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**FÓGRA FREASTAIL DO CHRUINNIÚ SPEISIALTA NA COMHAIRLE  
I SEOMRA NA COMHAIRLE, HALLA NA CATHRACH, CNOC CHORCAÍ,  
DÉARDAOIN, ar 13 MEÁN FÓMHAIR 2018 **AG 6.15 PM****

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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 THURSDAY 13 SEPTEMBER 2018 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 13 Meán Fómhair 2018 ag 6.15 pm** 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**

**7 Meán Fómhair 2018**





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**Draft Budget Strategy for Financial Year 2019 in compliance with the Local Government  
(Financial and Audit Procedures) Regulations 2014**  
*For consideration at a special meeting of Dublin City Council scheduled for  
13<sup>th</sup> September 2018*

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## **1. Executive Summary**

This draft budget strategy prepared in compliance with SI 226 of 2017, 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 €3.8m, maintaining the commercial rates vacancy refund rate of 40%, a maximum reduction in the LPT of 10%, effectively returning at least an additional €4m to support the provision of services. This draft budget strategy is required to be presented to elected members as part of the LPT process (i.e. September), in advance of the budget process in November. As a result, a high degree of uncertainty is attached to some key parameters of the draft budget strategy as presented.

## **2.0 Introduction**

### **2.1. Background**

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 4/2018. The legislative framework prescribes the format of financial data provided. In this report, financial information is based on actual data to date (September 2018) along with reasonable estimates of likely outturns for the current financial year 2018. A comprehensive mid-year review of the financial performance was carried out in July 2018. The elected members are asked to consider this draft Budget Strategy for the forthcoming financial year 2019 in advance of the statutory budget meeting, scheduled for November 19<sup>th</sup>.

### **2.2. Relevant Factors**

The factors relevant to the 2019 Budget are movements in commercial rates including the overall quantum of rateable properties, variation to the basic LPT rate; the setting of the rate, the value of vacancy refunds; the level of government grant funding; financial management and cost pressures in both the current year (2018) and estimated for next year (2019); expenditure commitments and service demands in 2019, efficiencies gained in 2018 and scheduled for 2019 and capital expenditure and income in 2019. DCC's financial position is set out in the prescribed format in Appendix 1.

### **2.3 Objectives**

The objective of Dublin City Council's Budget Strategy is to develop a financially sustainable approach to funding operational services and capital programmes for the financial year 2019. The strategy seeks to 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, including commercial rates. 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 make 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 2018 are set out in Appendix 4. Almost 77% of commercial ratepayers have a rates charge in 2018 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 2019 to a multiplier of .261 i.e. just slightly over 1% increase (see Appendix 5). The funds raised through this measure of €3.8m 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%, and in 2018 when the vacancy rate was further reduced to 40% (i.e. where a rateable premises has been vacant, 60% of rates due is liable, with 40% not paid). In many 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.

Dublin City Council has reviewed the impact on payments of the changes made to the vacancy refund rate in November 2016, applicable for the financial and budget year 2017. The second reduction applied to the vacancy refund rate for the 2018 Budget and financial year will be reviewed following the 1<sup>st</sup> quarter of 2019.

Commercial rates, vacancy related or otherwise, are pursued until payment is made. Consequently the payment timeline varies based on how quickly the debt is discharged. It is preferable for Dublin City Council that rates liabilities are discharged promptly for cashflow purposes and efficiency to minimise resource usage. The in-depth analysis of payments made in respect of vacant commercial property compared actual payments made in 2016 and 2017.

Payments made relating to vacant commercial property in 2017 indicate a lower payment rate than payments made in 2016. Payment rates in 2018 will be closely reviewed in 2019, capturing both successive reductions in the vacancy refund rate. The cause of the change payment patterns cannot be definitively stated. Based on the comparison between payment patterns in 2017 and 2016, it is not recommended to further alter the vacancy refund rate in the 2019 Budget. A further exercise will take place in 2019 comparing the payment pattern in 2018 with earlier years.

Over the period 2014-2017, the value of vacancy rates refunds in Dublin City has reduced from €14.6 to €9.8m primarily due to increased demand for vacant commercial premises. Please see Table 1 below for details of vacancy refunds in Dublin City in 2014 - 2017.

| Area               | 2014            |                    | 2015            |                    | 2016            |                    | 2017            |                      |
|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|----------------------|
|                    | No. of Accounts | Vacancy Credits      |
| Central Area       | 520             | €3,292,518         | 479             | €2,730,963         | 474             | €2,722,532         | 438             | €1,840,996.63        |
| North Central Area | 220             | €1,051,523         | 207             | €872,939           | 118             | €386,775           | 165             | €653,155.82          |
| North West Area    | 229             | €1,314,017         | 263             | €1,085,722         | 211             | €964,994           | 271             | €1,127,763.42        |
| South Central Area | 339             | €1,648,624         | 334             | €1,527,788         | 287             | €1,370,056         | 258             | €1,055,855.14        |
| South East Area    | 1019            | €7,317,206         | 954             | €6,949,833         | 814             | €5,762,024         | 854             | €5,090,094.82        |
| Mics               |                 |                    |                 |                    |                 |                    |                 |                      |
| <b>Total</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> | <b>1986</b>     | <b>€9,767,865.83</b> |

As the commercial rates vacancy refund rate was lowered with effect from 2018 (from 45% to 40%), the budget strategy proposes that no further changes are made pending a further review in 2019 of actual payment trends.

### 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 a balance of 77 cases remain outstanding and are expected to progress by year end 2018. Dublin City Council's next effective revaluation date is 2024.

### 3.5 Variation of the Local Property Tax 2018

Report 238/2018 relates to the consideration of the Local Property Tax Local Adjustment Factor in respect of the financial year 2019. In summary, that report proposes that the elected members move from applying a 15% reduction in the LPT basic rate to at most a 10% reduction thereby providing at least €4m in additional funds.

This strategy incorporates that:

- a local adjustment factor of at most 10% reduction, with an impact of at least an additional €4m funds for services, is applied to the LPT Basic Rate in respect of LPT liability for the year 2019 (see Report 238/2018)

### 3.6 Financial Pressures in the current year 2018

The 2018 operational budget of €917.4m was adopted by the elected members and an Annual Rate on Valuation of .258 was struck, representing no change. 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 2018, 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. The value of cases associated with receiverships and liquidations is currently at €3.4m. 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 2018, 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 2018 and previous years.

Table 2 sets out detail of the costs of provision of homeless services in 2018 and 2019.

**Table 2 Homeless Funding**

| Analysis of Homeless Expenditure |                       |               |                       |               |                       |               |
|----------------------------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|
|                                  | 2018 - Adopted        |               | 2018 - Revised        |               | 2019 - Estimated      |               |
|                                  | Budget                | % Share       | Budget                | % Share       | Budget                | % Share       |
| <b>Expenditure</b>               | 142,390,234.00        |               | 144,409,787.53        |               | 151,078,404.46        |               |
| <b>Income</b>                    |                       |               |                       |               |                       |               |
| DoHPC&LG                         | 118,149,243.00        | 83.0%         | 120,168,796.53        | 83.2%         | 126,837,413.46        | 84.0%         |
| Dublin LA's                      | 6,020,000.00          | 4.2%          | 6,020,000.00          | 4.2%          | 6,020,000.00          | 4.0%          |
| Other (HSE/Health & Misc)        | 1,154,074.00          | 0.8%          | 1,154,074.00          | 0.8%          | 1,154,074.00          | 0.8%          |
| <b>Total Income</b>              | <b>125,323,317.00</b> | <b>88.0%</b>  | <b>127,342,870.53</b> | <b>88.2%</b>  | <b>134,011,487.46</b> | <b>88.7%</b>  |
| DCC Contribution                 | 17,066,917.00         | 12.0%         | 17,066,917.00         | 11.8%         | 17,066,917.00         | 11.3%         |
| <b>Total Expenditure</b>         | <b>142,390,234.00</b> | <b>100.0%</b> | <b>144,409,787.53</b> | <b>100.0%</b> | <b>151,078,404.46</b> | <b>100.0%</b> |

- 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 DoHP&LG
  - Per the analysis the DoHP&LG funding is moving from €118.1m (adopted 2018) to €126.8m (Est 2019)
  - This is increased DoHP&LG funding of €8.7m
  - The DoHPC&LG funding % moves from 83% to 84%

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 2019

In framing this draft budget strategy, due regard has been given to service demands likely to present in 2019. The most significant are:

- Increased costs of carriageway footpath resurfacing
- Unfunded pay costs relating to fire personnel
- Increasing costs of providing a public realm appropriate for the capital city.

### 3.8 Income Trends 2019

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 which is expected to increase in 2019. The grant paid by the Department of Housing in respect of rates formerly liable on Irish Water related properties is expected to be received for 2019, confirmation has not been secured beyond that (€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 2018), grant funding for the costs of implementation of the Haddington Road and Public Sector Stability Agreement (PSSA) is provided at 80% of incurred cost as against 100% provided to Government Departments. This results in a deficit of €900k to DCC. Also funding has not been provided to date to meet the costs of the national agreement relating to rent payments for fire services personnel. The funding in question amounts to €3.3m for the full year 2018 in addition to €1m in respect of 2017 implementation.

### 3.9 Efficiencies made in 2018 and planned for 2019

Over the course of 2018, 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 2018 reflect a modest increase of both core and non-core staff, from 5290.15 at December 2016 to 5384.55 at 30<sup>th</sup> June 2018 in line with service requirements.

Table 4: Staff Numbers

|                  | Dec 2016 | Jun 2018 |
|------------------|----------|----------|
| <b>Headcount</b> | 5618     | 5727     |
| <b>Core</b>      | 5451     | 5485     |
| <b>Non Core</b>  | 167      | 242      |
| <b>WTE</b>       |          |          |
|                  | 5290.15  | 5384.55  |
| <b>Core</b>      | 5131.5   | 5153     |
| <b>Non Core</b>  | 158.65   | 231.55   |

#### **Procurement**

Dublin City Council continues to pursue value for money outcomes for supplies, services and works, through the introduction of local contracts and Frameworks and through availing of central led, regional and National procurement arrangements.

The Office of Government Procurement (OGP) and The Local Government Operational Procurement Centre (LGOPC) existing and pipeline 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
- Managed Services
- Facilities Management & Maintenance
- Laboratory, Diagnostics and Equipment (incl. research)
- PPE (Personal Protective Equipment)
- White Goods
- Tools and Equipment
- Non Domestic Waste Services
- Financial Services
- Courier Services
- Travel, Transport and HR Services
- Minor Works

### **3.10 Capital Expenditure and Income 2019**

The budget strategy is based on the forecasted capital spend for 2019 as identified in Dublin City Council's 2019 to 2021 capital programme. A detailed capital programme for the period 2019 to 2021 based on further analysis will be presented to the Elected Members in November along with the operational budget for the financial year 2019.

## **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 €3.8m, maintaining the commercial rates vacancy refund rate of 40%, a reduction in the LPT of 10%, effectively returning an additional €4m to support the provision of services.

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

6<sup>th</sup> September 2018

## Appendix 1

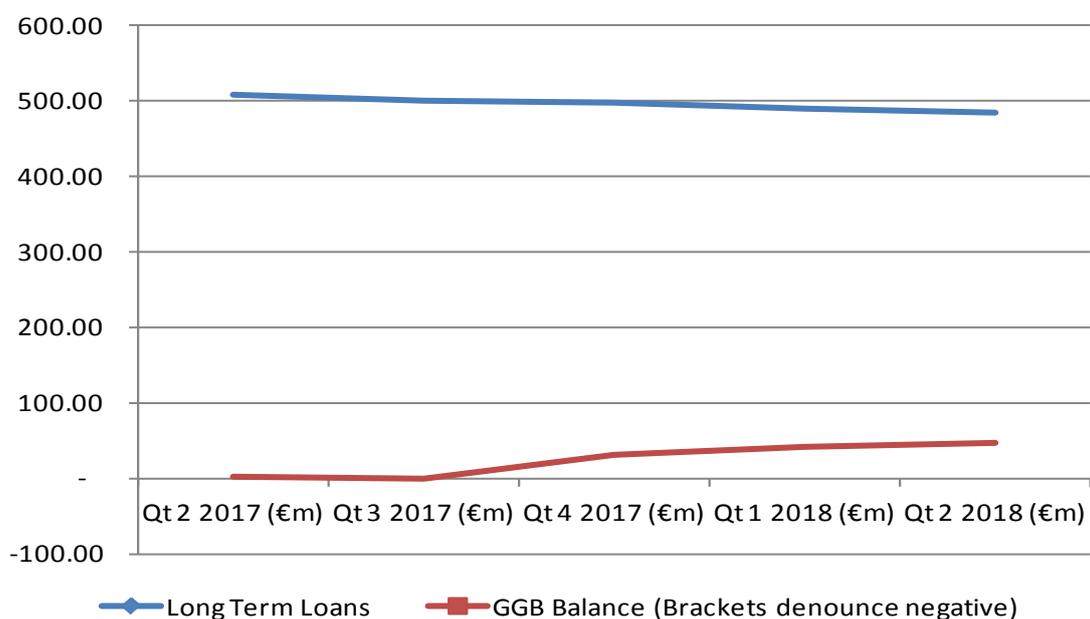
### **FINANCIAL POSITION OF DUBLIN CITY COUNCIL (PRESCRIBED FORMAT)**

|   | <b>As at Year<br/>To 30th of<br/>June 2018</b> |
|---|--|
| <b>ASSETS</b>                                   | €  |
| Current assets (including cash and investments) | 542,679,549                                    |
| General revenue reserve (if surplus)            | 22,774,983                                     |
| Loans receivable                                | 430,428,357                                    |
|   | -  |
| <b>LIABILITIES</b>                              | €  |
| Current liabilities (including overdraft)       | 391,815,965                                    |
| General revenue reserve (if deficit)            | -  |
| Loans payable                                   | -  |
| Voluntary housing/mortgage loans                | 360,936,437                                    |
| Non mortgage loans                              | 123,704,462                                    |
|   | -  |
| <b>INDICATORS</b>                               | -  |
| Ratio of loans payable to revenue income        | 52.8%  |
| Ratio of current assets to current liabilities  | 1.39:1   |

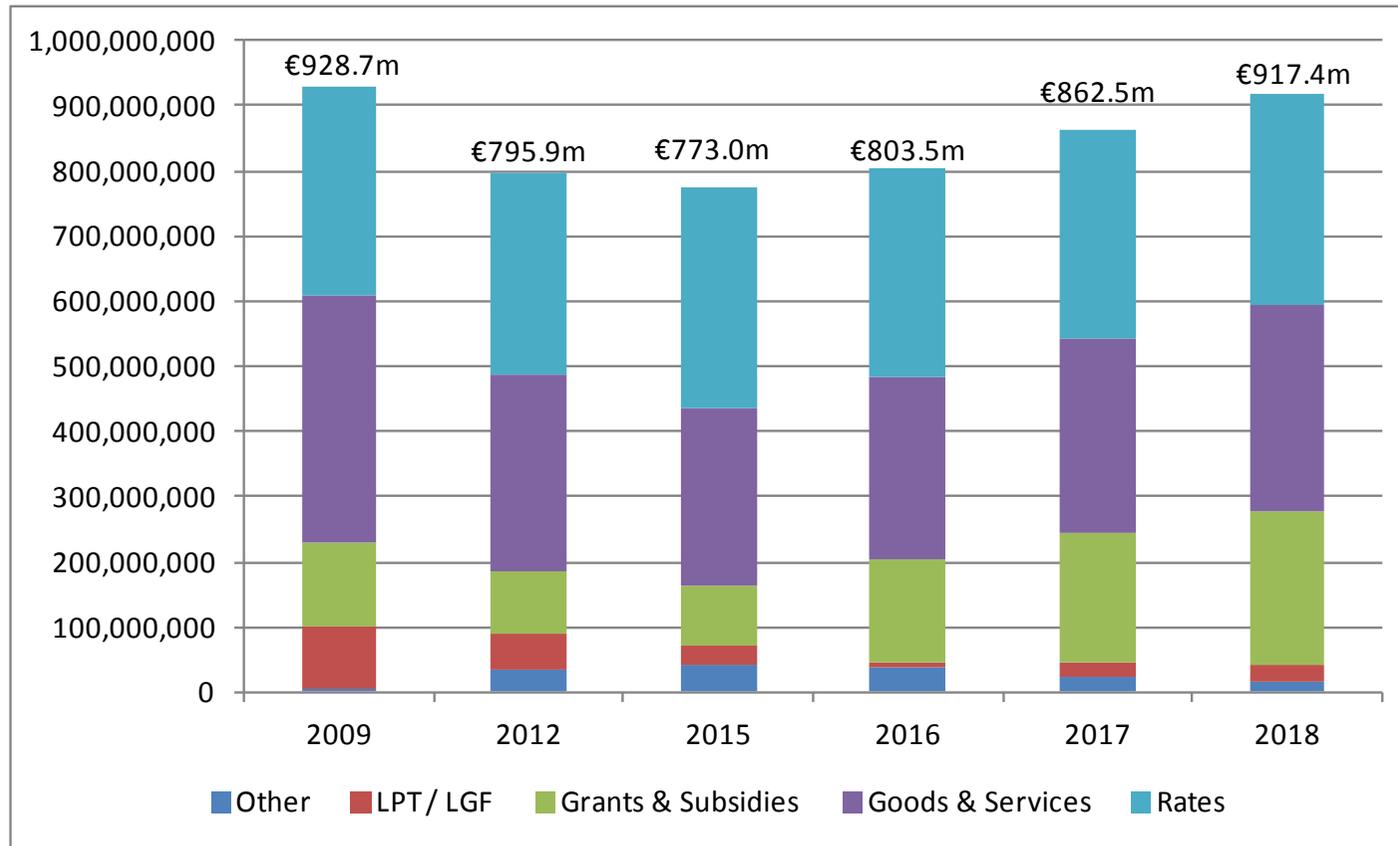
### **GGB Data 2017 to 2018**

|  | Qt 2 2017<br>(€m) | Qt 3 2017<br>(€m) | Qt 4 2017<br>(€m) | Qt 1 2018<br>(€m) | Qt 2 2018<br>(€m) |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Current Assets                         | 469.41            | 428.68            | 330.19            | 603.83            | 542.68            |
| Current Liabilities                    | 370.65            | 320.00            | 199.07            | 458.76            | 391.82            |
| Creditors(<1yr)                        | 536.36            | 530.32            | 544.62            | 538.68            | 533.37            |
| Long Term Loans                        | 507.69            | 501.47            | 497.69            | 491.05            | 484.64            |
| GGB Balance (Brackets denote negative) | 0.60              | (2.06)            | 30.26             | 42.43             | 47.92             |
| Movement against Q4 of previous year   | 25.85             | 23.19             | 55.51             | 12.17             | 17.66             |

### **Long Term Loans**



**Appendix 2 - Budgeted Total Income by Year**



**Appendix 3 – Table of Budgeted Total Income by Year**

|                               | <b>2009</b>  | <b>2012</b>  | <b>2015</b>  | <b>2016</b>  | <b>2017</b>  | <b>2018</b>  |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                               | €m           | €m           | €m           | €m           | €m           | €m           |
| <b>Other</b>                  | 4.3          | 36.8         | 42.4         | 39.6         | 22.1         | 17.7         |
| <b>LPT / LGF</b>              | 97.9         | 54.1         | 28.7         | 6.8          | 23.1         | 23.1         |
| <b>Grants &amp; Subsidies</b> | 127.5        | 96.2         | 90.9         | 156.3        | 198.9        | 238.6        |
| <b>Goods &amp; Services</b>   | 379.1        | 301.2        | 275.2        | 280.6        | 297.9        | 313.2        |
| <b>Rates</b>                  | 320.0        | 307.7        | 335.8        | 320.3        | 320.7        | 324.8        |
| <b>Total</b>                  | <b>928.7</b> | <b>795.9</b> | <b>773.0</b> | <b>803.6</b> | <b>862.6</b> | <b>917.4</b> |

**Appendix 4 - Rate Bands**

| <b>CHARGE 2018</b>  | <b>No Of<br/>Accounts</b> | <b>Cumulative<br/>total</b> | <b>% per<br/>band</b> | <b>Cumulative<br/>Total</b> | <b>Total debit per<br/>band</b> | <b>% of<br/>Debit</b> | <b>Cumulative<br/>Total</b> |
|---------------------|---------------------------|-----------------------------|-----------------------|-----------------------------|---------------------------------|-----------------------|-----------------------------|
| €1 - €999           | 2107                      | 2107                        | 10.32%                | 10.32%                      | € 1,296,461.68                  | 0.40%                 | 0.40%                       |
| €1,000 - €3,000     | 5924                      | 8031                        | 29.01%                | 39.32%                      | € 11,499,229.10                 | 3.55%                 | 3.95%                       |
| €3,000 - €5,000     | 3718                      | 11749                       | 18.20%                | 57.53%                      | € 14,482,246.55                 | 4.47%                 | 8.41%                       |
| €5,000 - €10,000    | 3902                      | 15651                       | 19.11%                | 76.63%                      | € 27,449,024.56                 | 8.47%                 | 16.88%                      |
| €10,000 - €25,000   | 2730                      | 18381                       | 13.37%                | 90.00%                      | € 42,013,063.95                 | 12.96%                | 29.83%                      |
| €25,000 - €50,000   | 1065                      | 19446                       | 5.21%                 | 95.22%                      | € 37,188,287.05                 | 11.47%                | 41.30%                      |
| €50,000 - €75,000   | 372                       | 19818                       | 1.82%                 | 97.04%                      | € 22,306,204.30                 | 6.88%                 | 48.18%                      |
| €75,000 - €100,000  | 172                       | 19990                       | 0.84%                 | 97.88%                      | € 14,746,235.36                 | 4.55%                 | 52.73%                      |
| €100,000 - €500,000 | 377                       | 20367                       | 1.85%                 | 99.73%                      | € 74,143,637.25                 | 22.87%                | 75.60%                      |
| €500,000 -          | 56                        | 20423                       | 0.27%                 | 100.00%                     | € 79,131,162.71                 | 24.40%                | 100.00%                     |
| <b>TOTAL</b>        | <b>20423</b>              |                             | <b>100.00%</b>        |                             | <b>€ 324,255,552.51</b>         | <b>100.00%</b>        |                             |

## Appendix 5 - Rates

### Potential new GARV 2019

|                  | Estimate NEV 2019       | %      | ARV 0.253 to 0.263 | Total Income | Difference  |
|------------------|-------------------------|--------|--------------------|--------------|-------------|
| <b>Current</b>   | €1,280,197,812          | 0.00%  | 0.258              | €330,291,035 |             |
|                  | <b>Decrease in GARV</b> |        |                    |              |             |
| <b>Reduction</b> | €1,280,197,812          | -0.39% | 0.257              | €329,010,838 | -€1,280,198 |
|                  | €1,280,197,812          | -0.78% | 0.256              | €327,730,640 | -€2,560,396 |
|                  | €1,280,197,812          | -1.16% | 0.255              | €326,450,442 | -€3,840,593 |
|                  | €1,280,197,812          | -1.55% | 0.254              | €325,170,244 | -€5,120,791 |
|                  | €1,280,197,812          | -1.94% | 0.253              | €323,890,046 | -€6,400,989 |
|                  | <b>Increase in GARV</b> |        |                    |              |             |
| <b>Increase</b>  | €1,280,197,812          | 0.39%  | 0.259              | €331,571,233 | €1,280,198  |
|                  | €1,280,197,812          | 0.78%  | 0.260              | €332,851,431 | €2,560,396  |
|                  | €1,280,197,812          | 1.16%  | 0.261              | €334,131,629 | €3,840,593  |
|                  | €1,280,197,812          | 1.55%  | 0.262              | €335,411,827 | €5,120,791  |
|                  | €1,280,197,812          | 1.94%  | 0.263              | €336,692,025 | €6,400,989  |





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## **Consideration of the Local Property Tax Local Adjustment Factor in respect of the financial year 2019**

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

This report recommends that the Elected Members consider and apply at most a reduction in the basic LPT rate of 10% in 2019, effectively returning at least an additional €4m which will be applied to fund the a programme of additional City services. (More information on these services is given in Appendix 6.)

### ***2.0 Introduction***

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

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 237/2018 deals with the consideration of a Budget Strategy for Dublin City Council for the financial year 2019. The draft 2019 Annual Budget will be considered by the Elected Members of Dublin City Council at the Statutory Budget meeting scheduled to be held on 19<sup>th</sup> November 2018. 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 – May 2018, residential property valuations in Dublin City rose by an average factor of 78% with a range of increases across areas in the City from 48% to 103%. 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. Property valuation arrangements for 2019 have not been clarified as yet.

#### ***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 04/2018 (Appendix 1 attached) sets out an analysis of property valuation bands in Dublin City as provided by the Revenue Commissioners.

Appendix 2 sets out a schedule of the impact of variations in the LPT in Dublin City on property valuation bands, in respect of increases of between 1% and 15% and of decreases between 1% and 15%. For example, should the LPT local adjustment factor be applied to increase the basic rate by 5%, then the LPT liability in respect of a property valued in May 2013 at €230k would increase from €405 to €425.25 (i.e. by €20.25). Should the LPT local adjustment factor be applied to decrease the basic rate by 5%, then the LPT liability in respect of that property would decrease from €405 to €384.75 (i.e. by €20.25).

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

The financial position of Dublin City Council, in the format prescribed by the Minister is set out in Appendix 3.

### **3.4 Application of LPT Funding in 2018**

Information on how Dublin City Council's 2018 LPT allocation was directed to be spent by the Department of Housing, Planning, Community and Local Government in 2017 is set out in Appendix 4.

### **3.5 Impact on Dublin City Council LPT Related Funding in 2019**

Circular Fin 04/18 (Appendix 1) gives a provisional LPT allocation for Dublin City Council. LPT receipts in respect of Dublin City householders in 2018 at €80.1m (€80,060,675). In absolute terms, this amounts to an increase of €271k (€271,098) between 2018 and 2019. Owing to the particular framework of the Local Property Tax, elected members are reminded that any reduction in the basic LPT rate will reduce the slight increase in funds of €271k. Circular Fin 5/2018 sets out prescribed budgetary reporting requirements (Appendix 5).

## **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 sets out the impact of reductions in the basic LPT rate at 15, 10 and 5%.

**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 peroperties in each band  | 11.8%             | 20.4%                  | 20.6%                  | 17.8%                  | 9.7%                   | 19.7%              |
| No. of properties in each band  | 27,305            | 47,205                 | 47,670                 | 41,190                 | 22,445                 | 45,585             |
| At basic rate (0.018)   | 90.00             | 225.00                 | 315.00                 | 405.00                 | 495.00                 |                    |
| At 15% reduction (0.0153)   | 76.50             | 191.25                 | 267.75                 | 344.25                 | 420.75                 |                    |
| At 10% reduction (0.0162)   | 81.00             | 202.50                 | 283.50                 | 364.50                 | 445.50                 |                    |
| At 5% reduction (0.0171)  | 85.50             | 213.75                 | 299.25                 | 384.75                 | 470.25                 |                    |
| If a 10% reduction in LPT was adopted, then the change per year from a 15% reduction for each household is: |                   |                        |                        |                        |                        |                    |
|   | 4.50              | 11.25                  | 15.75                  | 20.25                  | 24.75                  |                    |
| or per week:  | 9 cent            | 22 cent                | 30 cent                | 39 cent                | 48 cent                |                    |
| Additional funding for services of €4m (€4,003,034)   |                   |                        |                        |                        |                        |                    |
| If a 5% reduction in LPT was adopted, then the change per year from a 15% reduction for each household is:  |                   |                        |                        |                        |                        |                    |
|   | 9.00              | 22.50                  | 31.50                  | 40.50                  | 49.50                  |                    |
| or per week:  | 17 cent           | 43 cent                | 61 cent                | 78 cent                | 95 cent                |                    |
| Additional funding for services of €8m (€8,006,068)   |                   |                        |                        |                        |                        |                    |

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 LPT related Reviews in 2018**

During 2018, three LPT related reviews were held. A review of LPT was undertaken by the Houses of the Oireachtas Committee on Budgetary Oversight. The report is available [here](#). Five key issues were identified as:

1. *Validity of the funding baseline determined by the Department* – an independent appraisal of local authority needs and resources i.e. of the validity of the baseline funding model needs to be conducted at an early opportunity.
2. *Equalisation* – the LPT as applied to Dublin City Council has **not** resulted in 80% of receipts being available to fund new services, rather that:
  - 20% has been determined locally including the to date annual 15% reduction in the basic rate
  - 20% has been allocated to other local authorities
  - 60% has facilitated a release of exchequer funds of the value, now being substituted by LPT receipts generated in the Dublin City Council area.
3. *Assumed correlation between property valuation and the value/range of local authority services* – the current model is framed such that for Dublin City Council there is no correlation between movements in property valuation and movements of funds available for services.
4. *Talent pipeline for the Capital* – to sustain Dublin's economic performance it is essential that those workers across a range of incomes, who chose to live in the capital should not be negatively impacted by higher housing costs (property purchase values or rent values), higher LPT values, alongside lower LPT funding for local services than could be transparently expected.
5. *Councillors incentive to vote in the maximum reduction on the LPT rate* – the retention of all LPT receipts locally is recommended.

The second LPT review was undertaken by the Joint Committee on Housing, Planning and Local Government. Dublin City Council's submission can be accessed at:

<https://www.dublincity.ie/councilmeetings/documents/s16544/Report72018LPTReviewsubmissionfromFinanceSPC.pdf> The key points of the submission are:

1. The current LPT baseline does not benefit Dublin and the users of services provided by Dublin City Council
2. The level of additional funding available for services through the LPT model (€4m) is significantly below service demand
3. Dublin City Council funding levels have been cut by more than other local authorities, to the extent that this is impacting on the fabric of the City as represented by the visible street scape
4. The absence of a clear relationship between LPT payment by Dublin householders and service provision in Dublin mitigates against establishing accountability
5. Dublin as the State's capital and largest economic generator, requires funding to compete with other capitals internationally.

The final review was undertaken by the Department of Housing, Planning and Local Government around establishing the level of agreement among local authorities to the recommendations of the Thornhill Report on LPT. Dublin City Council contributed to the sectoral response submitted by the CCMA.

## **6. 0 Funding for Services**

### **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 at most 10%, effectively returning at least an additional €4m to fund some of the following potential additional services in 2019:

- A road ramp refurbishment programme (200 ramps) €1m
- A reconstruction programme of 5km concrete footpath €1.5m
- A carriageway resurfacing/reconstruction 3km programme €2.5m
- Additional sports officers, jointly funded €150k
- Additional events €600k
- Additional tree pruning €200k
- Additional staff to the planning registry section to get planning applications online €200k
- Additional funding for library services of the development of a digital champions programme, the expansion of the readers in residence programme, the expansion of the creative hubs programme and the development of a dedicated historical maps room €500k.

Appendix 6 provides greater detail of the proposed programmes. The need for additional funding for community based literacy initiatives is well appreciated by all members. Also the quality of the public realm through our City's carriageways and footpaths requires ongoing refurbishment. In the event that the Elected Members consider no increase to the basic LPT rate, Dublin City Council would benefit from approximately €12m additional funding, which could fund those services listed, or other priority services as determined by the Elected Members as part of the budget process. I urge the Elected Members to consider retaining funds for service provision.

## **7. 0 Recommendation of the Chief Executive**

I recommend that the Elected Members apply at most a reduction of 10% to the basic LPT rate, thereby providing at least an additional €4m for service provision.

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

**September 6<sup>th</sup> 2018**

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



19 July 2018

**Circular Fin 04/2018**

Chief Executive

cc. Head of Finance

**Provisional Local Property Tax Allocations 2019 – Dublin City Council**

A Chara,

I am directed by the Minister for Housing, Planning, and Local Government to inform you that the provisional Local Property Tax (LPT) allocations from the Local Government Fund for 2019 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 €464m post-variation in 2018 (as set out in **Appendix B** to this document). On a pre-variation basis, the full 2018 net declared liability amounts to €487m and this is the estimate applied to the provisional LPT allocations process for 2019.

**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.

### **2019 Baseline**

Every local authority is entitled to receive a minimum amount of funding under the LPT allocation process, known as the Baseline. 2019 Baselines are unchanged from 2018. Dublin City Council's Baseline is €19,095,592.

### **Equalisation**

The local retention mechanism will continue in 2019. 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 2019 LPT receipts are compared to the 2019 Baseline, Dublin City Council will not be in receipt of equalisation funding in 2019.

### **Self-Funding**

Some local authorities will receive greater levels of funding in 2019 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 2019 LPT receipts are compared to the 2019 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 2019**

The LPT allocation for Dublin City Council for 2019 (**pending any decision to locally vary the basic rate**) is **€64,048,540**. As a local authority that will be in receipt of 2019 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 €16,012,135 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 €28,940,813. 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 2019, 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 2019, 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.

### **2018 LPT Statistics and Property Valuation Bands**

2018 LPT Preliminary Statistics and Property Valuation Bands were provided to this Department by the Revenue Commissioners as at June 2018. This information is being provided for statistical purposes only to assist in the consideration of the local adjustment factor for 2019 LPT.

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

- 2018 LPT Exempt (additional to declared liabilities)
- 2018 LPT Amounts Declared
- 2018 LPT Amounts Deferred
- 2018 Net LPT Position

**The projected amounts for 2018 LPT reflect any local decision to lower/increase the basic rate by the local adjustment factor in 2018, 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.

Is mise, le meas,



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Lorraine O'Donoghue

Principal

Local Government Finance

**Appendix A****Dublin City Council - 2019 LPT Allocation (Pending any decision to vary the basic rate)**

|  | €                        |
|--|--------------------------|
| LPT 100%   | <u>80,060,675</u>        |
| LPT 20% towards Equalisation funding   | <u>16,012,135</u>        |
| LPT Retained Locally (80%)   | 64,048,540               |
| 2019 Baseline  | <u>19,095,592</u>        |
| 2019 Surplus (LPT Retained Locally – 2019 Baseline)  | <u>44,952,948</u>        |
| <b>Amount of Surplus to be retained for authority's own use (20% of basic rate of LPT income)</b>                  | <b>16,012,135</b>        |
| Balance of Surplus to Self-Fund Housing and Roads Services   | <u>28,940,813</u>        |
|  | <u>44,952,948</u>        |
| <b>Total LPT Funding to be provided in 2019</b>  | <b><u>64,048,540</u></b> |
| Value of potential increase or decrease in 2019 LPT Allocation <b><u>for every 1%</u></b> of variation implemented | +/- 800,607              |

**Appendix B – 2018 LPT Preliminary Statistics, post application of the 2018 Local Adjustment Factor (as of June 2018) Revenue Commissioners**

| Local Authority                   | LPT 2018 Exempt    | LPT 2018 Declared   | LPT 2018 Deferred  | Net LPT 2018 Post Variation |
|-----------------------------------|--------------------|---------------------|--------------------|-----------------------------|
| Carlow County Council             | €121,495           | €4,104,393          | €121,753           | €3,982,640                  |
| Cavan County Council              | €141,740           | €4,585,770          | €140,895           | €4,444,875                  |
| Clare County Council              | €221,985           | €10,327,322         | €237,240           | €10,090,082                 |
| Cork City Council                 | €342,361           | €11,356,070         | €241,268           | €11,114,802                 |
| Cork County Council               | €1,128,666         | €41,751,878         | €813,345           | €40,938,533                 |
| Donegal County Council            | €251,702           | €11,372,938         | €397,575           | €10,975,363                 |
| Dublin City Council               | €2,224,166         | €69,480,161         | €1,428,587         | €68,051,574                 |
| Dún Laoghaire-Rathdown CC         | €1,304,170         | €44,809,836         | €724,779           | €44,085,057                 |
| Fingal County Council             | €970,365           | €35,202,482         | €773,930           | €34,428,552                 |
| Galway City Council               | €159,630           | €8,318,767          | €127,485           | €8,191,282                  |
| Galway County Council             | €370,466           | €14,979,224         | €338,378           | €14,640,846                 |
| Kerry County Council              | €384,770           | €15,090,018         | €312,286           | €14,777,732                 |
| Kildare County Council            | €539,497           | €22,209,011         | €535,163           | €21,673,848                 |
| Kilkenny County Council           | €222,475           | €7,651,710          | €180,707           | €7,471,003                  |
| Laois County Council              | €144,174           | €5,602,154          | €169,074           | €5,433,080                  |
| Leitrim County Council            | €84,465            | €2,187,130          | €53,775            | €2,133,355                  |
| Limerick City and County Council  | €464,469           | €17,300,939         | €421,967           | €16,878,972                 |
| Longford County Council           | €88,976            | €2,293,411          | €70,270            | €2,223,141                  |
| Louth County Council              | €238,945           | €9,902,648          | €339,503           | €9,563,145                  |
| Mayo County Council               | €231,435           | €10,670,430         | €241,515           | €10,428,915                 |
| Meath County Council              | €412,700           | €18,076,349         | €529,515           | €17,546,834                 |
| Monaghan County Council           | €91,648            | €3,933,450          | €114,165           | €3,819,285                  |
| Offaly County Council             | €374,361           | €5,090,004          | €160,718           | €4,929,286                  |
| Roscommon County Council          | €113,310           | €4,097,655          | €102,240           | €3,995,415                  |
| Sligo County Council              | €129,420           | €5,362,333          | €107,078           | €5,255,255                  |
| South Dublin County Council       | €191,900           | €27,596,628         | €726,912           | €26,869,716                 |
| Tipperary County Council          | €604,035           | €13,345,524         | €339,474           | €13,006,050                 |
| Waterford City and County Council | €278,102           | €9,821,115          | €262,201           | €9,558,914                  |
| Westmeath County Council          | €162,444           | €6,587,470          | €173,048           | €6,414,422                  |
| Wexford County Council            | €348,204           | €13,878,848         | €426,561           | €13,452,287                 |
| Wicklow County Council            | €445,228           | €17,628,180         | €447,290           | €17,180,890                 |
| <b>Totals</b>                     | <b>€12,787,304</b> | <b>€474,613,841</b> | <b>€11,058,690</b> | <b>€463,555,151</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.

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 2018) Revenue Commissioners

| LPT 2018 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           | 38.8%     | 36.6%           | 18.5%           | 3.7%            | 1.2%            | 1.2%         |
| Cavan County Council            | 52.0%     | 38.0%           | 7.5%            | 1.6%            | 0.5%            | 0.5%         |
| Clare County Council            | 37.4%     | 35.0%           | 18.8%           | 5.4%            | 1.8%            | 1.5%         |
| Cork City Council               | 27.4%     | 29.5%           | 21.6%           | 12.4%           | 3.9%            | 5.1%         |
| Cork County Council             | 23.0%     | 26.0%           | 29.2%           | 12.6%           | 4.6%            | 4.7%         |
| Donegal County Council          | 50.9%     | 38.2%           | 7.5%            | 2.1%            | 0.7%            | 0.6%         |
| Dublin City Council             | 11.9%     | 20.3%           | 20.5%           | 17.8%           | 9.7%            | 19.7%        |
| Dún Laoghaire-Rathdown CC       | 1.3%      | 3.2%            | 11.0%           | 13.1%           | 12.1%           | 59.2%        |
| Fingal County Council           | 7.1%      | 18.6%           | 23.8%           | 17.6%           | 11.4%           | 21.6%        |
| Galway City Council             | 19.3%     | 30.1%           | 27.4%           | 11.9%           | 4.7%            | 6.6%         |
| Galway County Council           | 35.1%     | 32.1%           | 22.8%           | 5.6%            | 2.1%            | 2.3%         |
| Kerry County Council            | 31.9%     | 32.3%           | 26.4%           | 5.7%            | 2.0%            | 1.7%         |
| Kildare County Council          | 16.1%     | 22.1%           | 30.0%           | 18.2%           | 6.7%            | 6.9%         |
| Kilkenny County Council         | 30.8%     | 34.5%           | 24.2%           | 5.9%            | 2.0%            | 2.5%         |
| Laois County Council            | 41.8%     | 41.2%           | 11.9%           | 3.0%            | 1.0%            | 1.0%         |
| Leitrim County Council          | 60.9%     | 33.4%           | 4.2%            | 1.0%            | 0.2%            | 0.2%         |
| Limerick City & County Council  | 34.2%     | 31.5%           | 22.5%           | 6.8%            | 2.8%            | 2.3%         |
| Longford County Council         | 60.2%     | 33.4%           | 4.8%            | 1.0%            | 0.3%            | 0.2%         |
| Louth County Council            | 34.8%     | 29.5%           | 24.0%           | 7.1%            | 2.5%            | 2.2%         |
| Mayo County Council             | 42.9%     | 38.6%           | 13.9%           | 2.7%            | 1.0%            | 1.0%         |
| Meath County Council            | 18.0%     | 28.0%           | 28.4%           | 14.3%           | 5.8%            | 5.5%         |
| Monaghan County Council         | 41.6%     | 41.9%           | 12.8%           | 2.4%            | 0.8%            | 0.6%         |
| Offaly County Council           | 41.0%     | 35.7%           | 18.1%           | 3.0%            | 1.0%            | 1.1%         |
| Roscommon County Council        | 56.8%     | 34.5%           | 6.3%            | 1.4%            | 0.4%            | 0.6%         |
| Sligo County Council            | 44.2%     | 31.6%           | 16.5%           | 4.6%            | 1.6%            | 1.6%         |
| South Dublin County Council     | 7.3%      | 17.6%           | 26.3%           | 19.1%           | 10.3%           | 19.3%        |
| Tipperary County Council        | 38.5%     | 34.4%           | 19.7%           | 4.6%            | 1.6%            | 1.2%         |
| Waterford City & County Council | 38.0%     | 29.9%           | 21.2%           | 5.9%            | 2.5%            | 2.4%         |
| Westmeath County Council        | 38.9%     | 36.7%           | 17.7%           | 4.0%            | 1.4%            | 1.3%         |
| Wexford County Council          | 34.4%     | 34.8%           | 23.3%           | 4.4%            | 1.6%            | 1.5%         |
| Wicklow County Council          | 12.4%     | 17.8%           | 26.6%           | 18.4%           | 9.7%            | 15.1%        |

**Appendix 2: 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 3: Estimation of Income & Expenditure 2018 & 2019 (Prescribed format)

| Category Description     |                            |  | 2018 Adopted to 2018 Revised |                    |                   | 2018 Adopted to 2019 Draft |                    |                   |
|--------------------------|----------------------------|--|------------------------------|--------------------|-------------------|----------------------------|--------------------|-------------------|
|                          |                            |  | 2018 Adopted                 | 2018 Revised       | Variance          | 2018 Adopted               | 2019               | Variance          |
| Income                   | Rates                      |  | 324,811,937                  | 324,255,552        | 556,385           | 324,811,937                | 334,090,552        | 9,278,615         |
|                          | NPPR                       |  | 6,100,000                    | 6,500,000          | - 400,000         | 6,100,000                  | 6,100,000          | -                 |
|                          | LGF - LPT Allocation       |  | 33,865,671                   | 33,865,671         | -                 | 33,865,671                 | 33,881,773         | 16,102            |
|                          | of which                   | LPT Allocation - Own Use                           | 23,085,071                   | 23,085,071         | -                 | 23,085,071                 | 23,101,173         | 16,102            |
|                          |                            | LPT Allocation - Self Funding                      | 10,780,600                   | 10,780,600         | -                 | 10,780,600                 | 10,780,600         | -                 |
|                          | Goods & Services           |  | 325,785,579                  | 333,044,337        | -7,258,758        | 325,785,579                | 323,487,544        | -2,298,035        |
|                          | of which                   | Rents from Houses                                  | 80,761,455                   | 82,961,455         | 2,200,000         | 80,761,455                 | 80,761,455         | -                 |
|                          |                            | Housing Loans Interest & Charges                   | 6,585,858                    | 6,585,858          | -                 | 6,585,858                  | 6,585,858          | -                 |
|                          |                            | Other Goods & Service Income                       | 193,048,449                  | 198,107,207        | 5,058,758         | 193,048,449                | 190,750,414        | -2,298,035        |
|                          |                            | Irish Water  | 45,389,817                   | 45,389,817         | -                 | 45,389,817                 | 45,389,817         | -                 |
|                          | Revenue Grants & Subsidies |  | 226,848,441                  | 228,168,441        | -1,320,000        | 226,848,441                | 238,338,441        | 11,490,000        |
| <b>Total Income</b>      |                            |  | <b>917,411,628</b>           | <b>925,834,001</b> | <b>-8,422,373</b> | <b>917,411,628</b>         | <b>935,898,310</b> | <b>18,486,682</b> |
| Expenditure              | Payroll Costs              |  | 408,532,880                  | 399,532,880        | 9,000,000         | 408,532,880                | 415,247,380        | -6,714,500        |
|                          | of which                   | Salary & Wages                                     | 311,326,784                  | 302,326,784        | 9,000,000         | 311,326,784                | 316,326,284        | -4,999,500        |
|                          |                            | Pensions   | 97,206,096                   | 97,206,096         | -                 | 97,206,096                 | 98,921,096         | -1,715,000        |
|                          |                            | Other payroll costs                                | -                            | -                  | -                 | -                          | -                  | -                 |
|                          | Financial Expenses         |  | 55,472,556                   | 52,472,556         | 3,000,000         | 55,472,556                 | 52,472,556         | 3,000,000         |
|                          | of which                   | Bad debt Provision (including irrecoverable rates) | 31,526,700                   | 28,526,700         | 3,000,000         | 31,526,700                 | 28,526,700         | 3,000,000         |
|                          |                            | Interest paid to central government (NTMA & OPW)   | -                            | -                  | -                 | -                          | -                  | -                 |
|                          |                            | Interest paid to HFA                               | 8,061,266                    | 8,061,266          | -                 | 8,061,266                  | 8,061,266          | -                 |
|                          |                            | Interest paid to other financial institutions      | 127,720                      | 127,720            | -                 | 127,720                    | 127,720            | -                 |
|                          | Other Revenue Expenses     |  | 453,406,192                  | 456,081,192        | -2,675,000        | 453,406,192                | 468,178,374        | -14,772,182       |
|                          | of which                   | Maintenance/Improvement of LA Housing              | 44,916,051                   | 44,916,051         | -                 | 44,916,051                 | 44,916,051         | -                 |
|                          |                            | RAS Programme / HAP                                | 48,768,747                   | 48,768,747         | -                 | 48,768,747                 | 48,768,747         | -                 |
|                          |                            | Expenditure on behalf of Irish Water               | 10,428,240                   | 10,428,240         | -                 | 10,428,240                 | 10,428,240         | -                 |
|                          |                            | Other  | 349,293,154                  | 351,968,154        | -2,675,000        | 349,293,154                | 364,065,336        | 14,772,182        |
| <b>Total Expenditure</b> |                            |  | <b>917,411,628</b>           | <b>908,086,628</b> | <b>9,325,000</b>  | <b>917,411,628</b>         | <b>935,898,310</b> | <b>18,486,682</b> |

Expected Credit Balance 2018R

17,747,373

Expected Credit Balance 2019

-

**Note** The above template is one that must be returned to Department of Housing, Planning & Local Government  
The final draft budget submitted to the Council will be vary from this analysis  
The assumption for the 2019 LPT is that the basic rate will be reduced by 15%  
The assumption for Rates income is that the ARV will be increased by .003 (1.16%) from 0.258 to 0.261 - additional income of €3.8m

**Appendix 4: LPT receipts in respect of Dublin City householders in 2018**

| <b>Local Property Tax Dublin City Council 2018 Process</b>  |             |             |            |
|---|-------------|-------------|------------|
| Value of LPT Receipts estimated by Revenue Commissioners    | €9,789,579  |             |            |
| 20% to Central Equalisation Fund                            | €15,957,916 |             |            |
| 80% LPT Retained i.e. assigned to DCC                       | €63,831,663 |             |            |
| Variation 15% by Elected Members                            | €1,968,437  |             |            |
| Remaining LPT Balance                                       | €1,863,226  |             |            |
|   |             |             |            |
| Funds Directed by Govt replacing previous grants, of which: | €28,778,155 |             |            |
| Housing Capital   |             | €17,997,555 |            |
| Housing Revenue   |             |             | €5,000,000 |
| Roads Revenue   |             |             | €5,780,600 |
| Total Revenue   |             | €10,780,600 |            |
|   |             | €28,778,155 |            |
|   |             |             |            |
| Remaining LPT Balance                                       | €23,085,071 |             |            |
| PRD   |             | €16,428,262 |            |
| LPT of which:   |             | €6,656,809  |            |
| Historic Local Government Grant                             |             |             | €2,667,300 |
| LPT Funding   |             |             | €3,989,479 |



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

**Circular Fin 05/2018**

Head of Finance,

23 August 2018

**Re: 2019 Budget meeting and other budget matters**

Dear Head of Finance,

In accordance with the powers conferred by section 103 of the Local Government Act 2001 (as amended), the Local Government (Financial and Audit Procedures) Regulations 2014, the Local Government (Financial and Audit Procedures)(Amendment) Regulations 2015 and the Planning and Local Government (Delegation of Ministerial Functions) Order 2017, I am directed by the Minister of State for Local Government and Electoral Reform to refer to the 2019 Budget meeting and other budgetary matters.

**1. Budget 2019 - Prescribed Periods**

The prescribed periods that apply for the holding of 2019 Budget meetings are as follows:

**All local authorities and joint bodies:** 1 November 2018 to 30 November 2018.

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:** 15 October 2018 to 16 November 2018.

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**

The Municipal District system has been in operation since 2014 and is now well embedded as part of the Local Government sector. The Municipal District system seeks to maximise efficiency while retaining a high degree of local, community-focused decision-making and democratic representation, in line with the principle of subsidiarity. As well as creating a more rational and

comprehensive structural arrangement, the system leads to more effective and community-focussed decision-making and implementation. Your attention is drawn to the range of important reserved functions performed by elected members 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. In this context, you are particularly requested to ensure that Draft Budgetary Plans fully reflect the range of Municipal District functions.

## **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. Local authorities are also requested to ensure that the consideration of Draft Budgetary Plans be appropriate and meaningful, having due regard to the role of the Municipal District. Your attention is drawn to the template for such plans, (Appendix 3 of Circular Fin 05/2014) which should be customised or amended as appropriate.

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.

## **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 2019 with completed returns to be submitted to the Department by **Friday 14 September 2018**. 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 2019. Any known policy changes impacting on the income and expenditure categories between 2020 and 2023 should be noted on the template.

**This report is important for 2019 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 14 September 2018**.

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

##### Format of 2019 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 2019' 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, insofar as is possible, to exercise restraint in adopting the ARV, notwithstanding the requirement to adopt budgets which are sufficient to meet the expenditure arising.

#### **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 28 December 2018**.

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 & Superannuation

## Appendix 6 – Potential Additional Services in 2019

### 1. Libraries and Archives

| Project  | Cost  | Total           |
|--|---|-----------------|
| 1. <b>Digital Champions</b> - to support the increased provision of digital services we propose to contract 5 Digital Champions in a one-year project, 1 per DCC area (following the model of the historians-in-residence), to help library users become familiar with the full range of digital technologies and promote their use.                   | €25,000 * 5 digital champions<br>€25,000 - software and promotion                 | €150,000        |
| 2. <b>Readers-in-Residence</b> – to continue and expand the readers-in-residence project to continue current engagement and extend engagement to more schools, reaching each DCC area.   | €20,000 * 3 readers-in-residence<br>€18,000 author fees and support and promotion | €86,000         |
| 3. <b>Creative Hubs</b> - in co-operation with the Arts Office, the development of three further creative hubs, bringing the total number to 5, 1 per DCC area. The two existing Hubs (Coolock & Ballyfermot) work with Area Partnerships / Cultural Providers / Youth Organisations, etc. to realise programming around drama, music, art, dance etc. | €50,000 * 5   | €250,000        |
| 4. <b>Historical Maps Room</b> - Development of dedicated map room in Dublin City Library & Archive to facilitate us to bring back our map and drawings collections from off-site storage, catalogue, photograph and digitise them, and make them available on the Reading Room for research and for exhibitions.                                      | €2,800 * 5 10-drawer plan units   | €14,000         |
| <b>Total</b>   |   | <b>€500,000</b> |

### 2. Roads

Should additional funds be made available to Road Maintenance Services, then it could be invested in upgrades to the road network infrastructure as follows:

- 5km of concrete footpath reconstruction @ €300k per kilometre and assumes a 2-metre wide footpath = €1.5 Million
- Ramp refurbishment (200 ramps) @ €5k per ramp = €1.0 Million
- 3km of carriageway resurfacing/ reconstruction @ €840k per kilometre and assumes a 7-metre wide carriageway = €2.5 Million.

**Total = €5.0 Million**





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**Budget 2019 Public Consultation Process**  
***For consideration at a special meeting of Dublin City Council scheduled for 13<sup>th</sup> September 2018***

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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 103</li><li>• The largest single group of respondents were Dublin City Council residents (95 or 92.2%)</li><li>• 77.7% (or 80 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>• 69.9% (or 72 respondents) wished for the LPT to be varied</li><li>• 81.9% (or 59 respondents) did not wish to increase the basic rate of the LPT</li><li>• A total of 65 (or 63.1%) respondents included a comment/observation in the survey</li></ul> |
|--|--|

## 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 23<sup>rd</sup> July in the Irish Independent, and on Wednesday 25<sup>th</sup> July 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 23<sup>rd</sup> July 2018 to Wednesday 22<sup>nd</sup> August 2018.

The public were notified of the consultation via:

- [www.dublincity.ie](http://www.dublincity.ie)

- Social media (Facebook & Twitter)
- Public Participation Network newsletter
- Email notification to our elected members

Hard copies of the survey were made available at:

- Public libraries
- Area Offices
- Customer Services Centre

The survey was available for completion in English & Irish.

#### **4. Management of Consultation Process**

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

The consultation process was managed using:

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

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

#### **5. 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 2019) 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). For budget 2018 participation increased to 273 (70% down on 2015 levels) but has fallen back this 103 participants (89% down on 2015 levels) for budget 2019. The survey is available in both English and Irish. In the five years of the consultations only seven (7) Irish surveys have been completed.

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

| <b>Budget</b> | <b>Total Surveys Completed</b> | <b>English Surveys Completed</b> | <b>Irish Surveys Completed</b> |
|---------------|--------------------------------|----------------------------------|--------------------------------|
| <b>2015</b>   | 899                            | 896                              | 3                              |
| <b>2016</b>   | 168                            | 167                              | 1                              |
| <b>2017</b>   | 174                            | 172                              | 2                              |
| <b>2018</b>   | 273                            | 272                              | 1                              |
| <b>2019</b>   | 103                            | 103                              | 0                              |

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 2016 Census, the level of participation for Budget 2019 is 0.02% of the population of the city.

With such low participation rates, it is difficult to argue that the survey is representative of our citizens and that it is possible for the survey to be influenced by groups with a specific interest.

## **6. Response to Consultation Phase**

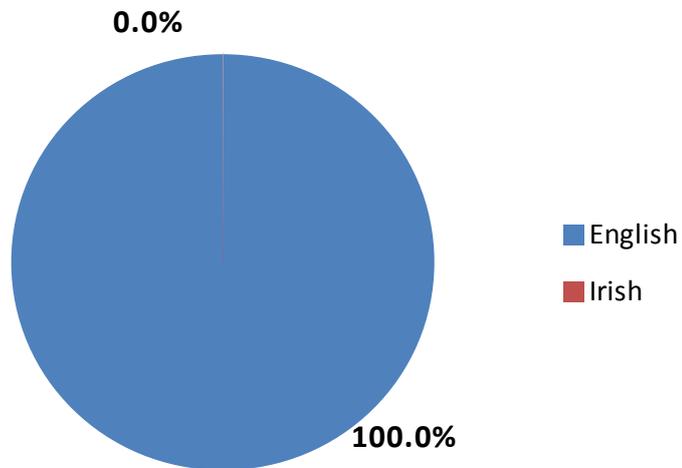
103 surveys were completed during the consultation process. This number represented 6 groups in the following categories:

- 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 72 submissions supported that a local adjustment factor be applied to the LPT liability, while a total of 30 submissions supported that a local adjustment factor should not be applied to the LPT liability.

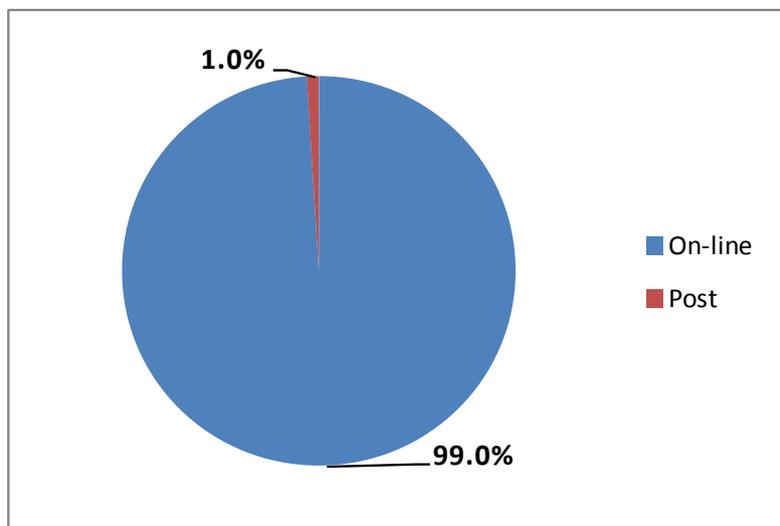
## 7. Analysis of Survey results

### 8.1 Total number of respondents



The total number of completed surveys was 103, all of which were in English.

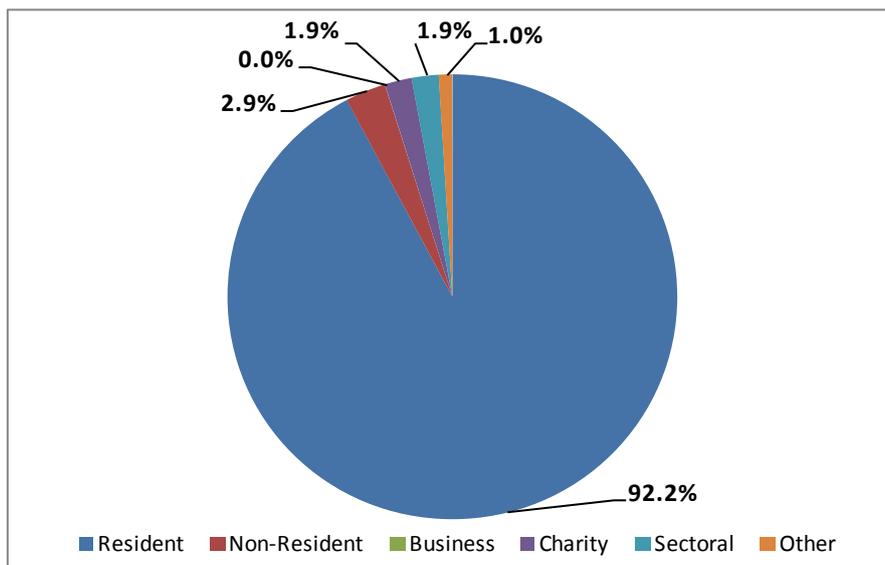
### 8.2 Analysis of submissions received



Completed surveys were submitted as follows:

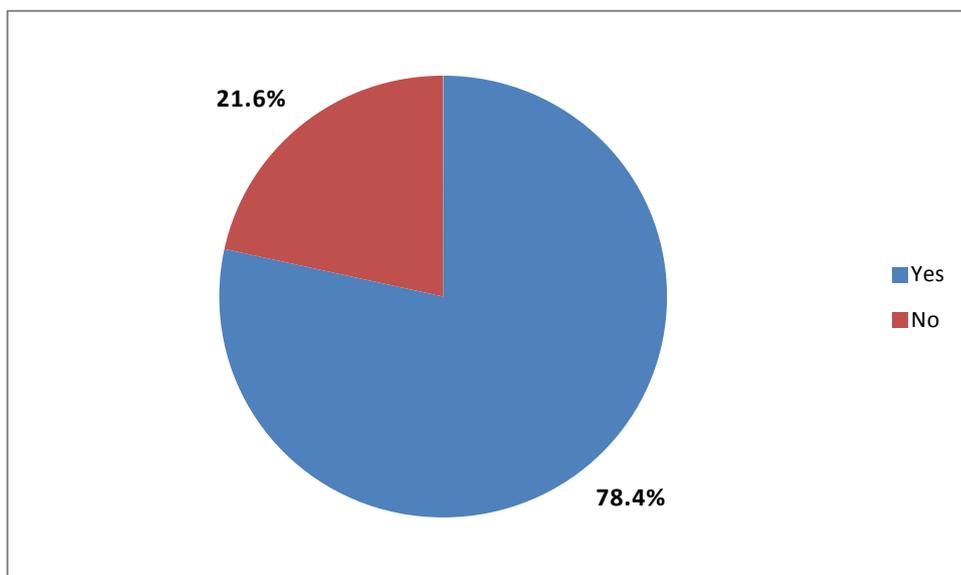
- On-line at [www.dublincity.ie](http://www.dublincity.ie), a total of 102 (99%)
- By post to the Finance Department, a total of 1 (1%)

### 8.3 Question 1 – Analysis of Respondents



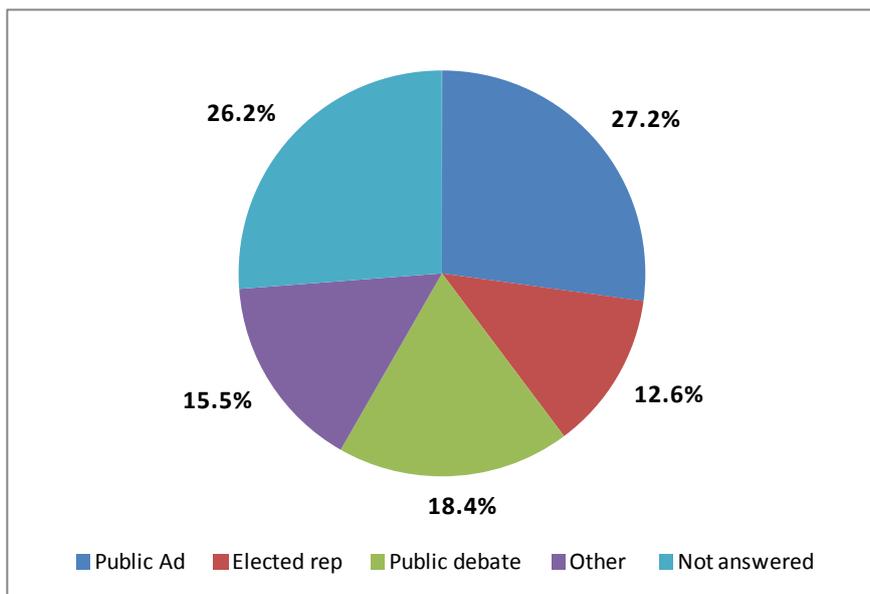
The largest single group of respondents were Dublin City Council residents who comprised 95 (or 92.2%) of the total, followed by Non-Dublin City Council residents at 3 (or 2.9%).

### 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 2019 by +/- 15%



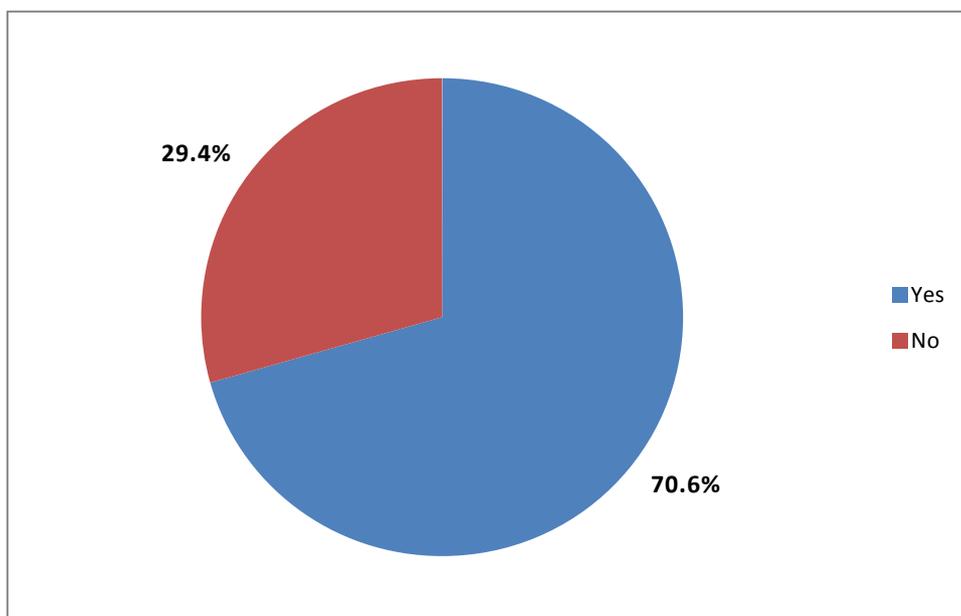
A total of 78.4% (or 80 respondents) indicated that they were aware that Councilors had the power to vary the basic rate of the LPT. A total of 21.6% (or 22 respondents) were not aware that Councilors had the power to vary the basic rate.

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



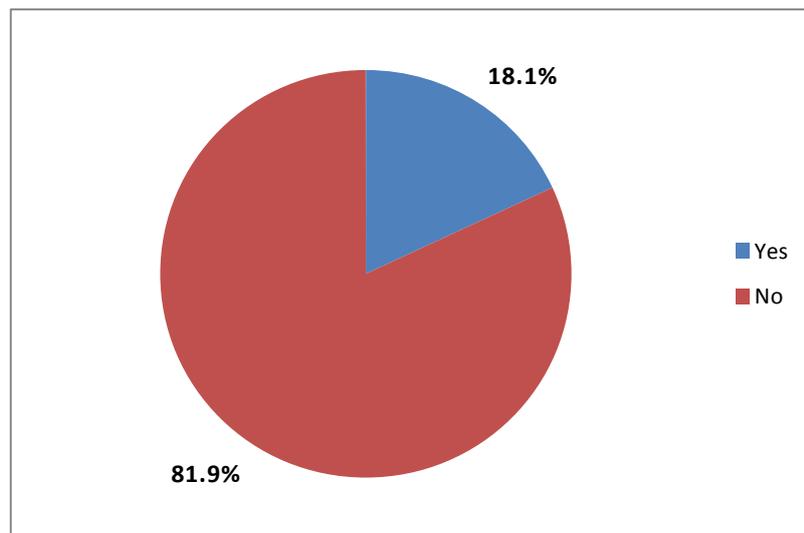
A total of 27.2% (or 28 respondents) became aware of the consultation by public advertisement. A total of 18.4% (or 19 respondents) became aware of the consultation by public debate. 15.5% (or 16 respondents) became aware of the consultation by ‘Other’ methods such as media commentary, social media, word of mouth, residents associations. This question was not answered by 27 participants.

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



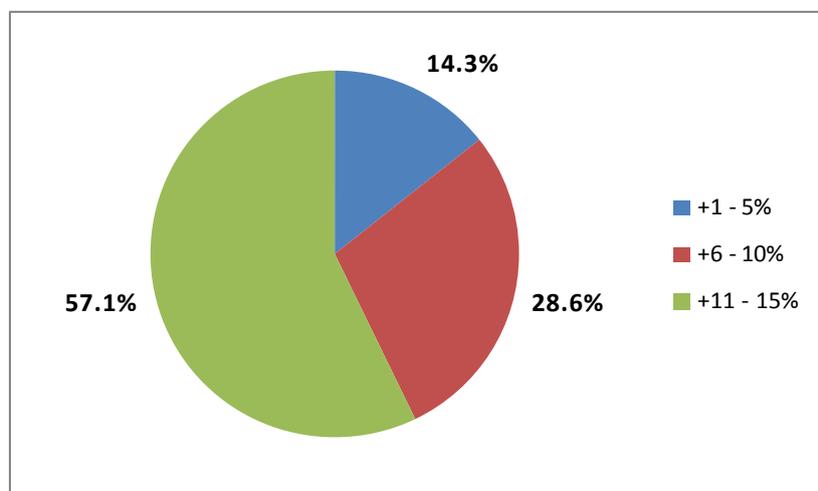
A total of 102 respondents answered this question. Of these, 70.6% (or 72 respondents) wished for the LPT to be varied, 29.4% (or 30 respondents) did not ask to vary the LPT.

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



A total of 72 respondents answered this question. Of those who answered, 81.9% (or 59 respondents) did not wish to increase the basic rate of the LPT. 18.1% (or 13 respondents) wished to increase the basic rate.

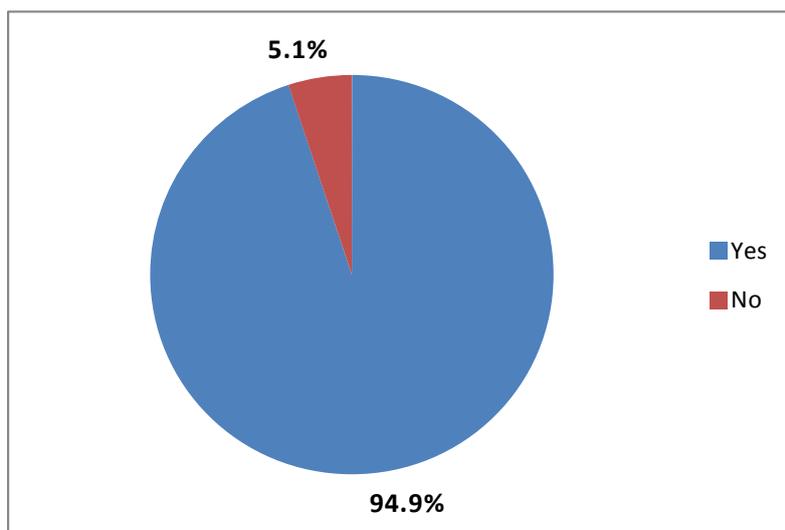
**8.8 Question 6 – If yes by what range?**



In question 5, a total of 13 respondents indicated they wished to increase the basic rate of LPT; however 14 respondents answered this question. 57.1% (or 8 respondents) requested an increase of 11% - 15%, followed by 28.6% (or 4 respondents) who requested an increase of 6% - 10% with the balance of 14.3% (or 2 respondents) requesting an increase of between 0% - 5%.

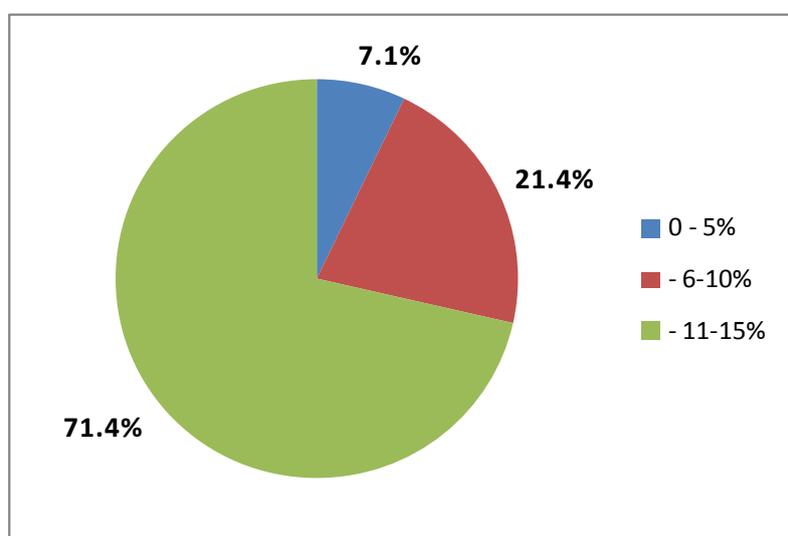
The above analysis is based on the 14 responses.

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



A total of 59 respondents answered this question. Of those that answered, 94.9% (or 56 respondents) wished for the basic rate of the LPT to be reduced. 5.1% (or 3 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 59 respondents indicated that they wished to decrease the basic rate of the LPT; however 56 respondents answered this question. Of those respondents who requested a decrease in the basic rate of the Local Property Tax, 71.4% (or 40 respondents) called for a reduction of 11% - 15%, followed by 21.4% (or 12 respondents) calling for a reduction of 6% - 10%, with the balance of 7.1% (or 4 respondents) calling for a reduction of under 5%.

**Note:** The above analysis on questions 2 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. A total of 65 respondents made a comment

| Area                      | Comment  |
|---------------------------|--|
| Public Realm              | A total of 22 respondents (33.8%) referenced that the LPT should used to fund services for the City. Comments included areas such as social & affordable housing, roads, playgrounds, litter, graffiti , street cleaning & cycling infrastructure                                    |
| Valuation Basis           | A total of 17 respondents (26.2%) referenced the impact of property prices. Reference was made to the increasing property prices in Dublin; it's unfair to link the tax to property prices. The tax should be based on floor space, there needs to be a fairer system of assessment. |
| Unfairness to Dublin City | A total of 8 respondents (12.3%) referenced the inequality of the LPT against Dublin City. Reference was made to rising property prices in the city; the impact of the revaluation in 2019, the redistribution to other Local Authorities  |
| Existing Tax Burden       | A total of 5 respondents (7.7%) referenced the existing tax burden and how people are paying enough through PAYE, USC & VAT  |
| Ability to Pay            | A total of 4 respondents (6.2%) referenced that the LPT does not take account of a citizen's ability to pay. An individual's ability to pay should be means tested.  |
| Miscellaneous             | A total of 9 respondents (13.8%) fell in to this area. The comments covered areas such as apartments should pay a reduced charge, new builds should be liable for the charge, it is just being used as an election stunt   |

## 7.0 Summary

In summary:

- The total number of completed surveys was 103
- The largest single group of respondents were Dublin City Council residents (95 or 92.2%)
- 77.7% (or 80 respondents) indicated that they were aware that Councillors had the power to vary the basic rate of the LPT
- 27.2% (or 28 respondents) became aware of the consultation by public advertisement, followed by 18.4% (or 19 respondents) who became aware by public debate
- 69.9% (or 72 respondents) wished for the LPT to be varied
- 81.9% (or 59 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, 57.1% (or 8 respondents) requested an increase of between 11% - 15% followed by 28.6% (or 4 respondents) who requested an increase of 6% - 10%, with the balance of 14.3% (or 2 respondents) requesting an increase of between 1% - 5%

- 94.9% (or 56 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, 71.4% (or 40 respondents) called for a reduction of 11% - 15%, followed by 21.4% (or 12 respondents) who called for a reduction of 6% - 10%, with the balance of 7.1% (or 4 respondents) calling for a reduction of under 5%
- A total of 65 (or 63.1%) respondents included a comment/observation in the survey

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

**6<sup>th</sup> September 2018**