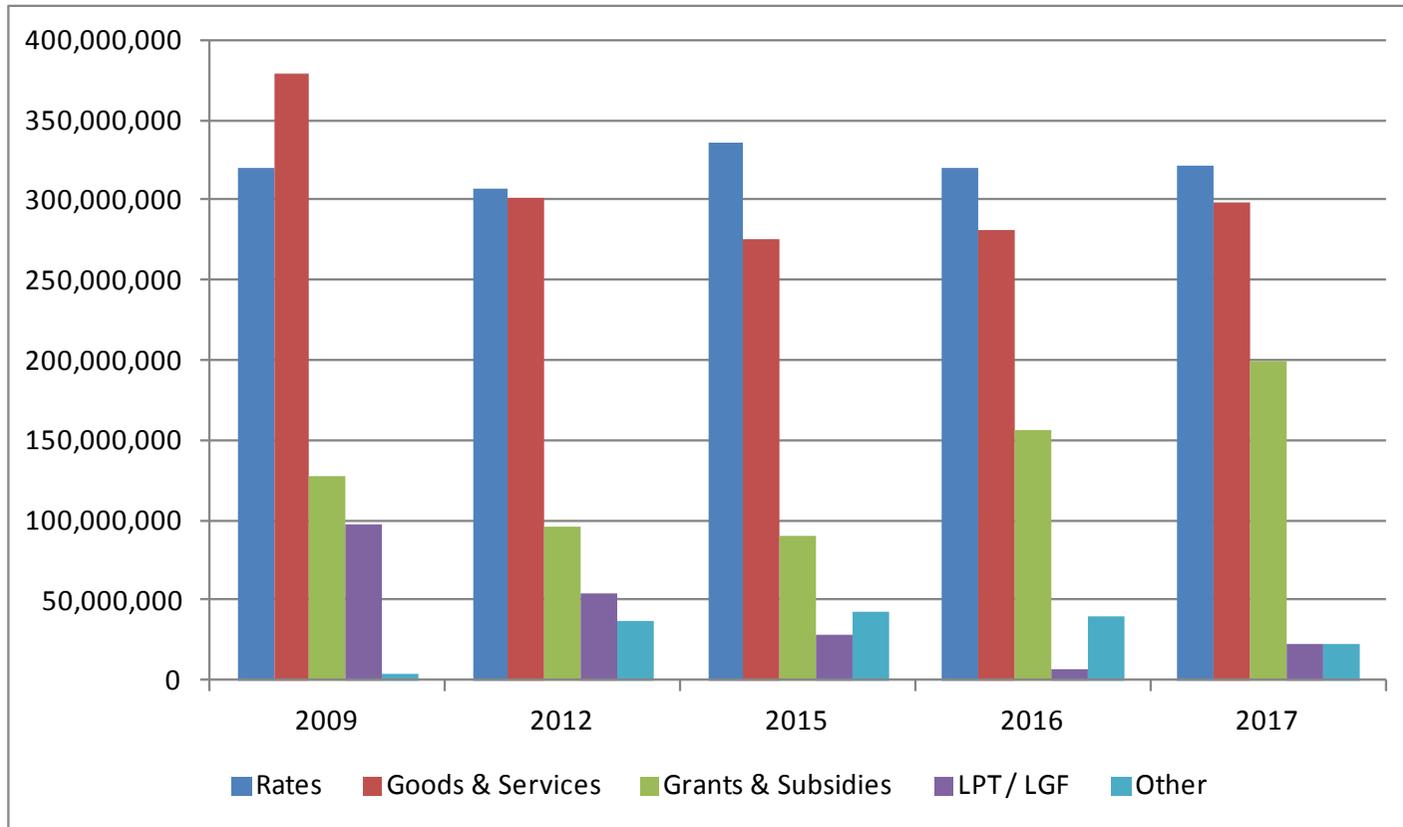
	Qt 2 2016 (€m)	Qt 3 2016 (€m)	Qt 4 2016 (€m)	Qt 1 2017 (€m)	Qt 2 2017 (€m)
Current Assets	445.09	354.18	283.52	551.22	469.41
Current Liabilities	370.85	262.96	198.89	456.75	370.65
Creditors(<1yr)	601.29	596.70	580.74	547.70	536.36
Long Term Loans	564.51	552.25	527.99	517.47	507.69
GGB Balance	43.99	30.62	25.25	15.13	0.60
Movement against Q4 of previous year	14.38	27.75	33.12	10.12	25.85

### Long Term Loans

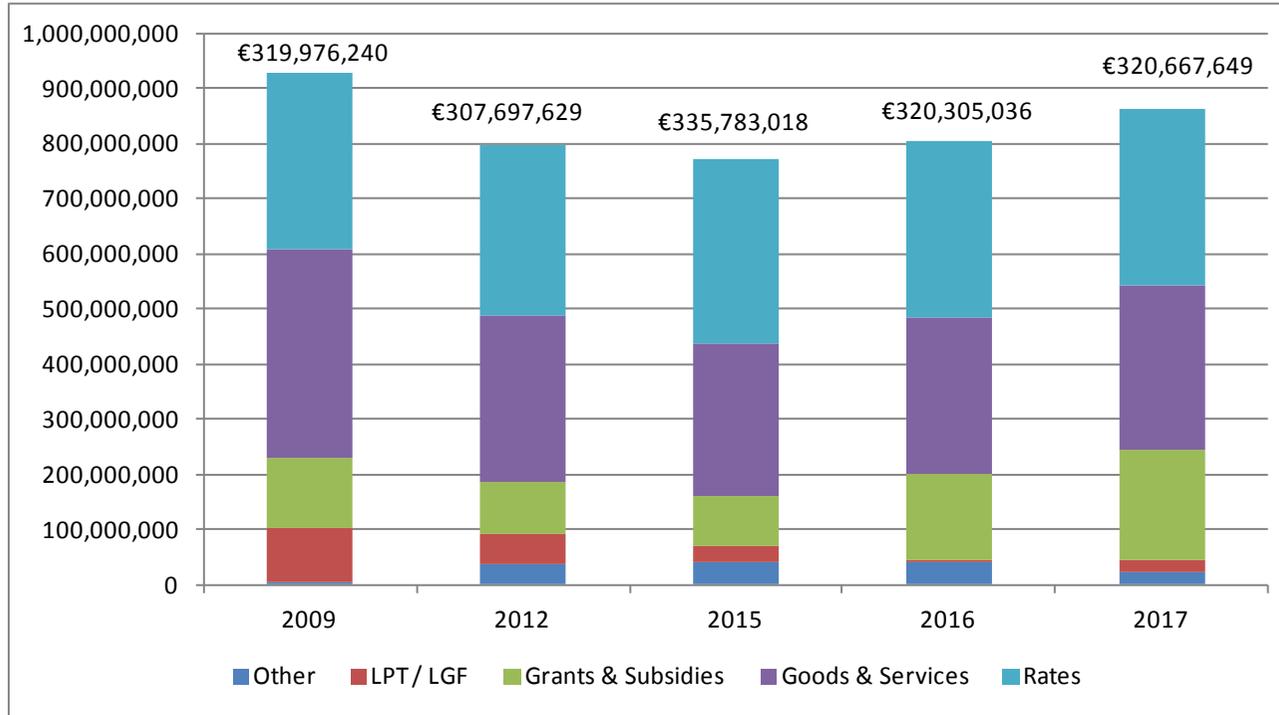


## APPENDIX 2 – ANALYSIS OF FUNDING SOURCES

### Budgeted Income Sources by Year



**Appendix 3 - Budgeted Total Income by Year**



**Appendix 4 - Rate Bands**

<b>CHARGE 2017</b>	<b>No Of Accounts</b>	<b>Cumulative total</b>	<b>% per band</b>	<b>Cumulative Total</b>	<b>Total debit per band</b>	<b>% of Debit</b>	<b>Cumulative Total</b>
€1 - €999	2112	2112	10.31%	10.31%	€ 1,300,024.60	0.40%	0.40%
€1,000 - €3,000	5959	8071	29.10%	39.42%	€ 11,576,030.45	3.60%	4.01%
€3,000 - €5,000	3722	11793	18.18%	57.59%	€ 14,496,501.42	4.51%	8.51%
€5,000 - €10,000	3910	15703	19.10%	76.69%	€ 27,520,561.48	8.56%	17.08%
€10,000 - €25,000	2742	18445	13.39%	90.08%	€ 42,210,545.77	13.13%	30.21%
€25,000 - €50,000	1062	19507	5.19%	95.27%	€ 37,124,192.83	11.55%	41.75%
€50,000 - €75,000	370	19877	1.81%	97.07%	€ 22,185,196.37	6.90%	48.65%
€75,000 - €100,000	173	20050	0.84%	97.92%	€ 14,895,967.21	4.63%	53.29%
€100,000 - €500,000	371	20421	1.81%	99.73%	€ 72,208,413.57	22.46%	75.75%
€500,000 -	55	20476	0.27%	100.00%	€ 77,963,929.69	24.25%	100.00%
<b>TOTAL</b>	<b>20476</b>		<b>100.00%</b>		<b>€ 321,481,363.39</b>	<b>100.00%</b>	

## Appendix 5 - Rates

### Potential new GARV 2018

Estimate NEV 2018	%	ARV 0.253 to 0.263	Total Income	Difference
€1,270,793,771	0%	0.258	€327,864,793	
<b>Decrease in GARV</b>				
€1,270,793,771	-0.39%	0.257	€326,593,999	-€1,270,794
€1,270,793,771	-0.78%	0.256	€325,323,205	-€2,541,588
€1,270,793,771	-1.16%	0.255	€324,052,412	-€3,812,381
€1,270,793,771	-1.55%	0.254	€322,781,618	-€5,083,175
€1,270,793,771	-1.94%	0.253	€321,510,824	-€6,353,969
<b>Increase in GARV</b>				
€1,270,793,771	0.39%	0.259	€329,135,587	€1,270,794
€1,270,793,771	0.78%	0.260	€330,406,380	€2,541,588
€1,270,793,771	1.16%	0.261	€331,677,174	€3,812,381
€1,270,793,771	1.55%	0.262	€332,947,968	€5,083,175
€1,270,793,771	1.94%	0.263	€334,218,762	€6,353,969





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**Budget 2018 Public Consultation Process**  
***For consideration at a special meeting of Dublin City Council scheduled for 19<sup>th</sup> September 2017***

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## 1. Executive Summary

The public consultation process can be summarised as follows:

<ul style="list-style-type: none"><li>• The total number of completed surveys was 273</li><li>• The largest single group of respondents were Dublin City Council residents (252 or 92.3%)</li><li>• 92.5% (or 259 respondents) indicated that they were aware that Councillors had the power to vary the basic rate of the LPT</li></ul>	<ul style="list-style-type: none"><li>• 81.7% (or 223 respondents) wished for the LPT to be varied</li><li>• 78% (or 174 respondents) did not wish to increase the basic rate of the LPT</li><li>• A total of 150 (or 54.9%) respondents included a comment/observation in the survey</li></ul>
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## 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, on Monday 31<sup>st</sup> July in the Irish Independent, and on Thursday 3<sup>rd</sup> August in the Dublin City Gazette newspapers 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 from Monday 31<sup>st</sup> July 2017 to Wednesday 30<sup>th</sup> August 2017.

The public were notified of the consultation via:

- [www.dublincity.ie](http://www.dublincity.ie)
- Social media (Facebook & Twitter)
- Public Participation Network newsletter
- Area Office newsletter
- Firstpost (internal staff newsletter)

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 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. Participation in the Consultation Process

From Budget 2015 onwards, Dublin City Council has been required to undertake a public consultation to identify if members of the public want to apply a local adjustment factor (LAF). The factor can be an upward or downward adjustment but in each consultation (including for budget 2018) the majority of the public participants have requested that the LAF be varied downwards by the maximum amount of 15%.

There was a high level of participation for budget 2015 (July/August 2014) due to considerable media coverage/commentary and to it being the first year that the public had input to the process.

For Budget 2015 a total of 899 people participated, this dropped by nearly 80% for both budget 2016 (168 participants) and 2017 (174 participants). Participation has increased to 273 for Budget 2018 but this is still down nearly 70% on the first year of the consultation. The survey is available in both English and Irish. In the four years of the consultations only seven (7) Irish surveys have been completed.

**Table:** Analysis of Public Participation in Consultation Process

Budget	Total Surveys Completed	English Surveys Completed	Irish Surveys Completed
2015	899	896	3
2016	168	167	1
2017	174	172	2
2018	273	272	1

Per Census 2016, the population of Dublin City is 527,612. While the survey does gather the opinions of those who participate, the level of participation out of the total population of the City is extremely low. Based on the 2018 budget, the level of participations is 0.05% of the population of the city.

Given such low participation rates, it cannot be said with certainty that the survey is representative, as the relatively low numbers responding, may or may not reflect the views of the wider total relevant population.

## 6. Media Coverage

There were a total of 9 articles in the Press about the Consultation. The articles referenced such topics as the impact of the revaluation on householders in 2019, the possibility of increasing the rate to fund better services and notifying the public of the consultation.

**Table:** Analysis of Press Coverage

<b>Paper</b>	<b>Date</b>
The Irish Times	31/07/2017 & 01/08/2017
The Times (Ireland)	01/08/2017
The Daily Mirror	01/08/2017
Dublin City Gazette	03/08/2017
The Sunday Times (Ireland)	06/08/2017
The Sunday Business Post	06/08/2017
Northside People (West)	09/08/2017
The Irish Times	15/08/2017

## 7. Response to Consultation Phase

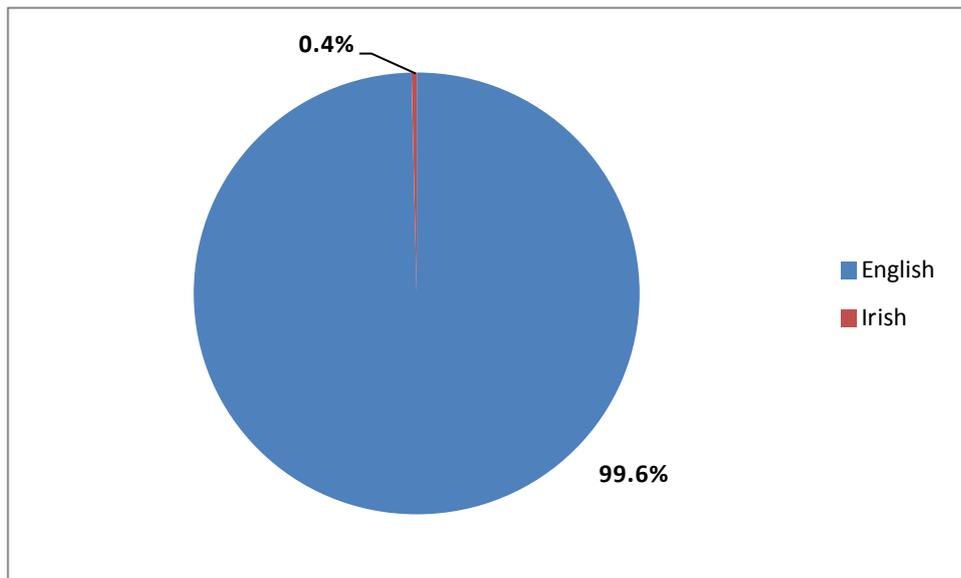
273 surveys were completed during the consultation process. This number represented 6 groups in the following categories;

- 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 223 submissions supported that a local adjustment factor be applied to the LPT liability, while a total of 50 submissions supported that a local adjustment factor should not be applied to the LPT liability.

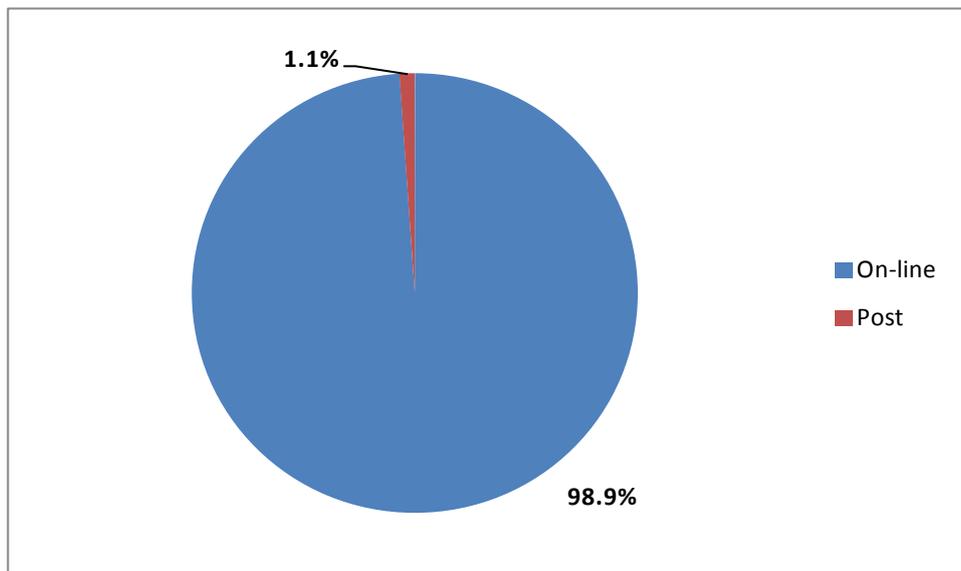
## 8. Analysis of Survey results

### 8.1 Total number of respondents



The total number of completed surveys was 273, of which 272 (99.6%) were in English and 1 (0.4%) were in Irish.

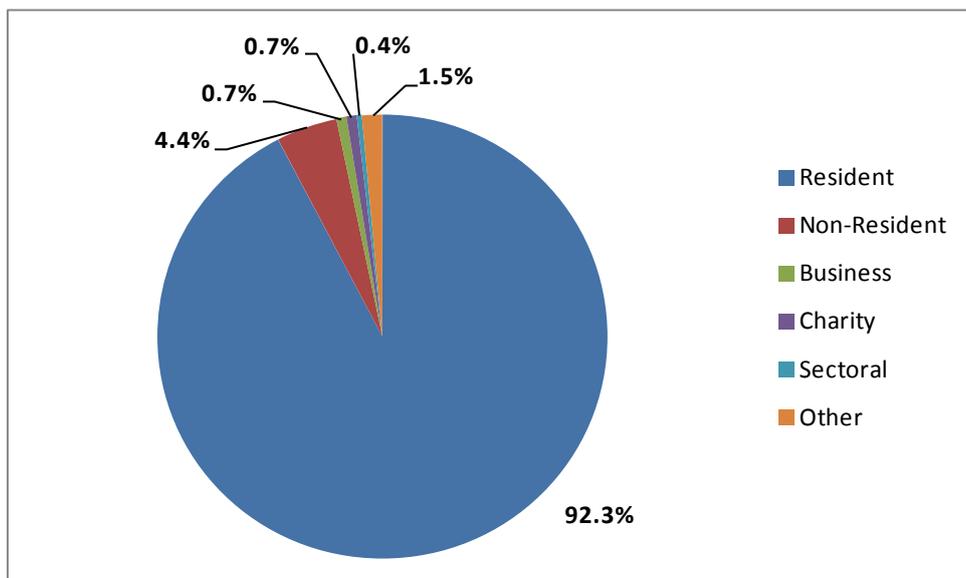
### 8.2 Analysis of submissions received



Completed surveys were submitted as follows:

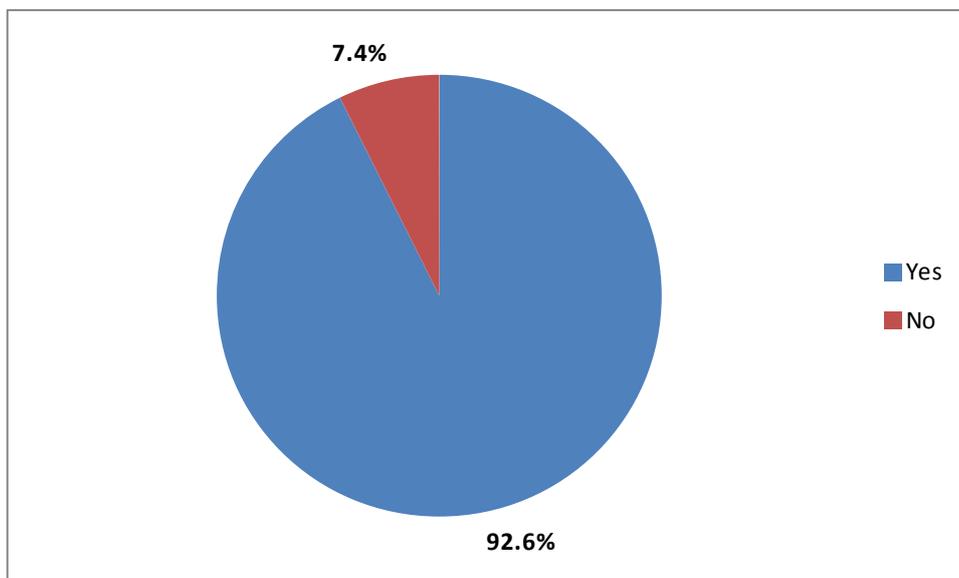
- On-line at [www.dublincity.ie](http://www.dublincity.ie), a total of 270 (98.9%)
- By post to the Finance Department, a total of 3 (1.1%)

### 8.3 Question 1 – Analysis of Respondents



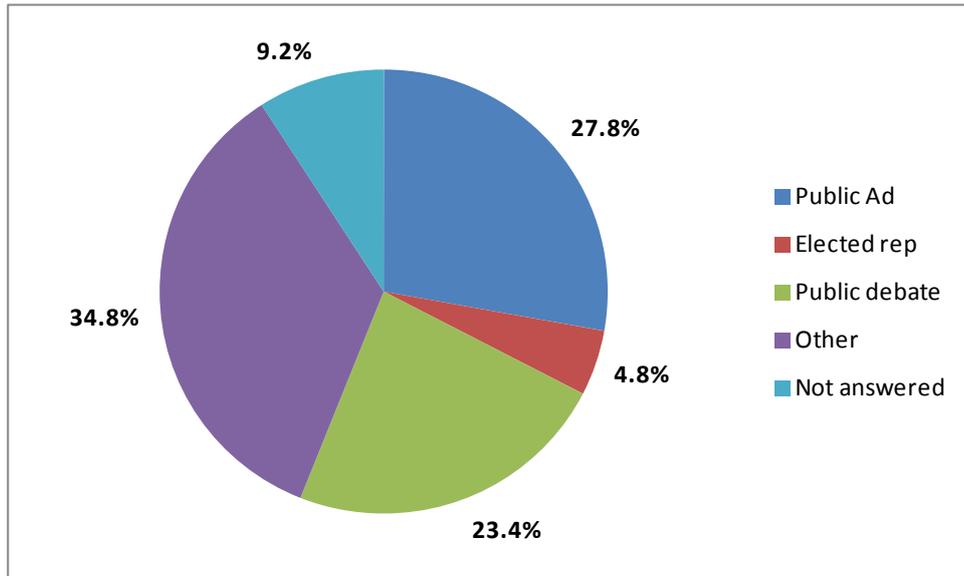
The largest single group of respondents were Dublin City Council residents who comprised 252 (or 92.3%) of the total, followed by Non-Dublin City Council residents at 12 (or 4.4%).

### 8.4 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 2017 by +/- 15%



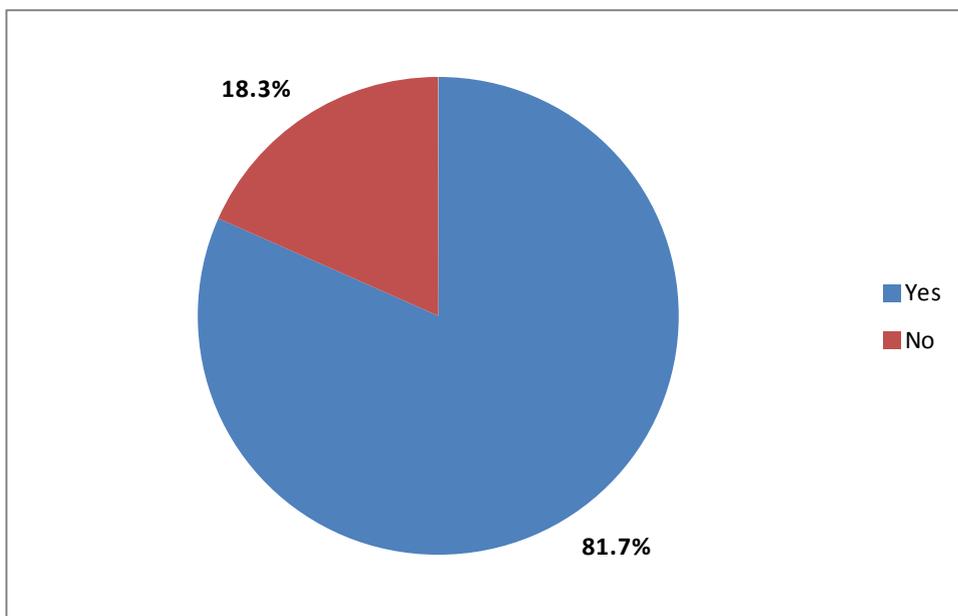
A total of 92.6% (or 252 respondents) indicated that they were aware that Councillors had the power to vary the basic rate of the LPT. A total of 7.4% (or 20 respondents) were not aware that Councillors had the power to vary the basic rate.

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



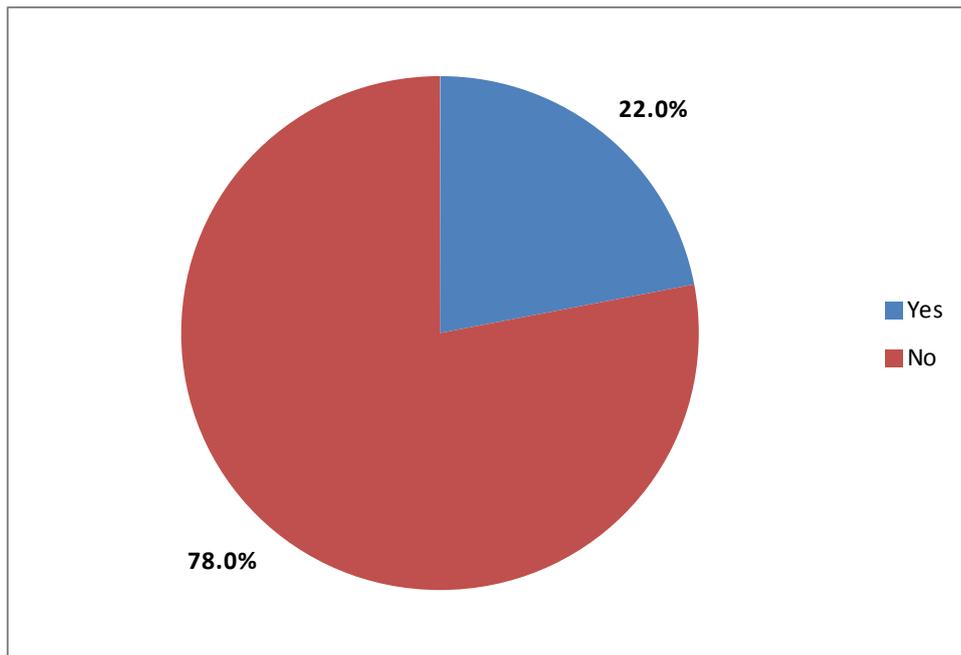
A total of 34.8% (or 95 respondents) became aware of the consultation by 'Other' methods such as media commentary, social media, word of mouth and knowledge of the relevant legislation. A total of 27.8% (or 76 respondents) became aware due to our advertisements and 23.4% (or 64 respondents) became aware of the consultation by public debate.

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



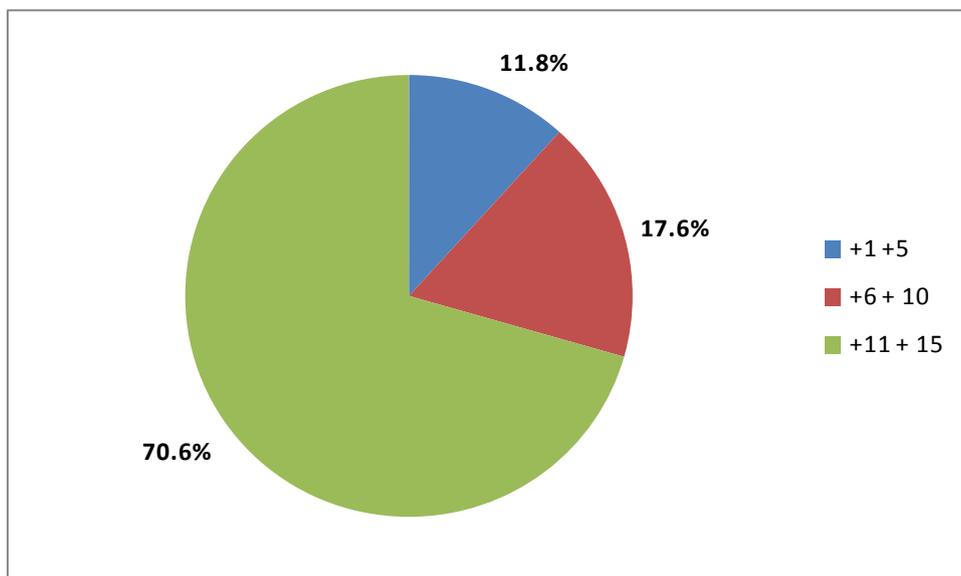
A total of 273 respondents answered this question. Of these, 81.7% (or 223 respondents) wished for the LPT to be varied, 18.3% (or 50 respondents) did not ask to vary the LPT.

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



A total of 223 respondents answered this question. Of those who answered, 78% (or 174 respondents) did not wish to increase the basic rate of the LPT. 22% (or 49 respondents) wished to increase the basic rate.

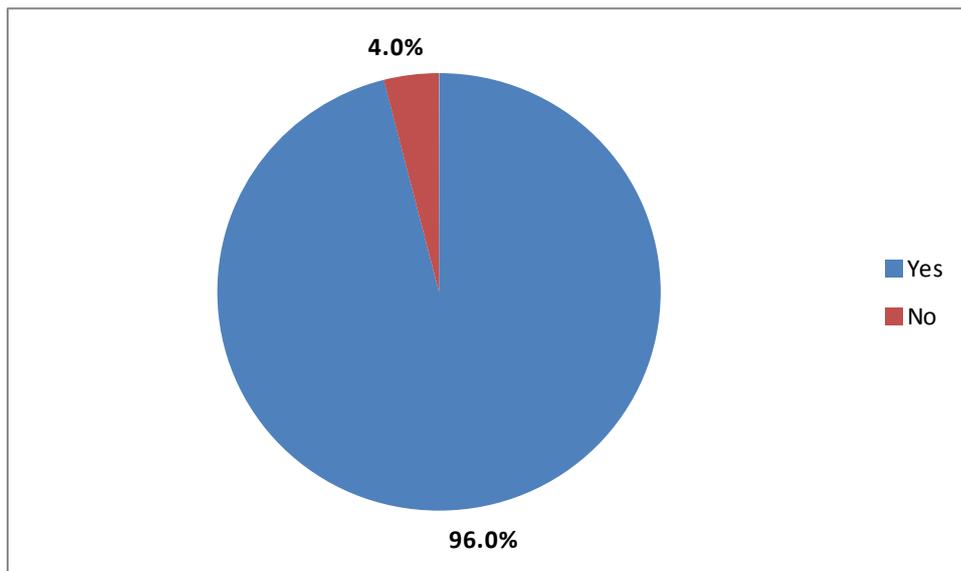
**8.8 Question 6 – If yes by what range?**



In question 5, a total of 49 respondents indicated they wished to increase the basic rate of LPT however 51 respondents answered this question. 70.6% (or 36 respondents) requested an increase of 11% - 15%, followed by 17.6% (or 9 respondents) who requested an increase of 6% - 10% with the balance of 11.8% (or 6 respondents) requesting an increase of between 0% - 5%.

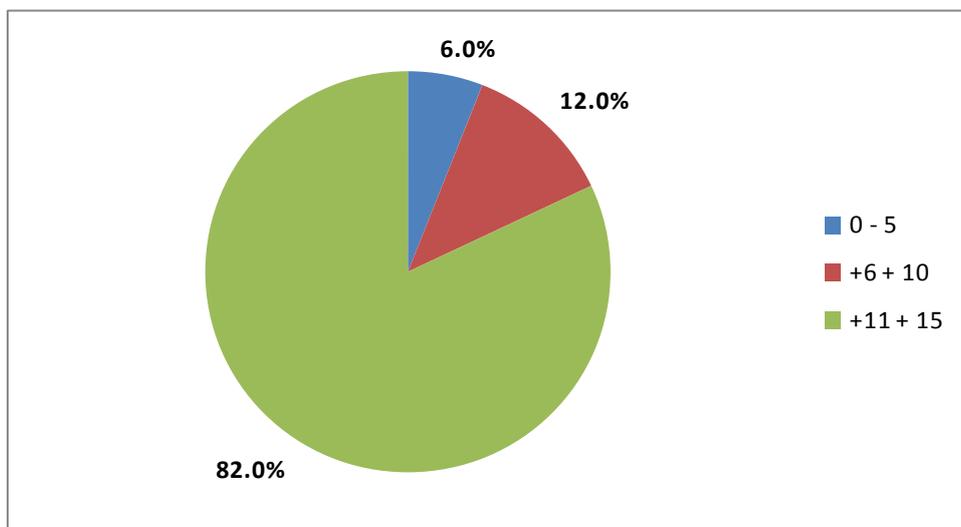
The above analysis is based on the 51 responses.

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



A total of 174 respondents answered this question. Of those that answered, 96% (or 167 respondents) wished for the basic rate of the LPT to be reduced. 4% (or 7 respondents) did not wish for the basic rate of the LPT to be reduced.

**8.10 Question 8 – If yes by what range?**



In question 7, a total of 167 respondents indicated that they wished to decrease the basic rate of the LPT. Of those respondents who requested a decrease in the basic rate of the Local Property Tax, 82% (or 137 respondents) called for a reduction of 11% - 15%, followed by 12% (or 20 respondents) calling for a reduction of 6% - 10%, with the balance of 6% (or 10 respondents) calling for a reduction of under 5%.

**Note:** The above analysis on questions 4 through 8 excludes those respondents who did not answer the question.

### 8.11 Question 9 – Additional Comments/Observations made

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

Respondents were given an opportunity to make additional comments / observations. A total of 150 respondents made a comment

Area	Comment
Public Realm	A total of 43 respondents (28.7%) referenced that the LPT should be used to fund services for the City. Comments included areas such as social housing, funding homeless, libraries, parks, footpath improvements, street cleaning, cycling infrastructure
Unfairness to Dublin City	A total of 24 respondents (16.0%) referenced the inequality of the LPT against Dublin City. Reference was made to rising property prices; the impact of the revaluation in 2019, the charge should be based on floor space or insurance cost or site value.
Existing Tax Burden	A total of 21 respondents (14.0%) referenced the existing tax burden and referenced item as high levels of stamp duty paid, areas of higher income should be a higher rate, the charge should be tax deductible
Decrease the LPT	A total of 17 respondents (11.3%) said the rate should be decreased, the charge should be kept as low as possible, the economy has not recovered.
Property Prices	A total of 10 respondents (6.7%) referenced the impact of property prices. Reference was made to the increasing property prices in Dublin, the charge is unfair to people who live in properties valued in excess of €1m
LPT Retention	A total of 8 respondents (5.3%) referenced that it is unfair that 20% of the Dublin City LPT goes to rural Local Authorities, the Government should be lobbied by our Councillors to make the charge fairer for Dublin City
Transparency	A total of 8 respondents (5.3%) referenced that there needs to be greater transparency in the process, there should be greater accountability as to what the LPT is funding is used for.
Increase the LPT	A total of 4 respondents (2.7%) referenced that the charge should be increased to fund services in the City.
Ability to Pay	A total of 2 respondents (1.3%) referenced that the LPT does not take account of a citizen's ability to pay.
Miscellaneous	A total of 13 respondents (8.7%) fell in to this area. The comments covered areas such as the rate should be standard across the country, it should be linked to the size of a council's budget, and higher density buildings will decrease the need to increase the LPT.

### 7.0 Summary

In summary:

- The total number of completed surveys was 273
- The largest single group of respondents were Dublin City Council residents (252 or 92.3%)
- 92.3% (or 252 respondents) indicated that they were aware that Councillors had the power to vary the basic rate of the LPT

- 34.8% (or 64 respondents) became aware of the consultation by 'other means' (media comment, social media, word of mouth etc.), followed by 27.8% (or 76 respondents) who became aware by public debate
- 81.3% (or 223 respondents) wished for the LPT to be varied
- 78.1% (or 174 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, 70.6% (or 36 respondents) requested an increase of between 11% - 15% followed by 17.6% (or 9 respondents) who requested an increase of 6% - 10%, with the balance of 11.8% (or 6 respondents) requesting an increase of between 1% - 5%
- 96% (or 167 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, 82% (or 137 respondents) called for a reduction of 11% - 15%, followed by 12% (or 19 respondents) who called for a reduction of 6% - 10%, with the balance of 6% (or 10 respondents) calling for a reduction of under 5%
- A total of 150 (or 54.9%) respondents included a comment/observation in the survey

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

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



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

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

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

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

More information on these services is given in Appendix 6.

### ***2.0 Introduction***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **4.1 Commencement of LPT**

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

### **4.2 Control of LPT**

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

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

### 4.3 Consideration of Basic Rate

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

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

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

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

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

#### **4.4 Redistribution**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The financial effect of a variation to the Local Adjustment Factor

Public Consultation, feedback provided in Report 308/2017

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

## Appendix 1: Schedule of impact of Variations in LPT in Dublin City on property valuation bands

Impact of Increase in LPT in Dublin City on property valuation bands																	
Property Valuation	Midpoint	Current LPT	Increase by 1%	Increase by 2%	Increase by 3%	Increase by 4%	Increase by 5%	Increase by 6%	Increase by 7%	Increase by 8%	Increase by 9%	Increase by 10%	Increase by 11%	Increase by 12%	Increase by 13%	Increase by 14%	Increase by 15%
0-100,000	€50,000.00	€90.00	€90.90	€91.80	€92.70	€93.60	€94.50	€95.40	€96.30	€97.20	€98.10	€99.00	€99.90	€100.80	€101.70	€102.60	€103.50
100,001-150,000	€125,000.00	€225.00	€227.25	€229.50	€231.75	€234.00	€236.25	€238.50	€240.75	€243.00	€245.25	€247.50	€249.75	€252.00	€254.25	€256.50	€258.75
150,001-200,000	€175,000.00	€315.00	€318.15	€321.30	€324.45	€327.60	€330.75	€333.90	€337.05	€340.20	€343.35	€346.50	€349.65	€352.80	€355.95	€359.10	€362.25
200,001-250,000	€225,000.00	€405.00	€409.05	€413.10	€417.15	€421.20	€425.25	€429.30	€433.35	€437.40	€441.45	€445.50	€449.55	€453.60	€457.65	€461.70	€465.75
250,001-300,000	€275,000.00	€495.00	€499.95	€504.90	€509.85	€514.80	€519.75	€524.70	€529.65	€534.60	€539.55	€544.50	€549.45	€554.40	€559.35	€564.30	€569.25
300,001-350,000	€325,000.00	€585.00	€590.85	€596.70	€602.55	€608.40	€614.25	€620.10	€625.95	€631.80	€637.65	€643.50	€649.35	€655.20	€661.05	€666.90	€672.75
350,001-400,000	€375,000.00	€675.00	€681.75	€688.50	€695.25	€702.00	€708.75	€715.50	€722.25	€729.00	€735.75	€742.50	€749.25	€756.00	€762.75	€769.50	€776.25
400,001-450,000	€425,000.00	€765.00	€772.65	€780.30	€787.95	€795.60	€803.25	€810.90	€818.55	€826.20	€833.85	€841.50	€849.15	€856.80	€864.45	€872.10	€879.75
450,001-500,000	€475,000.00	€855.00	€863.55	€872.10	€880.65	€889.20	€897.75	€906.30	€914.85	€923.40	€931.95	€940.50	€949.05	€957.60	€966.15	€974.70	€983.25
500,001-550,000	€525,000.00	€945.00	€954.45	€963.90	€973.35	€982.80	€992.25	€1,001.70	€1,011.15	€1,020.60	€1,030.05	€1,039.50	€1,048.95	€1,058.40	€1,067.85	€1,077.30	€1,086.75
550,001-600,000	€575,000.00	€1,035.00	€1,045.35	€1,055.70	€1,066.05	€1,076.40	€1,086.75	€1,097.10	€1,107.45	€1,117.80	€1,128.15	€1,138.50	€1,148.85	€1,159.20	€1,169.55	€1,179.90	€1,190.25
600,001-650,000	€625,000.00	€1,125.00	€1,136.25	€1,147.50	€1,158.75	€1,170.00	€1,181.25	€1,192.50	€1,203.75	€1,215.00	€1,226.25	€1,237.50	€1,248.75	€1,260.00	€1,271.25	€1,282.50	€1,293.75
650,001-700,000	€675,000.00	€1,215.00	€1,227.15	€1,239.30	€1,251.45	€1,263.60	€1,275.75	€1,287.90	€1,300.05	€1,312.20	€1,324.35	€1,336.50	€1,348.65	€1,360.80	€1,372.95	€1,385.10	€1,397.25
700,001-750,000	€725,000.00	€1,305.00	€1,318.05	€1,331.10	€1,344.15	€1,357.20	€1,370.25	€1,383.30	€1,396.35	€1,409.40	€1,422.45	€1,435.50	€1,448.55	€1,461.60	€1,474.65	€1,487.70	€1,500.75
750,001-800,000	€775,000.00	€1,395.00	€1,408.95	€1,422.90	€1,436.85	€1,450.80	€1,464.75	€1,478.70	€1,492.65	€1,506.60	€1,520.55	€1,534.50	€1,548.45	€1,562.40	€1,576.35	€1,590.30	€1,604.25
800,001-850,000	€825,000.00	€1,485.00	€1,499.85	€1,514.70	€1,529.55	€1,544.40	€1,559.25	€1,574.10	€1,588.95	€1,603.80	€1,618.65	€1,633.50	€1,648.35	€1,663.20	€1,678.05	€1,692.90	€1,707.75
850,001-900,000	€875,000.00	€1,575.00	€1,590.75	€1,606.50	€1,622.25	€1,638.00	€1,653.75	€1,669.50	€1,685.25	€1,701.00	€1,716.75	€1,732.50	€1,748.25	€1,764.00	€1,779.75	€1,795.50	€1,811.25
900,001-950,000	€925,000.00	€1,665.00	€1,681.65	€1,698.30	€1,714.95	€1,731.60	€1,748.25	€1,764.90	€1,781.55	€1,798.20	€1,814.85	€1,831.50	€1,848.15	€1,864.80	€1,881.45	€1,898.10	€1,914.75
950001-1000000	€975,000.00	€1,755.00	€1,772.55	€1,790.10	€1,807.65	€1,825.20	€1,842.75	€1,860.30	€1,877.85	€1,895.40	€1,912.95	€1,930.50	€1,948.05	€1,965.60	€1,983.15	€2,000.70	€2,018.25

Impact of Decrease in LPT in Dublin City on property valuation bands																	
Property Valuation	Midpoint	Current LPT	Decrease by 1%	Decrease by 2%	Decrease by 3%	Decrease by 4%	Decrease by 5%	Decrease by 6%	Decrease by 7%	Decrease by 8%	Decrease by 9%	Decrease by 10%	Decrease by 11%	Decrease by 12%	Decrease by 13%	Decrease by 14%	Decrease by 15%
0-100,000	€50,000.00	€90.00	€89.10	€88.20	€87.30	€86.40	€85.50	€84.60	€83.70	€82.80	€81.90	€81.00	€80.10	€79.20	€78.30	€77.40	€76.50
100,001-150,000	€125,000.00	€225.00	€222.75	€220.50	€218.25	€216.00	€213.75	€211.50	€209.25	€207.00	€204.75	€202.50	€200.25	€198.00	€195.75	€193.50	€191.25
150,001-200,000	€175,000.00	€315.00	€311.85	€308.70	€305.55	€302.40	€299.25	€296.10	€292.95	€289.80	€286.65	€283.50	€280.35	€277.20	€274.05	€270.90	€267.75
200,001-250,000	€225,000.00	€405.00	€400.95	€396.90	€392.85	€388.80	€384.75	€380.70	€376.65	€372.60	€368.55	€364.50	€360.45	€356.40	€352.35	€348.30	€344.25
250,001-300,000	€275,000.00	€495.00	€490.05	€485.10	€480.15	€475.20	€470.25	€465.30	€460.35	€455.40	€450.45	€445.50	€440.55	€435.60	€430.65	€425.70	€420.75
300,001-350,000	€325,000.00	€585.00	€579.15	€573.30	€567.45	€561.60	€555.75	€549.90	€544.05	€538.20	€532.35	€526.50	€520.65	€514.80	€508.95	€503.10	€497.25
350,001-400,000	€375,000.00	€675.00	€668.25	€661.50	€654.75	€648.00	€641.25	€634.50	€627.75	€621.00	€614.25	€607.50	€600.75	€594.00	€587.25	€580.50	€573.75
400,001-450,000	€425,000.00	€765.00	€757.35	€749.70	€742.05	€734.40	€726.75	€719.10	€711.45	€703.80	€696.15	€688.50	€680.85	€673.20	€665.55	€657.90	€650.25
450,001-500,000	€475,000.00	€855.00	€846.45	€837.90	€829.35	€820.80	€812.25	€803.70	€795.15	€786.60	€778.05	€769.50	€760.95	€752.40	€743.85	€735.30	€726.75
500,001-550,000	€525,000.00	€945.00	€935.55	€926.10	€916.65	€907.20	€897.75	€888.30	€878.85	€869.40	€859.95	€850.50	€841.05	€831.60	€822.15	€812.70	€803.25
550,001-600,000	€575,000.00	€1,035.00	€1,024.65	€1,014.30	€1,003.95	€993.60	€983.25	€972.90	€962.55	€952.20	€941.85	€931.50	€921.15	€910.80	€900.45	€890.10	€879.75
600,001-650,000	€625,000.00	€1,125.00	€1,113.75	€1,102.50	€1,091.25	€1,080.00	€1,068.75	€1,057.50	€1,046.25	€1,035.00	€1,023.75	€1,012.50	€1,001.25	€990.00	€978.75	€967.50	€956.25
650,001-700,000	€675,000.00	€1,215.00	€1,202.85	€1,190.70	€1,178.55	€1,166.40	€1,154.25	€1,142.10	€1,129.95	€1,117.80	€1,105.65	€1,093.50	€1,081.35	€1,069.20	€1,057.05	€1,044.90	€1,032.75
700,001-750,000	€725,000.00	€1,305.00	€1,291.95	€1,278.90	€1,265.85	€1,252.80	€1,239.75	€1,226.70	€1,213.65	€1,200.60	€1,187.55	€1,174.50	€1,161.45	€1,148.40	€1,135.35	€1,122.30	€1,109.25
750,001-800,000	€775,000.00	€1,395.00	€1,381.05	€1,367.10	€1,353.15	€1,339.20	€1,325.25	€1,311.30	€1,297.35	€1,283.40	€1,269.45	€1,255.50	€1,241.55	€1,227.60	€1,213.65	€1,199.70	€1,185.75
800,001-850,000	€825,000.00	€1,485.00	€1,470.15	€1,455.30	€1,440.45	€1,425.60	€1,410.75	€1,395.90	€1,381.05	€1,366.20	€1,351.35	€1,336.50	€1,321.65	€1,306.80	€1,291.95	€1,277.10	€1,262.25
850,001-900,000	€875,000.00	€1,575.00	€1,559.25	€1,543.50	€1,527.75	€1,512.00	€1,496.25	€1,480.50	€1,464.75	€1,449.00	€1,433.25	€1,417.50	€1,401.75	€1,386.00	€1,370.25	€1,354.50	€1,338.75
900,001-950,000	€925,000.00	€1,665.00	€1,648.35	€1,631.70	€1,615.05	€1,598.40	€1,581.75	€1,565.10	€1,548.45	€1,531.80	€1,515.15	€1,498.50	€1,481.85	€1,465.20	€1,448.55	€1,431.90	€1,415.25
950001-1000000	€975,000.00	€1,755.00	€1,737.45	€1,719.90	€1,702.35	€1,684.80	€1,667.25	€1,649.70	€1,632.15	€1,614.60	€1,597.05	€1,579.50	€1,561.95	€1,544.40	€1,526.85	€1,509.30	€1,491.75

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

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

Expected Credit Balance

Y2017R

14,450,000

Expected Credit Balance

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

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

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



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



21 July 2017

**Circular Fin 05/2017**

Chief Executive

cc. Head of Finance

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

A Chara,

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

**Local Retention of LPT**

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

## **2018 Baseline**

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

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

## **Equalisation**

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

## **Self-Funding**

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

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

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

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

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

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

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

### **Variation**

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

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

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

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

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

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

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

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

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

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

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Lorraine O'Donoghue

Principal

Local Government Finance

## Appendix A

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

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

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

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

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

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

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

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

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

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

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

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

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



## **Circular Fin 06/2017**

Head of Finance,

8 September 2017

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

Dear Head of Finance,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Local authorities are reminded that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

##### Format of 2018 statutory budget book

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

##### Reminders

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

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

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

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

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

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

Is mise le meas,



Lorraine O'Donoghue  
Principal

Local Government Finance

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

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