Comhairle Cathrach
Bhaile Átha Cliath
Dublin City Council

NOTIFICATION TO ATTEND MEETING OF THE FINANCE SPC

TO BE HELD IN THE COUNCIL CHAMBER, CITY HALL, DAME STREET, DUBLIN 2.

ON THURSDAY 17 JANUARY 2019 AT 3.00 PM

AGENDA

THURSDAY 17 JANUARY 2019

Finance Strategic Policy Committee

Minutes of Meeting Held On 15th November 2018

1. **Minutes –September 20th 2018**
   Agreed

2. **Correspondence:**

   a) Affordable Housing Capital Fund – letter to Minister for Finance – Noted

   b) Affordable Housing Capital Fund - letter to Minister for HP&LG – Noted

   c) Housing Rents deduction at source - R. McGinley to J McKeon Sec. Gen. DoEASP
   A reply was received which noted that the deduction at source from payments was the decision of the social welfare recipient.

   d) Letter to Docklands Business Forum re replacement member – Noted and awaiting a response.

3. **North City Operations Depot – Update**
   A presentation was made to the Committee by R. Dowling, Project Manager, E. Quinlivan, Executive Manager from the Transformation Unit and John Lawlor, EY DKM. The team were thanked for the comprehensive overview given on this project.
   Agreed: A detailed map of the depot sites would be emailed to the Committee Members.

4. **Revised Rates Legislation – Update**
   Report noted.
   Agreed: On the issue of court enforcement proceedings, it was decided to write to the Minister for Housing, Planning and Local Government and the Head of the Courts Service. It was further agreed that it would be investigated if there is a Dail Committee examining this issue.
   Agreed: It was agreed to invite the Valuation Office to attend a future meeting prior to the local elections to discuss the next revaluation of the City with a particular focus on the valuation and appeals processes.

5. **Local Property Tax Review – Update**
   Report noted.

6. **Audit Committee – Agreed Minutes 12th July 2018**
   Minutes noted. The issue of the non-implementation of audit recommendation will be addressed at the next meeting of the Audit Committee scheduled for Thursday 13th December 2018. Both the Chief Executive and Deputy Chief Executive will be in attendance.

7. **Dublin City Development Plan 2016-2022 Progress Report**
   Report noted.
   Agreed: it was felt that an expansion on the progress report with a weighting system of priority projects to indicate a more comprehensive progress report may be beneficial to readers and also an indication as to whether Management were satisfied with the progress

reported on. It was agreed that this feedback would be given to the Planning and Development Department.

8. **Draft Schedule of Finance Strategic Policy Committee Meetings for 2019**
   Schedule noted.
   Agreed: it was agreed that the meeting of 16th May 2019 would be cancelled due to the local elections being scheduled at the end of May 2019

9. **AOB**
   Kathy Quinn introduced Sophie Kelly, Asst. Staff Officer, to the Committee as a new member of staff to the Finance Secretariat team.

Signed: **Councillor Ruairi McGinley**
Chairperson

Date: 15th November 2018

Members
Councillor Ruairi McGinley (Chairperson)
An tArdmhéara Nial Ring
Councillor Paddy Bourke
Cllr Brendan Carr
Councillor Dermot Lacey
Councillor Paddy McCartan
Councillor Séamas McGrattan
Councillor Noeleen Reilly
Eric Fleming, ICTU
Aebhric McGibney, Dublin Chamber of Commerce
Aidan Sweeney, IBEC

Apologies
Councillor Tom Brabazon
Councillor Ray McAdam
Councillor Micheál MacDonncha
Councillor Larry O'Toole
Dr. Caroline McMullan, DCU
Joanna Piechota, Irish Polish Society

Guest Speakers
John Lawlor, EY DKM

Officials
Kathy Quinn, Head of Finance
Eileen Quinlivan, Executive Manager, Transformation Unit
Ruth Dowling, Administrative Officer, Transformation Unit
Fiona Murphy, Senior Staff Officer, Finance Secretariat
Lisa Nolan, Staff Officer (Secretarial)
Sophie Kelly, Asst. Staff Officer

Dublin City Council
Comhairle Cathrach Bhaile Átha Cliath

Dublin City Council
City Hall, Dublin 2, Ireland

Comhairle Cathrach Bhaile Átha Cliath
Halla na Cathrach, Baile Átha Cliath 2, Éire
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Minister Eoghan Murphy, TD
Dept of Housing, Planning & Local Government
Custom House
Dublin 1

2nd November, 2018

Dear Minister,

I write to you on the matter of grant funding for the housing services of RAS and HAP (including Homeless HAP and HAP admin). Dublin City Council is in the budgetary process for the financial year 2019 and I contact you in my capacity as chairperson of the Budgetary Consultative Group.

There has been a marked change in the funding by your department of the services referred to above. As Dublin City experiences an acute housing crisis, the services of RAS and HAP are of priority in dealing with persons who require services at a difficult life event in an appropriate manner.

It has come to my attention that grant funding has declined for all three services in 2018 over the budgeted expected values. Provisional indications are that such funding will be reduced in 2019 also. The table below sets out the financial impact on the funding of Dublin City Council's housing services – a substantial amount of €2.3m.

Decline in grant funding for RAS, HAP admin and Homeless HAP

	2019	2018	2018R
Expenditure			
RAS	19,998,945	21,404,653	19,936,267
HAP	16,237,342	12,487,426	16,023,427
Total	36,236,287	33,892,079	35,959,694
Income			
RAS	20,060,099	21,832,500	20,060,099
HAP	15,150,492	12,321,585	15,136,525
Total	35,210,591	34,154,085	35,196,624
Net	**1,025,696**	**-262,006**	**763,070**
Movement	1,287,702		1,025,076
Combined		***2,312,778***	

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The quality and quantum of these services cannot possibly be reduced in line with the value of your department's lower funding. It cannot be a solution simply that rate payers fund this large gap. I therefore ask that you review this matter as a priority and commit to providing funding for these services at the 2018 budgeted level in the financial years 2018 and 2019 and further.

Yours sincerely,

Ruairí McGinley

Cllr Ruairí McGinley
Chairperson
Budget Consultative Group

Designated Public Official under the Regulation of Lobbying Act
Oifigeach Poibli Shainithe faoi rèir Acht um Brústocaireacht a Rialáil

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

Oifig an Aire
Office of the Minister

13 December 2018

Cllr. Ruairí McGinley,
Dublin City Council,
City Hall,
Dublin 2.

RE: MO2018-00972

Dear Cllr. McGinley,

I have been asked by Mr. Eoghan Murphy, Minister for Housing, Planning, and Local Government, to refer to your letter of 2 November 2018 regarding the funding provided by this Department to Dublin City Council for the Rental Accommodation Scheme (RAS) and the Housing Assistance Payment (HAP) scheme.

Demand for social housing is met in a variety of ways including through the private rental sector under schemes such as RAS and HAP. Using a variety of mechanisms to deliver social housing makes social housing supports more responsive and flexible, ensures a better mix between private and social housing and creates more sustainable communities.

Budget 2018 increased the Exchequer funding for the HAP scheme by €149m to €301 million. This will allow for the continued support of existing HAP households and also enable the additional 17,000 households targeted under Rebuilding Ireland to be supported by HAP in 2018. A further €121m for HAP has been announced under Budget 2019. This will provide for the continued support of existing HAP households and also enable the additional 16,760 households targeted under Rebuilding Ireland to be supported by HAP in 2019, as well as supporting the roll-out of the HAP Place Finder Support Service across the country.

The Housing Assistance Payment (HAP) scheme is funded through a combination of Exchequer monies and tenant differential rents collected in respect of HAP tenancies. Limerick City and County Council provides a HAP transactional shared service on behalf of all local authorities. This HAP Shared Services Centre (SSC) manages all HAP related rental transactions for the tenant, local authority and landlord. Accordingly, this Department does not recoup individual local authorities in respect of HAP rental payments in their administrative areas but rather recoups all landlord costs via the HAP SSC.

This Department has, since 2015, provided local authorities with a HAP administrative payment of €150 per HAP household on the basis of the cumulative number of new households supported through HAP in each year. This administrative payment recognises the resources required to manage the HAP process by local authorities.

The Homeless HAP Place Finder Service is a targeted support for homeless households who may find it difficult to secure HAP tenancies. The scheme has been successfully utilised by the Dublin Regional Homeless Executive (DRHE) across the four Dublin local authorities since February 2015, with more than 3,000 households currently being supported by the scheme.

The Homeless HAP Place Finder Service assists households by providing the local authorities with the following options:

- the option to provide a deposit to secure property;
- the option to pay up to two months advance rent; and
- in the case of the Dublin local authorities only, an increase in the discretion ceiling from 20% to 50% to exceed the maximum rent limits, where necessary, allowing households to find suitable accommodation.

Aggregate recoupment of costs are made by this Department to the DRHE for rent in advance, deposits and HAP administrative payments, in respect of the Homeless HAP Place Finder Service and payments to landlords, in respect of homeless households.

Where a local authority decides to enhance the Homeless HAP Place Finder Service beyond the financial assistance provided by this Department, the arrangement, management and oversight of the Homeless HAP Place Finder Service, including any contractual matters that may arise with relevant third parties, is a matter for each individual local authority.

The 2018 budgetary provision for RAS is €134.34 million and will support approximately 19,756 continuing RAS contracts, which includes a further 600 tenancies to transfer from rent supplement in 2018 in line with the Rebuilding Ireland targets. From 2018 onwards, annual RAS targets are reducing to take account of the increasing focus on rent supplement transfer to HAP.

Notwithstanding the achievement of such targeted new transfers, the introduction of the HAP scheme has seen a change in the demand for the RAS scheme, as both schemes address the housing needs of Rent Supplement recipients with a long-term housing need. In 2018, it is anticipated that more RAS tenancies will terminate than will commence on foot of the roll-out of HAP. Therefore, the number of existing RAS tenancies will gradually reduce.

RAS payments are not pre-funded. Local authorities are reimbursed for RAS expenditure on the basis of verified signed claims for contracted costs incurred by local authorities who have entered lease agreements with private sector landlords to provide accommodation for RAS clients. The Department recoups to local authorities claims for the cost of rents and supports the administration of RAS at local level with an administrative support cost framework. The annual cost of the scheme includes the cost of the continuing commitments to existing contracts, the additional cost within a year of new contracts that fall to be funded and administration costs.

The Department has provided local authorities with a RAS administrative payment of €300 for new households together with €200 per household on the basis of the cumulative number of existing households supported through the scheme in each year in recognition of the resources local authorities need to operate the RAS scheme.

The total RAS expenditure in 2018 for Dublin City Council up to end of August 2018 was €12.09m. This funding supported the continuing cost of Dublin City Council's 1,861 current RAS contracts.

RAS remains a significant part of the suite of social housing options available to local authorities and to those who are assessed as being in need of housing support.

There are no changes to the funding arrangements for HAP and RAS in 2019. HAP landlord costs are recouped to the landlord via the HAP SCC, Homeless HAP Place Finder Service and RAS costs are reimbursed to local authorities on the basis of verified claims.

Yours sincerely,

Niamh Redmond

Niamh Redmond
Private Secretary

Comhairle Cathrach
Bhaile Átha Cliath
Dublin City Council

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Report to the Finance Strategic Policy Committee

Re: Report of the Value for Money Unit of the Local Government Audit Service
An Overview of Commercial Rates in Local Authorities

Rate Collection in Dublin City Council

Dublin City Council carefully uses available resources to provide services for the City. Much deliberation is given to the setting of the commercial rate in order to support competitiveness in the economy, nationally and locally, and also to sustain the commercial rate base within the City. It should be noted that the City Council's 2019 revenue budget is 35% funded by commercial rates and therefore the performance on rate collection is important to the funding provision of services.

The economic downturn and subsequent recession post 2008 significantly impacted the level of rates arrears owing to DCC, at the highest value of €76.3M in 2012. The reduction in arrears to €32.4M in 2017 is primarily due to an improvement in the annual collection, a focused debt management approach, improvement in economic factors and the conclusion of liquidation / receivership cases. Performance data on rates collection for the financial year 2018 will be brought to the Finance SPC at the March meeting.

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. Dublin City Council seeks that all liabilities including rates are discharged promptly for cash flow purposes and efficiency to minimise resource usage.

National Review of Rate Collection by LGAS

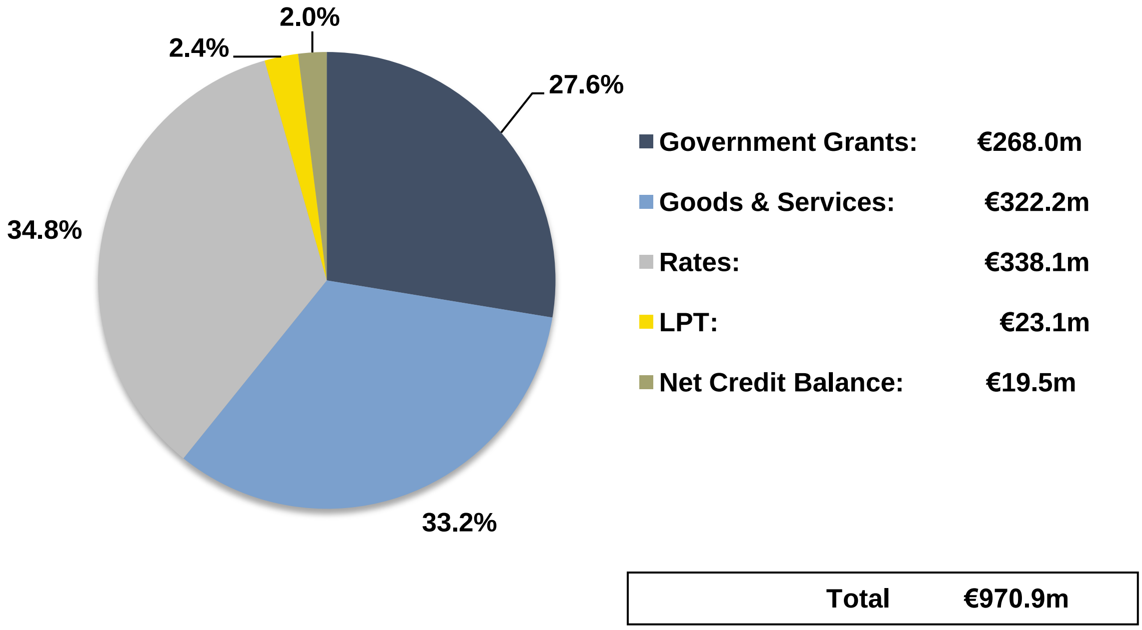
The Value for Money Unit of the Local Government Audit Service published a report: An overview of Commercial Rates in Local Authorities in December 2018. The report reviews the collection of commercial rates nationally. The report is prepared mainly using data from 2015-2017. Given the importance of rates to the provision of services, the report is brought to the attention of the SPC members.

Key issues
Key issues highlighted by the report are:

- Collection levels
- Arrears management
- Role of the Valuation Office

Kathy Quinn
Head of Finance
With Responsibility for Information & Communications Technology

Estimated Sources of Funding 2019



Rialtas na hÉireann
Government of Ireland

Value for Money Unit

Local Government Audit Service

An Overview of Commercial Rates in Local Authorities

December 2018

Department of Housing, Planning and Local Government

housing.gov.ie

Local Government Audit Service

The Local Government Audit Service (LGAS), incorporating the Value for Money (VFM) Unit, being an external audit service, provides independent scrutiny of the financial stewardship of local authorities.

The sectoral goals of the LGAS are to:

- carry out the audits of local authorities and other bodies in accordance with the Code of Local Government Audit Practice thereby fostering the highest standards of financial stewardship and public accountability

- promote the achievement of value for money in local authorities by undertaking Value for Money audits and publishing reports thereon.

It is the responsibility of local authority management to ensure that value for money is achieved by establishing and maintaining sound arrangements including procedures for planning, appraisal, authorisation and control of resources.

This report was prepared on the basis of information, documentation and explanations obtained from the public bodies included in this report. The draft report was sent to all local authorities and relevant Government departments for factual accuracy and where appropriate the comments received were incorporated in the final version of the report.

The website of the Department of Housing, Planning and Local Government is the primary means of publishing reports of the Value for Money Unit of the Local Government Audit Service. Should any errors arise they will be corrected and noted in the report published at http://www.housing.gov.ie/en/publications/localgovernment/auditservice/

Contents

Executive Summary

Background

In 2017, the amount of rates accrued was €1,476m (**2016:** 1,468m, **2015**: €1,496m) which was over 30% of the total revenue income collected by local authorities. In 2018, commercial rates is budgeted to account for 31.5%, almost one-third, of all income totalling €1.5billion.

As this is a significant source of income for local authorities we sought to examine all aspects of commercial rates within local authorities, from the initial levying of the charge, through to collection, aging and profiling of the commercial rate debt and the levels of provisioning for irrecoverable bad debts and write offs.

The aim of this report is to:

i. examine the current and new legislative provisions and in particular the new provisions in the draft commercial rates bill recently published
ii. identify the process of assessment and valuation by local authorities
iii. examine the operation of the property entry levy for new properties, the total amount of the levy and the level of arrears
iv. quantify the rate income and examine improvements in collection rates
v. quantify the level of arrears and the aging of the debt
vi. review the level of bad debt provision between specific and general provisions in local authorities
vii. quantify the level of vacant property adjustments processed
viii. quantify the level of write off of rates income in local authorities by category
ix. review the number of rates customers and staff involved in rates collection
x. consider the role of the Valuation Office, the level of back log and the financial impact of this on local authority income.

i. Legislative provision

The Valuation Act 2001 is the legislation through which all relevant properties are assessed and valued by the Valuation Office for rating purposes with further provisions and exemptions introduced in the Valuation (Amendment) Act 2015.

In August 2018, the Government published the Local Government (Rates) Bill 2018 to modernise much of the basis of rates legislation. The legislation will introduce, among other measures, the application of interest on unpaid rates, minimum charges for vacant commercial premises and provisions to allow the local authority to introduce rates alleviation schemes to support national and local policy objectives.

ii. Assessment and Valuation

The valuation of immoveable property, such as buildings, factories, shops, railways, canals, mines, woods, rights of fishery and rights of easement over land for rating purposes is carried out by the Valuation Office, with a right of appeal to a Valuation Tribunal.

The annual rates bill for a commercial premises is assessed by applying the Annual Rate on Valuation (ARV) to the valuation of the property concerned to obtain the amount payable in rates. The ARV is set as part of the budgetary process in the local authority and the valuation is determined by the Valuation Office.

iii. Property Entry Levy

Where a property valuation has been received during the year and a full year's rates assessment cannot be carried out, there is a further provision to levy the rate payer. Property Entry Levy (PEL) is a charge on a newly constructed commercial property for the relevant portion of the year i.e. from the date of valuation to the year end.

Arrears arising from PEL are not included as part of the overall rates arrears balances as per Appendix 7 in the Annual Financial Statements. The total arrears for PEL specific to 2016 is €4.135m (**2015**: €4.909m, **2014**: €4.952m).

iv. Rates Income and Collection

Rates income in 2017 in local authorities was €1,476m (**2016:** €1,468m,**2015**: €1,496m, **2014**: €1,500m). Rates are the single largest source of income in local authorities at 35% of total income in 2017. This percentage can vary between local authorities with rates accounting for 54% of total income in Fingal County Council compared to 14% in Leitrim County Council in 2016.

Rate income collection rates vary widely across local authorities with a high of 96% to a low of 74% in 2017. The average collection rate was 86% in 2017, up from 84% in 2016.

The report reviewed the collection rates obtained by local authorities over the three year period to 31 December 2017 and noted the following

- 25 of the local authorities improved their collection rate in 2017 and 2016 compared with 2015
- Three local authorities marginally increased their collection rate in 2016 but then decreased marginally again in 2017
- One local authority maintained its collection rate in 2016 and had a small increase in 2017
- One local authority had the same collection rate in 2015 and 2017 but had a small increase in 2016 and
- One local authority had a reduced collection rate in both 2017 and 2016 from 2015.

The report also followed up the National Oversight Audit Commission (NOAC) report on collection rates published in April 2016 and compared their results with the questionnaire data for 2016. Improvements were made for all of the sample of local authorities selected in the NOAC report except one.

v. Rates Arrears and Debt Management

The Local Government Management Agency (LGMA) Debt Management Project Group was formed in November 2014 to develop policies and procedures to improve debt management in the area of commercial rates. The group set collection rate targets for each local authority to achieve as a means of improving the rates collection performance in 2016 and again in 2017.

As at 31 December 2017 the closing arrears for rates in all local authorities was €272m (**2016:** €297m, **2015:** €337m). The report found that while the overall arrears are significant they have been decreasing each year, by 8% in 2017 and by 12% in 2016.

When the aged profile of the arrears was reviewed, the report found that;

- in 2016, 50% of the year end arrears related to 2016,
- 21% related to 2015
- the remaining 29% related to prior to 2015. Of this percentage, it was noted that 5% or €13.47m of the total balance relates to years prior to 2012.

Therefore, €13.47m of the debt as at 31 December 2016 was aged 4 years or older. Typically, it can be more difficult to collect debt the older it becomes.

At the end of 2017, the aged profile was as follows;

- 51% of the year end debt was less than 12 months old
- a further 20% aged between 12 and 24 months
- remaining 29% was aged greater than 24 months. Of this balance €26.9m or 10% of the total year end debt was greater than 4 years old.

The report also reviewed the outstanding arrears for 2016 as a percentage of total rates income accrued for 2016. The lowest collection was 50%, therefore 50% of the current income was unpaid at the year end. The highest percentage was 94%.

vi. Level of bad debt provision in local authorities

In the Annual Financial Statements (AFS) of local authorities, provisions for bad and doubtful debts are not disclosed separately for the individual revenue collection accounts or other categories of debtors. They are shown as a deduction from the total current debtors in Note 5 to the accounts.

It is important to note that the level of provision for bad and doubtful debts, which is an estimate, is dependent on the write-off policy in each authority. However, over half of the responses stated that they had no bad debt provision policy in place.

In 2016 there was a requirement, under Circular 5 of 2016, to separately disclose specific doubtful debts in Appendix 7 of the AFS and deduct these debts when calculating percentage collection rates. This has led to an increase in the collection rates with a greater amount apportioned to the specific bad debt provision.

The report examined the categorisation of the bad debt provision into general and specific provision and found that in 2016 it was 69% and 31% respectively, while in 2015 it was 73% and 27% respectively.

The report found that the levels of provisioning varied significantly in local authorities from a high of 99% to a low of 13%. Eight local authorities had provided for less than 50% of the closing arrears. This needs to be considered in light of the aging of debtors as discussed above, which noted that in 2016, 49% of all debt was over 12 months old.

vii. Vacant property adjustment

The vacancy property adjustment was introduced under Circular Fin 03 of 2016 whereby local authorities credit the customer account where it is accepted that the vacant property satisfies the legislative requirements for a rates refund.

The actual vacancy property relief in 2017 was €106m (**2016**: €124m ,**2015**: €140m) which represents two thirds of the total write off and adjusted back for this year.

Our report reviewed the overall vacancy relief as a percentage of the accrued income in 2016 and found that a number of local authorities had to write off a significant percentage of their accrued income because the rateable properties were vacant for that year. The highest percentage was 26% while the lowest was only 3%.

viii. Irrecoverable Debt and Write offs

Section 26 of the Local Government (Financial Procedures and Audit) Regulations 2014 (S.I. No. 226/2014) provides for the production of a schedule of uncollected rates, reporting thereon to the Elected members and option to publish list of defaulters rather than authority to write off. No evidence was found of the local authority publishing the list of uncollected rates and the ratepayers concerned in recent years.

An analysis of the write offs for the three years to 2017 was obtained for this report. The total amount written off in 2017 was €51.4m (2016: €63.8m), a further €106.1m (2016: €123.7m) was processed as vacant property adjustments and €795k (2016: €823k) was processed as waivers, resulting in total adjustments of €158.2m (2016: €189.5m).

Vacant property relief as a percentage of the accrued income in 2016 varies significantly by local authority. The lowest percentage was in Fingal County Council at 3% while the highest rate was in Mayo County Council at 26%.

ix. Customer profile and staff involved in rates collection

The report reviewed the data received on the number of rates customers and the staff in commercial rates collection section. There are over 145,000 rates customers in local authorities in 2016 and 476 staff working in rates collection with a Whole Time Equivalent (WTE) of 260 staff. The highest number of staff was in Dublin City Council and the lowest were in Leitrim County Council and Longford County Council and each a WTE of 3.5.

This report compared the number of staff involved in rates collection to the number of customer accounts and the collection rate to determine if there was a link between them. The report found that the highest number of customers per WTE had a collection rate of 90% whereas the least number of customers per WTE had a collection rate of 83%. The average collection rate was 82%.

x. The Role of the Valuation Office

A significant revaluation project was been undertaken by the Valuation Office on a phased basis. This was in additional to their valuation work under revision applications.

The report examined a report completed by the Acute Financial Matters Group (AFM). This group was established by the City and County Management Association (CCMA) Finance Committee and it examined the impact that delays in the processing of the revision applications is having on local authorities.

The AFM report stated that as at May 2016 there were 5,934 properties with the Valuation Office awaiting determination of new or revised valuation. The AFM estimates that there is an associated loss of rates income of €23.5m annually to the local authorities as a result of these delays. Updated figures were obtained for this report which showed that as at June 2018 there were 7,417 properties awaiting determination of new or revised valuations.

1. Introduction

1.1 Background

Commercial rates are a property based tax levied by local authorities on the occupiers of commercial or industrial properties. Income derived from commercial rates represents a significant percentage of the total income in a local authority. In 2017 the amount accrued was €1,476m (**2016:** €1,468m, **2015**: €1,496m) which was 34% of the total revenue income collected. This allows local authorities to fund a wide range of services.

The aim of this report is to examine all aspects of commercial rates within local authorities, from the initial levying of the charge, through to collection, aging and profiling of the commercial rate debt and the levels of provisioning for irrecoverable bad debts and write offs.

Revenue income and collection performance is disclosed and reported on in Appendix 7 of the AFS for the main categories of income including commercial rates. The income collection performance of local authorities is a key financial performance indicator which is published every year by the National Oversight and Audit Commission (NOAC).

1.2 Basis for selection

In order to provide data for all of the local government sector it was appropriate to select all 31 local authorities to participate. Using a detailed questionnaire, data was compiled by Local Government Auditors and together with information from local authorities' annual financial statements, all the responses were collated into this report by the Value for Money Unit.

1.3 Scope of the review

The information included in this report arises from the responses received under the questionnaire, which have been signed off by the Head of Finance in each local authority. Other information, which has been included, has been received from relevant stakeholders such as the policy section of the Department of Housing Planning and Local Government (the Department) and the LGMA.

1.4 Methodology

The detailed questionnaire sent to all Heads of Finance with the assistance of Local Government Auditors requested data for the three years to end 31 December 2016 on the following matters;

Rates Income

- Annual rate valuation
- Total rates accrued
- Revenue income as a percentage of total income

Rates Debtors

- Analysis of Appendix 7 of the Annual Financial Statements
- Closing rates arrears and aged analysis as at 30 June 2017
- Analysis of rates customer and debt categories

Provision for Rates Bad Debts

- Analysis of bad debt provision including specific and general
- Bad Debt provision - basis of calculating provision
- Debt management - collection methods (in house, agency or a combination)
- Analysis of write off (vacancy, waivers and other)

Property Entry Levy (PEL)

- PEL charge for the year
- PEL receipts for the year
- PEL closing arrears

Rates Profile

- No. of staff employed in income collection

2. Legislation

2.1 Valuation Act 2001

The Valuation Act 2001 is the legislation through which all relevant properties are assessed and valued by the Valuation Office for rating purposes. A relevant property is rateable under Section 15 of the Valuation Act 2001 in accordance with Schedule 3, Section 1, paragraph (a) of the Valuation Act, 2001 – 2015. Under section 48 and 49, the rate can also be revised or revalued under the Act.

2.2 Valuation (Amendment) Act 2015

The 2015 Act amends several provisions of the Valuation Act 2001. The Act has introduced a number of important new provisions in its own right and has brought about major changes to the statutory code underpinning the assessment of commercial rates in Ireland. However, the 2001 Act remains in force and is the principal act governing valuation law.

The Act aims to facilitate the drawing up, compilation and maintenance of valuation lists so that the valuations fixed on rateable properties in a rating authority area are both (insofar as is reasonably practicable) correct, equitable and uniform relative to each other. This section in the act has been commenced by statutory instrument and has resulted in the revaluation project referred to below. It also provides for in some cases the undertaking, by the occupiers themselves, of all or one or more of the steps in the valuation of certain premises as well as other provisions relating to state property and related matters.

The Valuation (Amendment) Act 2015 introduced a new partial exemption from commercial rates for community sports clubs registered under the Registration of Clubs (Ireland) Act 1904. In 2017, the Valuation Office continued to implement a new provision of the Valuation (Amendment) Act 2015 in connection with community childcare facilities which also exempts them from commercial rates.

2.3 New commercial rates legislation

The Local Government (Rates) Bill, 2018, intended to update the current rates legislation, was published on the 9 August 2018. The legislation has been developed by the Department with input from a Rates Steering Group and a Rates Advisory Group, comprised of rates practitioners, and a project team from the LGMA. The Bill is expected to commence its progression in the Oireachtas in 2019.

The current proposals involve modernising much of the basis of rates legislation, while leaving key functional elements of the existing legal structure unchanged. The main elements of the Bill are as follows:

- A modernisation of rates legislation;
- The application of interest payments on unpaid rates;
- Minimum charges for vacant commercial premises; and
- Provisions to allow the local authority to introduce rates alleviation schemes to support national and local policy objectives.

With the modernisation of much of the rates legislation, it is imperative that new work practices are put in place to reflect these legislative changes. This will ensure that that each local authority is adopting a common approach and standardising its implementation. The new legislation offers the opportunity to introduce a more effective system for the administration and collection of commercial rates in Ireland. However, significant preparatory work will be required to develop the policies, procedures and practices required to ensure the efficient and effective implementation of the legislation.

2.4 Local Government (Financial and Audit Procedures) Regulations 2014

The Local Government (Financial and Audit Procedures) Regulations 2014 (S.I. No. 226/2014) provides guidance to local authorities on the making of the rate and on irrecoverable debts.

2.5 Local Government Reform Act 2014

Section 32 of the Local Government Reform Act 2014 (S.I. No. 146/2014) came into effect on 1 July 2014 and applies to all sales/leases closing on or after 1 July 2014, irrespective of the date of the contract. It introduces a number of important changes to the manner in which rates liabilities are to be treated, namely:

1. Sale of Property - It imposes a statutory obligation on a vendor to notify the rating authority that a sale has taken place and to discharge all arrears for which the vendor is liable (i.e. six years).
   Where the rates due by the vendor are not discharged, those unpaid rates will be a charge on the property for a period of twelve years.

2. Transfer of Ownership - It obliges a landlord to notify the rating authority that a tenant has transferred its interest (within two weeks of the assignment).

3. Change of Assignment - It provides that a landlord will be liable "for a charge equivalent to no more than two years of the outstanding rates due" by a previous tenant where (a) the rating authority has not been notified by the landlord of an assignment and (b) the tenant did not discharge the arrears on the assignment.
   Any such charge will affect the property for a period of twelve years.

It is proposed in the new rates legislation that section 32 of the 2014 Act will be repealed by the current Bill and some elements of the above section will be replicated in the new Bill.

In order to implement the necessary reform of Commercial Rates planned by the Department, the new legislation should be progressed and enacted. The new legislation will give stronger enforcement powers to allow for a more effective system for the administration and collection of commercial rates in Ireland, than is currently in place.

3. Assessment and Valuation

3.1 Background

Local authorities are under a statutory obligation to levy rates on any property used for commercial purposes, in accordance with the details entered in the valuation lists prepared by the independent Commissioner of Valuation under the Valuation Act 2001. Rating authorities do not have valuing powers.

Rates are assessed on the valuation of immoveable property such as buildings, factories, shops, railways, canals, mines, woods, rights of fishery and rights of easement over land. The valuation of such property for rating purposes is carried out by the Valuation Office, with a right of appeal to a Valuation Tribunal.

3.2 Annual rate on valuation (ARV)

In every local authority the elected council members vote to adopt the annual budget for the coming year. It is during this budgetary process that there is a determination of the Annual Rate on Valuation (ARV). This determination is a reserved function of a local authority.

The annual rates bill for a commercial premises is calculated by applying this ARV to the valuation of the property concerned, determined by the Valuation Office, to obtain the amount payable in rates. The valuation on which commercial rates are based, i.e. net effective valuation[1] can vary from year to year as premises are added or valuations revised.

Valuations on new or improved properties are added each year. Valuations on properties that may be demolished or converted to domestic use should not be taken into account in calculating the net effective valuation, though there are delays in the Valuation Office removing such properties. All changes are made on the basis of notification of revised valuations from the Commissioner of Valuation. Only changes received up to the adoption of the annual budget can be included in the rating records for charging purposes. See Appendix 4 for a full break down of each local authority ARV.

[1] The net effective valuation is cumulative total of all valuations of rateable premises in a county.

3.3 The rating process

In accordance with the regulations, and as soon as possible after the ARV has been determined, the rating authority should prepare the rate book. The rate book includes all relevant properties which are liable for rates and includes the following particulars in respect of each property:

- Rate account number
- Name of owner or occupier
- Address
- Description of relevant property
- Rateable valuation
- Remissions (if any)
- Total assessable rateable valuation
- Total for collection

A rating authority can make appropriate changes or amendments to the rate book. Fourteen days, at least, before the making of a rate, the rating authority publishes notice of the deposit of the rate book for inspection in at least one newspaper circulating in the area. The rate is made by Chief Executive's Order (thus is an executive function). After the rate has been made, the rating authority publishes notice of the rate in the local newspapers and in the council.

3.4 Factors which may impact on ARV determination

Rates harmonisation

The Local Government Reform Act 2014 provides for rates harmonisation to cater for differences between Annual Rates on Valuation (ARVs) of former town authorities amalgamating with county council structures. The approach taken to rates harmonisation was to seek to ensure, on the one hand, that harmonisation does not lead to a significant net loss of revenue in individual counties with consequential implications for services and, on the other hand, that increases in rates do not impact negatively on businesses and employment. The Base Year Adjustment (BYA) provides for a phasing of increases and decreases on the ARV over a five year period and there are some local authorities that have opted to avail of this provision. In some cases it will be 2020 before full harmonisation is applied to the ARV rate.

Rates revaluation

Some local authorities have undergone a revaluation process and with their new property valuation changes they have had to adjust their ARV accordingly. Under the revaluation process, the revised ARV is a fraction of the ARV of those local authorities that have yet to undergo a revaluation process.

4. Property Entry Levy

4.1 Property entry levy

Property Entry Levy (PEL) is a charge on a newly constructed commercial property for the relevant portion of the year i.e. from the date of valuation to the year end. The levy was introduced in 2007 under the Local Government (Business Improvement Districts) Act 2006, which was enacted on the 24 December 2006. The levy is calculated on a newly constructed commercial property for the relevant portion of the year using the:

- Rateable valuation of the property as determined by the Commissioner of Valuation.
- The ARV as determined by the Council.
- The date (entry date) the property is valued for rating purposes (i.e. entered in the valuation list).
- The number of days from the effective valuation date to the end of the year.

While a valuation has been received from the Valuation Office for this new property, the PEL charge is not included in the commercial rates figure in Appendix 7 of the AFS for the year. This is because the property was not included as part of the budgetary process which resulted in the Annual Budget being adopted by the Council members as this takes place in November of the prior year.

4.2 Property entry levy charges and receipts

Our report asked all local authorities for details of their PEL charges (invoiced amounts) and receipts (amounts collected) for the three years ended 31 December 2016 and the results are set out in the exhibit below.

Exhibit 1: Property Entry Levy Charges and Receipts 2014 - 2016

	2016		2015		2014	
	No. of Properties	Amt €	No. of Properties	Amt €	No. of Properties	Amt €
PEL Charge per Yr. (Invoiced Amt)	848	7,183,899	1,079	6,759,700	798	3,445,842
PEL Receipts	780	7,285,133	654	6,151,971	552	2,679,263

Source: Survey Questionnaire

4.3 Property entry levy arrears

Arrears arising from PEL are not included as part of the overall rates arrears balances as per Appendix 7 in the AFS. As outlined above this is because PEL charged on new properties is for part of the financial year only and would not have been provided in the annual budgetary process voted and adopted by Council members.

Our report asked all local authorities to provide details of the arrears associated with PEL for each of the three years to end 2016. The total arrears associated with PEL up to 2016 are €4.135m (**2015**: €4.909m, **2014**: €4.952m).

Exhibit 2: Property Entry Levy Debtors 2015 - 2016

	2016 Amt €	2015 Amt €
Opening arrears as at 1 Jan	4,908,717	4,951,591
PEL charge for the year (Invoiced Amt)	7,183,899	6,759,700
PEL amounts received in year (Receipts)	7,285,133	6,151,971
Other credits/ adjustments /write-offs	671,989	650,603
Closing arrears as at 31 Dec	4,135,494	4,908,717

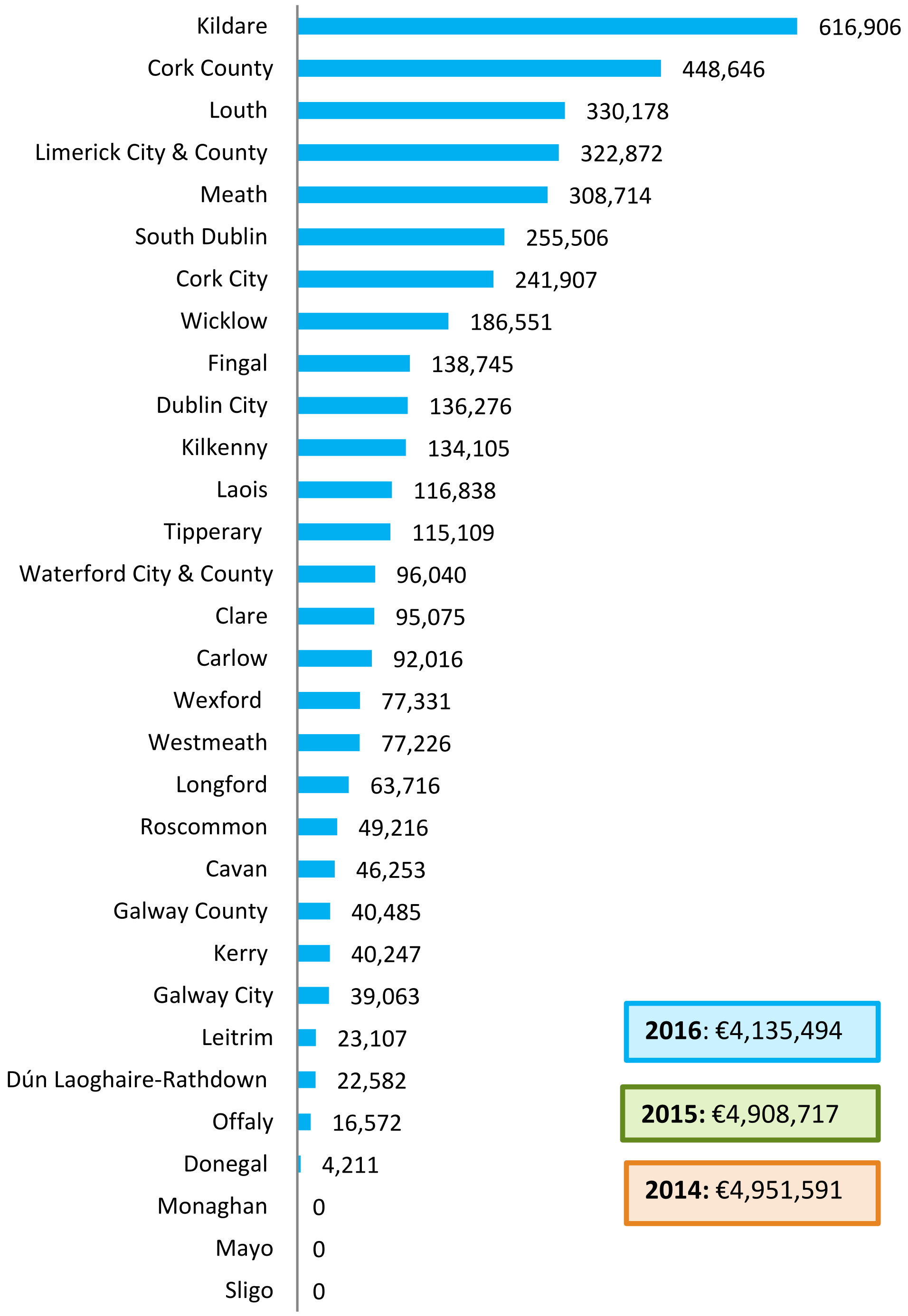
Source: Survey Questionnaire

When taking the opening and closing cumulative arrears up to end December for each of the two years with the amount charged and received in the periods, the report found that there was additional credits /write offs included to calculate the closing arrears outlined above.

Exhibit 3 sets out the cumulative arrears for each local authority and it was noted that, while this has been reduced from 2015 and 2014, it was difficult to determine the number of properties that the arrears were related to and one local authority was not able to provide any information on their PEL arrears. The full listing of the charges receipts and arrears by local authority is set out in Appendices 9 and 10.

In a follow up to this report and in conjunction with local authorities and the GAWG, the current practice of excluding arrears associated with PEL from overall commercial rates arrears in Appendix 7 of the Annual Financial Statements should be reviewed in the context of the new commercial rates legislation and amendments to the draft legislation may have an impact on this.

Exhibit 3: Property Entry Levy Arrears up to 31 December 2016



Source: Survey Questionnaire

5. Rates Income and Collection

5.1 Budgeted rates income

The budgeted figure for commercial rates as set out in Exhibit 4 is a significant percentage of the total budgeted revenue income in local authorities. In 2018, commercial rates is budgeted to account for 32% of all income, totalling €1.51 billion, followed by grants and subsidies (from Central Government) of €1.45 billion (30%), and goods and services €1.44 billion (30%). The Local Property Tax (LPT) will provide €395 million or 8% of total income.

Exhibit 4: Budgeted Total Revenue Income 2015 - 2018

	2018		2017		2016		2015	
	€m	%	€m	%	€m	%	€m	%
Commercial Rates	**1,511**	**32**	**1,475**	**35**	**1,468**	**37**	**1,496**	**38**
Government Grants & Subsidies	1,452	30	1,159	27	979	24	780	20
Local Property Tax Allocations(incl. PRD adjustments)	395	8	395	9	373	9	442	12
Charges for goods and services	1,436	30	1,233	29	1,186	30	1,167	30
Total	**4,794**	**100**	**4,262**	**100**	**4,006**	**100**	**3,885**	**100**

Source: Adopted Budgets of Local Authorities

When we examine the rates income in further detail, we can see that the budgeted figure provided for in 2016 was €1,471m. This is in line with the actual amount recorded of €1,468m. The amount budgeted for 2017 shows a small increase to €1,475m.

5.2 Actual rates income

Local authorities recorded over €4,307m in revenue income in 2016 (**2015:** €4,065m, **2014**: €4,122m), with commercial rates revenue continuing to be the largest single source of income. The actual income for rates in 2016 was €1,468m, 34% (**2015**: €1,496m (37%), (**2014**: €1,500m: 36%).

Exhibit 5: Actual Total Revenue Income 2014 - 2016

	2016		2015		2014	
	€m	%	€m	%	€m	%
Commercial Rates	**1,468**	34%	**1,496**	37%	**1,500**	36%
Income from Goods and Services	1,252	29%	1,176	29%	1,253	30%
Income from Grants and Subsidies	1,120	26%	878	21%	871	21%
Contributions from other authorities	102	3%	128	3%	143	4%
Local Gov. Fund/ LPT	312	7%	316	8%	281	7%
Pension Related Deduction	53	1%	71	2%	74	2%
Total	**4,307**	**100%**	**4,065**	**100%**	**4,122**	**100%**

Source: Overview Report of LGAS 2016

5.3 Rates income as a percentage of total revenue income

The actual income for rates in 2016 was €1,468 million which represents 34% of the total revenue income for this year. This percentage is down on previous years. Appendix 1 provides a full breakdown by local authority for each of the three years to end 31 December 2016.

Exhibit 6: Rates Income as a % of Total Revenue Income 2014 - 2016

Year	Total Revenue Income €m	Total rates income €m	% of overall revenue income
2016	4,307	1,468	34%
2015	4,065	1,496	37%
2014	4,122	1,500	36%

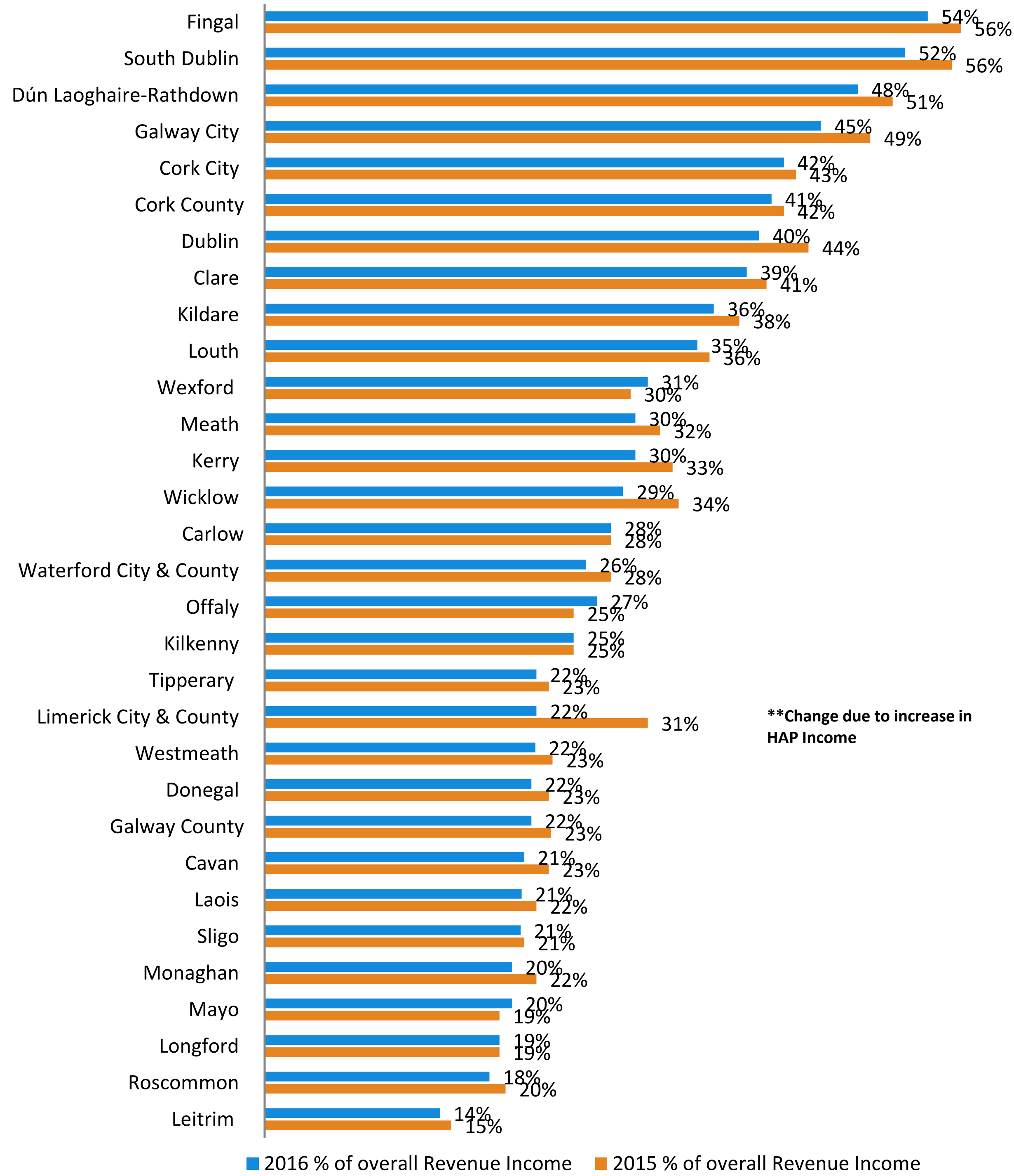
Source: Survey Questionnaire

Exhibit 7 below sets out the rates income as a percentage of overall revenue income in 2016 from highest to lowest. The highest percentage in 2016 was Fingal County Council which receives 54% of its total income from commercial rates. This is due to the presence of some of the largest rate payers in the country being based in this local authority area. Dublin City Council received 40% of its total income from commercial rates, down from 44% in 2015.

In 2016, some of the smaller local authorities such as Louth and Clare County Council have received 35% and 39% respectively of their total revenue income from commercial rates. In smaller counties, a large rate payer can account for a significant proportion of the total rates income in a year. As a result the local authority is very reliant on this one customer for a large percentage of their rates income. Clare County Council noted that one commercial semi state customer, across two properties, which accounts for 30% of their total rates income.

The majority of the smaller local authorities and indeed some of the medium sized rural local authorities have smaller percentages due to a relatively low rate base. The lowest percentage is Leitrim County Council at 14% in 2016 (15% in 2017). These local authorities are more dependent on government grants and subsidies, than any locally generated source of revenue, to fund their day- to- day expenditure.

Exhibit 7: Rates Income as a % of Total Revenue Income 2015-2016



Source: Survey Questionnaire

5.4 Rates collection levels

Rates collection in local authorities is an ongoing area of focus with all local authorities being set rate collection yield targets by the LGMA Debt Management Project Group. The methodology for calculating rates was amended in 2015 after allowing specific doubtful arrears to be excluded from the total for collection figure under Appendix 7 in the AFS.

Exhibit 8: Rates Income Collection Rates 2015 - 2017

Year	Specific Doubtful Debt Arrears Excluded	Total Rates Income Collected	Highest % Collection Rate	Lowest % Collection Rate	Average % Collection Rate
2017*	53,807,355	1,341,822,320	96%	74%	86%
2016	53,481,151	1,318,402,245	96%	68%	84%
2015	52,104,074	1,344,742,056	96%	60%	83%

Source: Survey Questionnaire/LGAS Overview Report /* 2017 Audited Financial Statements

As can be seen from Exhibit 9 below and in Appendix 6 of this report

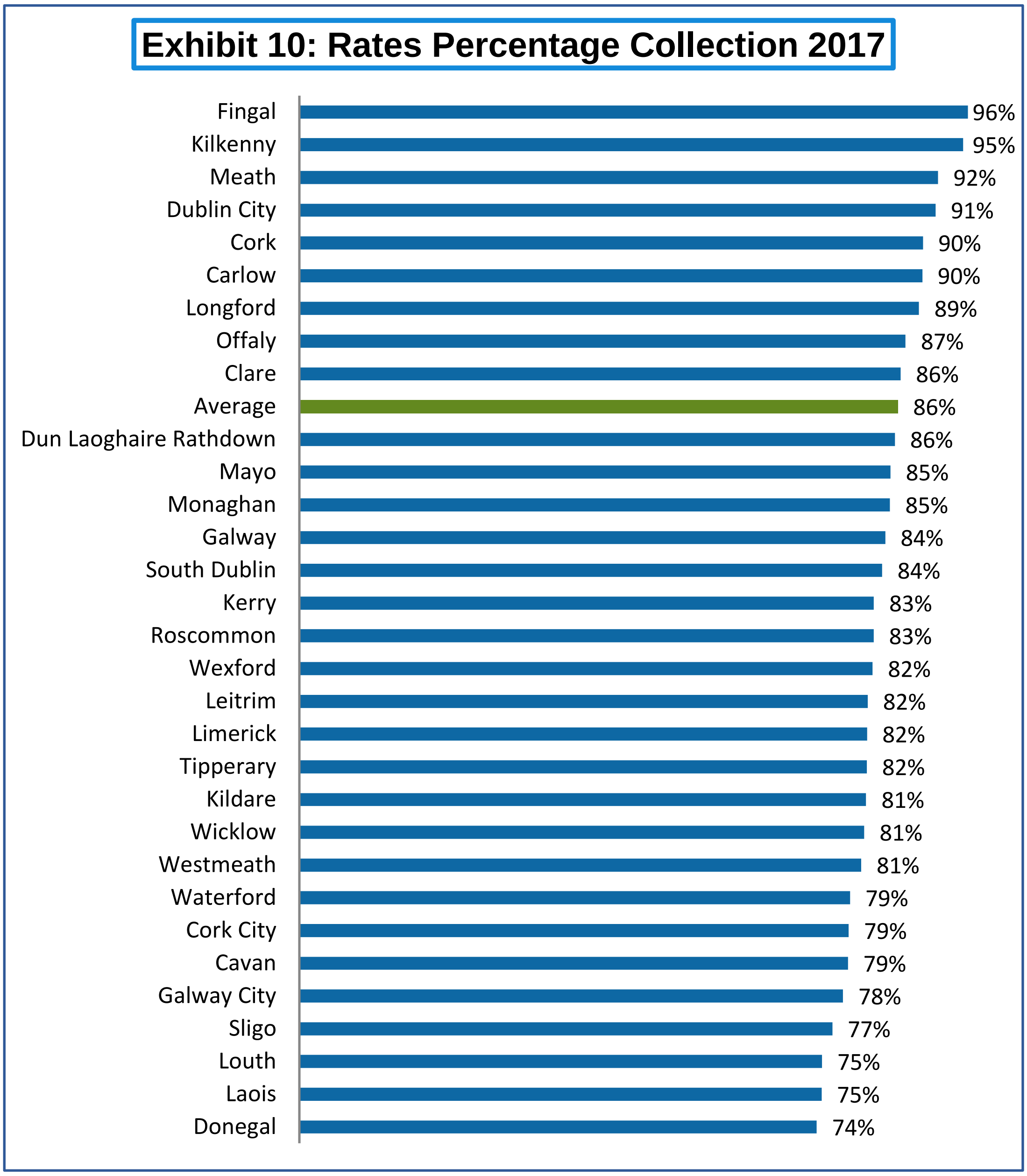
- 25 of the local authorities improved their collection rate in 2017 and 2016 compared with 2015
- Three local authorities marginally increased their collection rate in 2016 but then decreased marginally again in 2017
- One local authority maintained its collection rate in 2016 and had a small increase in 2017
- One local authority had the same collection rate in 2015 and 2017 but had a small increase in 2016 and
- One local authority had a reduced collection rate in both 2017 and 2016 from 2015.

Exhibit 9 below shows the top highest and lowest while Exhibit 10 shows the highest to lowest collection rates with the overall average. A further three year analysis is set out at Appendix 6 of the report.

Exhibit 9: Collection Rates Movement 2015 - 2017

Highest	2017 %	2016 %	2015 %	Movement	Lowest	2017 %	2016 %	2015 %	Movement
Fingal	96	96	96	-	Donegal	74	68	63	+11
Kilkenny	95	94	92	+3	Louth	75	68	60	+15
Roscommon	83	91	93	-10	Galway City	78	75	72	+6
Dublin City	91	90	88	+2	Laois	75	76	75	-
Meath	92	89	85	+7	Sligo	77	76	74	+1
Carlow	90	88	84	+6	Limerick	82	77	75	+7
Offaly	87	88	85	+1	Wicklow	81	79	76	+5
Cork County	90	88	86	+3	Cork City	79	79	78	+1
Average	86	84	83	+3	Wexford	82	79	75	+7

Source: LGAS Overview report



Source:AFS 2017

5.5 Improvement in collection Rates

The LGMA Debt Management Project Group was formed in November 2014 to develop policies and procedures to improve collection rates in the area of commercial rates. The group set collection rate targets for each local authority to achieve as a means of improving the rates collection performance in 2016 and again in 2017.

In February 2018 the debt management group asked all of the local authorities to provide rates collection information for year ended 2017, with a view to setting new target collection rates for 2018. This report obtained collection rates for 2017, and when compared with 2016, there were further improvements in the collection rates in all local authorities.

5.6 Follow up to National Oversight Audit Commission Report No.7 re Rates Collection

As part of its function to scrutinise the financial performance of local government bodies, the National Oversight Audit Commission (NOAC) decided in 2014 that it should undertake a review of rates collection performance by local authorities.

A sample of seven local authorities were selected for the review, which was reported on in April 2016. The report found that considerable arrears had developed in a number of local authorities and in some authorities the amount collected in 2013 fell well short of the annual rates levied.

Our report followed up the findings of this report. In all of the local authorities identified with high arrears, the report found that there was an improvement in the 2017 and 2016 percentages from 2014. However it should be noted that the methodology for calculating collections rates changed in 2015. The process now excludes the specific doubtful debts from the calculation and this may account for some of the improvement.

Exhibit 11: NOAC Report Updated for 2016

Collection Rate [a]				Income Collected versus Accrued[b]			
	2014 %	2016 %	% change		2014 %	2016 %	% change
Louth	56	68	+12%	Laois	72	77	+5%
Donegal	56	68	+12%	Kildare	77	88	+11%
Galway City	66	75	+9%	Mayo	75	75	-%
Leitrim	60	81	+21%	Roscommon	79	74	-5%
Sligo	67	76	+9%	Sligo	76	79	+3%
Galway County	67	84	+17%	Galway County	81	83	+2%
Limerick City and County	65	77	+12%	Limerick City	86	96	10%
Laois	70	76	+6%	Carlow	74	78	+4%

Source: Survey Questionnaire/NOAC Commercial Rates Report April 2016

6. Arrears and Management of Aged Debt

6.1 Aged Analysis of Closing Arrears

As at 31 December 2016 the closing arrears for rates in all local authorities was €297m (2015: €337m). Arrears figures for 2017 of €272 million were obtained for this report from the LGMA. Exhibit 12 below shows that the closing arrears are decreasing each year, by 12% in 2016 and by 8% in 2017.

Exhibit 12: Closing Rates Arrears 2015 - 2017

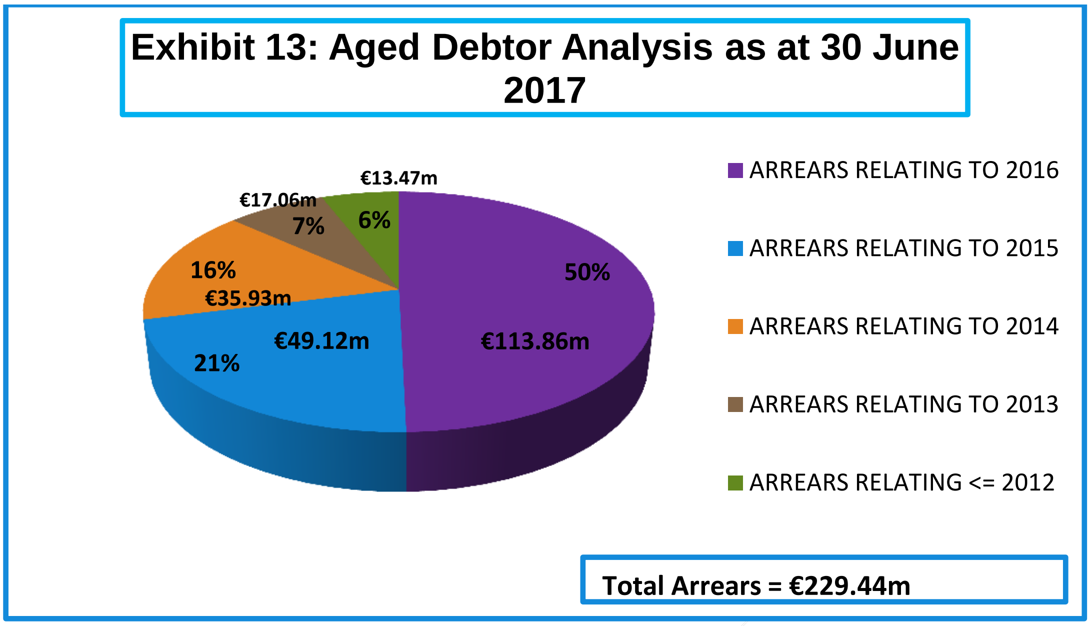
	2017* €m	2016 €m	2015 €m
Rates	272	297	337

Source: Survey Questionnaire /Audited AFS 2017

This report sought to establish the age profile of the rates debtors. It examined if certain local authorities had more prior year debt than others even where their year-end balance might be lower overall. This would result in a better indication of the likelihood of collection of this debt. Typically it can be more difficult to collect debt, the older it becomes. Due to the fact that all local authorities were not able to provide an aged debtor listing for rates as at 31 December 2016 and it was not possible to retrospectively run an aged listing at the time of this report, it was decided that an aged debtors listing would be run at the 30 June 2017.

In order to establish an accurate aged debtor listing, Local Government Auditors extracted an aged debtor listing as at 30 June 2017. This was completed using the local authority software and running a standard query to obtain the listing. This aged listing included 2017 charges and payments, which were excluded for the purposes of this report.

After the 2017 figures were excluded, the total amount of rates debtors outstanding at 30 June 2017 was €229.4m. Of this balance, 50% related to 2016, 21% related to 2015 whilst the remaining 29% relates to prior years. It was noted that 5% or €13.47m of the total balance relates to prior to 2012. See Exhibit 13 below for the full percentage breakdown and the amounts for each year.



Source: Survey Questionnaire

The report found that there were four local authorities that were unable to accurately age profile their debt into the appropriate periods prior to 2012, and in the case of two local authorities the older periods showed a negative balance. When this was queried further, the report found that income and receipts were unable to be fully matched.

The report asked local authorities how they completed their aged analysis and 24 responded. The other three did not provide any information and there are four local authorities which use a different financial system. They use the aged analysis for their rates debtors within this system.

The majority stated that the matching process (RC11) within the financial system (Agresso) was utilised only on specific cases, and given the volume of transactions it was not possible to be completed for this report. Therefore they were unable to extract an accurate aged analysis.

Exhibit 14 below shows that almost half of the local authorities do not use the matching facility (RC11) within the financial system. Instead they use a manual matching exercise with the majority stating that the process is customer specific. They are unable to use the financial systems for their total debtors, which need to be manually matched outside of the system.

Exhibit 14: Process of Completing an Aged Analysis			
Responses	**No of LA**	**Yes**	**No**
Using the facility in IT system (RC11)	24	7	17
Manually matched	24	13	11

Source: Survey Questionnaire

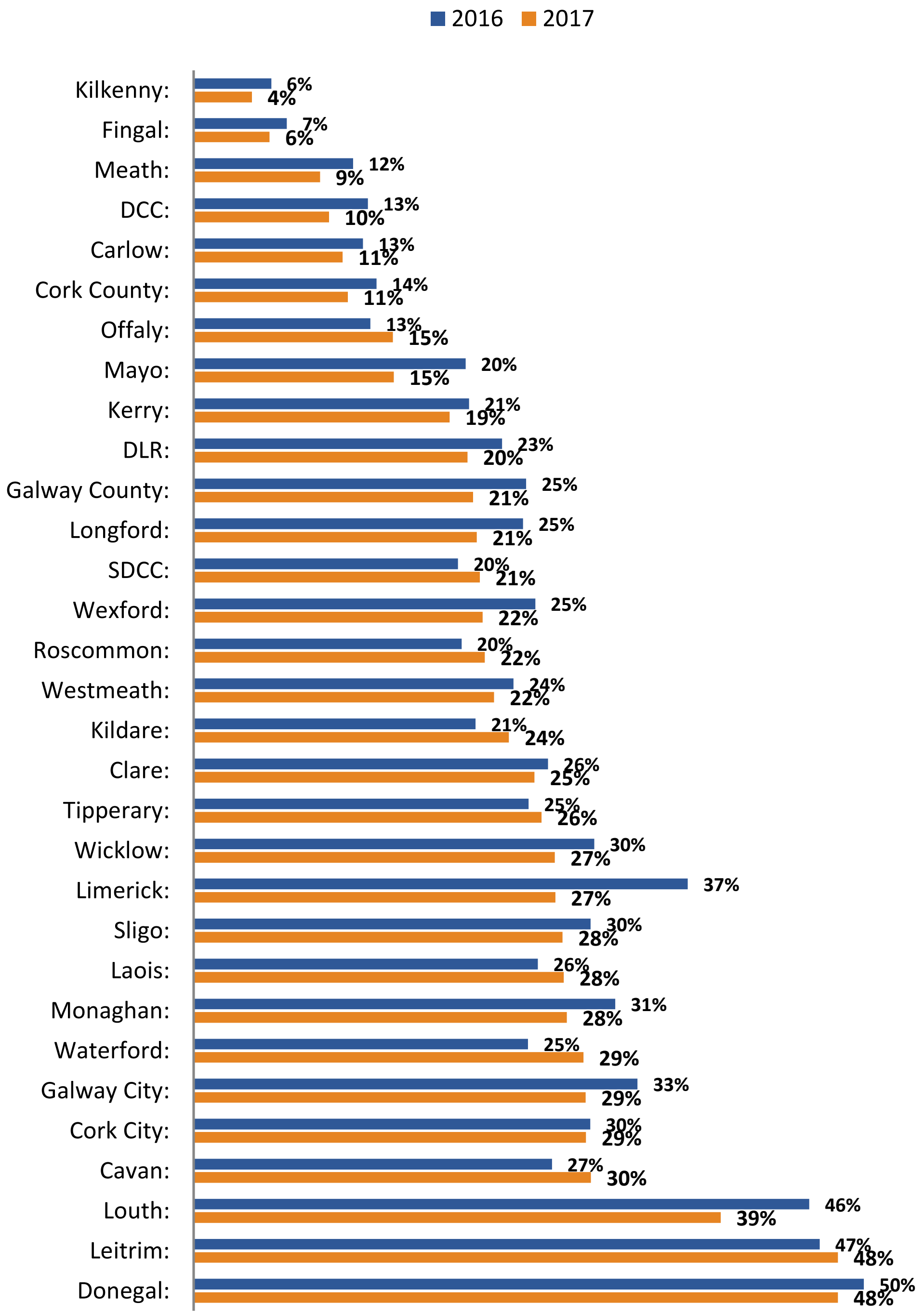
In follow up to this issue, a new report has been developed on the CCAS debt management reporting application, which allows an aged analysis to be run at any date. Previously, the financial system (Agresso) would not allow the aged analysis to be completed for a retrospective date however this has been rectified in 2018 and the aged analysis completed under the LGMA rates survey 2017 referred to under section 6.3 used this new facility.

6.2 Arrears as a Percentage of Accrued Income

Using the data obtained in the questionnaire for each local authority, the outstanding arrears relating to 2016 was compared with the income accrued for 2016. The results show that the lowest collection was 50% with half of the current income remaining in arrears as at the year-end. The highest was over 94% with only 6% outstanding at year end. When comparing these percentages with 2017 data received by the LGMA under their rates survey in 2018, there was an improvement in twenty two of the local authorities, with nine showing a marginal disimprovement of between 1% and 4% .

Exhibit 15 sets out the 2016 and 2017 percentages for closing arrears to accrued income by each local authority.

Exhibit 15: Closing Arrears as a % of Accrued Income 2016-2017



Source: Survey Questionnaire

6.3 LGMA Debt Management Project Group

The LGMA Debt Management Project Group was also set up to develop policies and procedures to improve debt management in the area of commercial rates. The group worked closely with the LGMA and the Institute of Public Administration (IPA) between 2015 and 2017. A national debt management training programme for staff working in the area of collection of rates (run by the IPA) is in place having commenced in 2016.

In February 2018, the debt management project group completed an aged analysis for the year ended 2017 to establish an overall view of the outstanding debt at that time. It was noted that the aged analysis was extracted prior to the completion of the AFS at the end of March and would be expected to change following submission of the AFS to the Department.

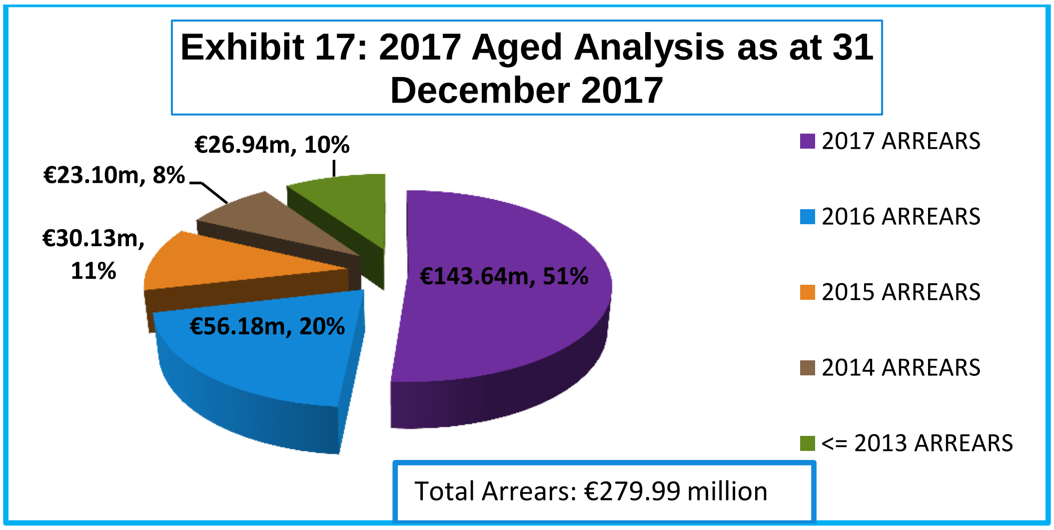
Our report reviewed the information received from the LGMA. It found that there was a difference between the closing arrears ,€272m, per the audited AFS 2017 under Appendix 7, and with the aged analysis amount of €280m, which excluded credit balances. When this difference was queried during the report, it was confirmed that, while all the Appendix 7 figures in the AFS were verified to the draft financial statements submitted to the Department, local authorities were not requested to submit updated details on the aged analysis or any other area of the 2017 rates survey. There were amendments on four local authorities original Appendix 7 submission compared to the final verified return in the 2017 draft AFS. See Exhibit 16 below, with a further break down by local authority at Appendix 3 in this report, while Exhibit 17 sets out the aged analysis figure.

Exhibit 16: Analysis of Appendix 7 in Annual Financial Statements 2015 - 2017

	2017 €'m	2016 €'m	2015 €'m
Opening Arrears 1 Jan	297	337	394
Accrued	1,476	1,468	1,496
Write Offs & Adjustments*	159	189	208
Total due for Collection	**1,614**	**1,616**	**1,682**
Collected	1,342	1,319	1,345
Closing Arrears 31 Dec	272	297	337
Specific Doubtful Arrears	54	53	52
Collection %	86%	84%	83%

Source: Audited AFS 2015 - 2017 *includes rounding

It was also noted that for standardisation and consistency, all local authorities were requested to use the same debt management CCAS report for their aged analysis and exclude any credit balances in their aged listing. By doing so, this would result in a difference to the year-end figure in the AFS.



Source: LGMA Survey results 2017/ 2017 Financial Statements

This aged analysis was completed in February 2018 for 31 December 2017. While it is not in line with the unaudited draft financial statements, it is very useful for comparing a breakdown of the aging of the debts between 2016 and 2017.

When the aged analysis completed as part of our report questionnaire is compared with the LGMA aged analysis, Exhibit 17 shows that at the end of 2017, 51% of the year end debt was less than 12 months old, with a further 20% aged between 12 and 24 months. Six months into 2017, our aged analysis for 2016 showed that 50% of the debtor balance was less than twelve months old, with a further 21% aged between 12 and 24 months.

When we examined the older debt prior to 2013, our analysis, in June 2017, showed there was still €30m of debt outstanding for 2016 per Exhibit 13. However six months later this had only reduced by €3m at almost €27m per Exhibit 17.

While there are good collection rates for the current year debtors, the collection rate for older debt is usually low. This is in line with our experience that traditionally the older the debt is, the harder it is to collect. However, some of this debt may the subject of lengthy court proceedings or company insolvencies/liquidations. The local authority retains the debt on its books until it is determined if any funds are available to settle the debt.

It is suggested that, in addition to the overall annual collection rate targets currently set by the LGMA debt management project group, specific target collection rates should also be set for those older bands of arrears outstanding.

6.4 Debt Management System

As part of the information gathering under the 2017 rates survey, the debt management project group asked all local authorities to identify the main debt management systems used by them to report and manage rates arrears.

Exhibit 18: Analysis of Debt Management Systems in Use

Debt Management System	No of Local Authorities	%
Ascendas or Other	10	32%
Combination	11	36%
Agresso system only	4	13%
Other Financial System	4	13%
CCAS Reporting only	2	6%
Total	**31**	**100%**

Source: LGMA Survey results 2017

The results in Exhibit 18 showed that, of 31 local authorities, 27 use the FMS system (Agresso) while 4 use a different FMS system. A third of responses use Ascendas while a further third uses a combination of the CCAS reporting with the FMS system (Agresso).

6.5 Debt Management Methods

This report asked all local authorities if certain parts of their debt management process were outsourced to an agency or if all of the debt management was completed internally. The results in Exhibit 19 below showed that the majority of local authorities follow outstanding debt internally until their procedures are exhausted. The debt is then referred for legal proceedings where required.

Exhibit 19: Analysis of Collection Methods

Debt Management System	In house	Out sourced Agency	Combination
	No. of LAs	No. of LAs	No. of LAs
Issuing rate demands	31	0	0
Issuing reminder letters – Six day notice letters	30	1	0
Legal proceedings	6	18	7

Source: Survey Questionnaire

Exhibit 19 above shows that eighteen local authorities used external legal firms for the final stage of collecting the debt through the courts. A further seven used a combination of internal and external firms at this stage in the process. Only one local authority used an external agency for the earlier stages in the process, issuing demands and reminders etc.

7. Bad Debt Provision

Bad debt provisions in the financial statements of local authorities is the prudent method of providing for the likelihood that not all income levied will be received in full for a financial year. In the AFS of local authorities, provisions for bad and doubtful debts are not disclosed separately for the individual revenue collection accounts or other categories of debtors. They are shown as a deduction from the total current debtors in Note 5 to the accounts

A general provision is where the local authority provides for an overall percentage of debts that will not be recovered. This figure is credited from the year end debtors in the Balance Sheet. No customer account is deducted for any element of the provision.

A specific provision is where a customer is identified and some or all of their outstanding debt is provided for in the provision. In this instance the provision is based on a specific event such as liquidation, receivership, examinership etc., and there is a high likelihood that these debts will not be recovered. However the event has not taken place yet and therefore the debt is only prudently provided for, and not written off the customer account.

7.1 Bad Debt Provision

In 2016 the split of the bad debt provision into general and specific provision was 69% and 31% respectively, while in 2015, the split was 73% general and 27% specific. In 2016 there was a requirement, under Circular 5 of 2016, to separately disclose specific doubtful debts in Appendix 7 in the AFS and deduct these debts when calculating percentage collection rates. This has led to an increase in the collection rates with a greater amount apportioned to the specific bad debt provision.

Exhibit 20: Analysis of Bad Debt provision 2014 - 2016

Year	General Bad Debt Provision At 31 December	% of Total Provision	Specific Bad Debt Provision At 31 December	% of Total Provision	Total Bad Debt Provision At 31 December
2016	146,987,424	69%	65,250,858	31%	212,238,282
2015	171,867,450	73%	62,316,728	27%	234,184,178
2014	222,430,495	83%	44,451,457	17%	266,881,952

Source: Survey Questionnaire

Appendix 8 sets out the full break down by local authority of the closing arrears including the specific doubtful arrears and compares this to the closing bad debt provision split between general and specific bad debt provision.

7.2 Bad debt provision as a percentage of arrears

This report reviewed the level of provisioning and found that levels varied from provision of the majority of the closing arrears to only providing for 13% of the year end arrears. While the average percentage was 72%, eight local authorities provided for less than 50% of their arrears. Provision for a large portion of closing arrears does not mean that the debt will not be actively pursued until it is collected in full. It is a prudent way of providing for a potential loss of non-collection.

Exhibit 21: Bad debt provision as a % of closing arrears for 2016

% Range	No of LA s	Closing Arrears	Specific Doubtful Arrears per Appx 7	Closing Bad Debt Provision
80% - 100%	12	137,981,830	22,359,897	119,527,663
60% - 79%	7	74,418,685	13,051,745	52,207,057
40% - 59%	8	65,769,274	13,737,244	34,214,743
20% - 39%	3	16,615,396	2,882,361	5,965,815
Under 20%	1	2,424,593	1,449,904	323,004
Total	**31**	**297,209,778**	**53,481,151**	**212,238,282**

Source: Survey Questionnaire

Appendix 8 sets out the full listing by local authority. Exhibit 21 above shows the % ranges of provisions for 2016 compared with the closing arrears and specific doubtful arrears.

This is in line with the issues raised in the 2017 statutory audit reports on the inadequacy of the bad debts provision in the AFS.

7.3 Specific provision

According to Circular Fin 3 of 2016, a specific bad debt provision/vacancy provision must be included in the accounts and at a minimum, cover the full value of the specific doubtful arrears total. The categorisation of specific doubtful arrears must be consistently applied.

The report compared the specific doubtful arrears figures in Appendix 7 in the 2016 AFS and the specific doubtful debt provision per the report questionnaire. It found that 18 local authorities have fully provided for the amount included in their specific doubtful arrears.

The other 13 local authorities did not have the correct categorisation between general provision and specific provision. This was not in line with the instructions contained in the above circular. The report could not ascertain fully whether there was an under or over provision in these cases. Overall there was an adequate amount provided between the general and the specific provision. See Appendix 8 in this report for the full breakdown by local authority.

7.4 Method of calculating bad debt provision

This report found evidence that the level of provision varies widely across local authorities. It is important to note that the level of provision for bad and doubtful debts, which is an estimate, is dependent on the write-off policy in each authority. Local authorities should therefore implement a realistic write-off policy in respect of amounts due to them.

The report asked all local authorities what methods were used as a basis for the calculation of the bad debt provision. 29 local authorities responded with the following;

- Only 12 stated that they had a bad debt provision policy in place
- The majority responses stated the provision is based on the case history of the customer and their likelihood and ability to pay the arrears
- Over half stated that they also used a percentage of the balances outstanding or of the oldest balances outstanding
- Only a small number stated that legal proceedings were a factor when calculating the provision.

In the LGMA rates survey 2017, all local authorities were asked to update the information and the exhibit below sets out the basis used for 2017. 29 responded and the replies were broadly in line with our report questionnaire results.

Exhibit 22: Analysis of basis for bad debt provision

Calculation Method	No of Local Authorities	%
Customer specific - case history	13	42
% basis on overall arrears	8	26
Combination of both the above	4	13
Other basis such as affordability	3	10
None	1	3
Information not provided	2	6
Total	**31**	**100%**

Source: Survey Questionnaire/LGMA survey results 2017

When these results are compared with the report survey questionnaire results, we see that the majority of local authorities use an overall percentage calculation, while also using the case history of the rates customer and the likelihood of recovering the debt. This allows each local authority to provide for a general provision based on the percentage and a specific provision based on the case history of the customer.

Arising from these results local authorities should ensure that there is better categorisation between specific and general provision especially if higher specific doubtful debt arrears have been disclosed in the published Appendix 7 in the AFS. Each local authority should review the categorisation and basis for the bad debt provision to ensure that the bad debts have been adequately provided for. The adequacy of the bad debt provision is a matter commonly raised in statutory audit reports every year.

8. Irrecoverable Write offs

8.1 Background

Section 26 of the Local Government (Financial Procedures and Audit) Regulations 2014 (S.I. No. 226/2014) sets out the legal provisions for the treatment of irrecoverable bad debts.

Under section 26. (1) a rating authority shall, not later than 30 days after the close of a local financial year, prepare a schedule of uncollected rates at the close of that year and indicate thereon the reasons for non-collection of the rates.

The arrears are considered the Head of Finance, usually, in consultation with the revenue collector, who may decide to strike them off as irrecoverable, direct that they be carried forward to the following year's warrant or disallow the claim and direct the collector to lodge the amount concerned.

Under Section 26. (2) after the schedule referred to in paragraph (1) has been prepared, the Chief Executive (CE) shall submit a report thereon to the elected members of the local authority at the next practicable meeting of the Council. In practice this is usually at a high level as part of CE quarterly reporting to members and production of the year end AFS.

Under Section 26.(3) a local authority may publish in local newspapers a list of uncollected rates and the ratepayers concerned, though there is no evidence of such a course of action being taken in recent times.

8.2 Analysis of Write offs relating to Irrecoverable Debts

An analysis of the write offs was obtained for our report and further information for 2017 was received from the LGMA rates survey. Exhibit 23 below sets out the breakdown for the three years to end 2017.

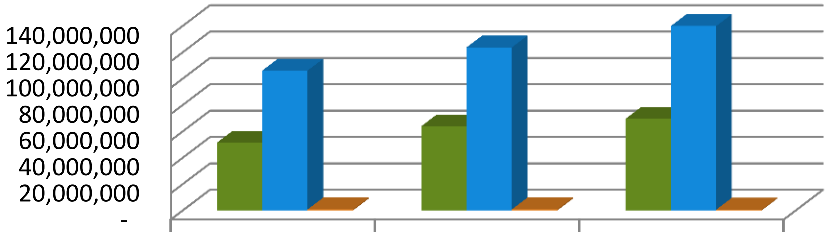
Write offs primarily include the following items:

- Amounts written off where the company is insolvent, in receivership or examinership and cannot discharge its outstanding debts and where the receiver etc. has indicated that it is unlikely that a dividend will be paid
- The ratepayer cannot be located following all reasonable efforts to do so
- The sheriff has confirmed that there are no goods following legal proceedings and the company is no longer trading.

Waivers are schemes under section 2(1) of the Local Government (Rates) Act 1970. The making of a scheme is a reserved function and it is subject to the consent of the Minister for

Housing, Planning and Local Government. No rates waiver schemes have been consented to in respect of commercial property. In three local authorities, write offs categorised as waivers in 2016 totalled €822,931, reducing to €794,629 in 2017. In line with previous years, the main basis for write-offs cited by local authorities were vacant properties, liquidation/receiverships, and exemptions (e.g. charities). In some cases, de-rating by the Valuation Office, domestic use, dereliction, partial usage, bad debt and amounts deemed uncollectable and council property also featured.

Exhibit 23: Break down of Write offs 2015 - 2017



	2017	2016	2015
Write off	51,355,978	63,797,330	69,457,159
Vacant property adjustments	106,085,959	123,672,176	139,862,655
Waivers	794,629	822,931	636,090

Source: Survey Questionnaire/ Audited AFS 2017

8.3 Vacant Property adjustment

Rates are payable on all properties, whether occupied or not. In the case of an unoccupied property, the liability for rates falls on the owner. An application for a refund of rates on vacant property may be made when the following conditions are satisfied:

- the property was vacant at the date of making of the rate and it must have been vacant for one of the following reasons
    - vacant for repairs/alterations or
    - vacant for letting (not for sale) or
    - vacant pending demolition or re-development

Where the above conditions are satisfied and the applicant completes the appropriate declaration and submits supporting documentation, a refund of rates may be made, based on the local refund policy as adopted at budget. The applicant is not entitled to a refund of rates if the property is available for sale rather than letting. A refund of up to 100% of the rates paid for the period of vacancy can be made.

In 2015 there was a requirement to disclose the vacant property relief separately in Appendix 7 of the AFS. Prior to 2015, many local authorities included the vacancy property relief in the general write-off figure as part of the overall write off figure in the AFS with only a small number making a separate disclosure for the relief.

However it is important to make the distinction between the write off amount which is due to an irrecoverable debt and the vacancy property adjustment which is an amount refunded to the rates customer.

The vacancy property adjustment was introduced under Circular Fin 03 of 2016 whereby local authorities credit the customer account where it is accepted that the vacant property satisfies the legislative requirements for a rates refund.

The actual vacancy property relief in 2017 was €106m (**2016:** €124m, **2015**: €140m) which represents two thirds of the total write off and adjusted back for this year. This was a decrease from the previous year with a small increase in the percentage.

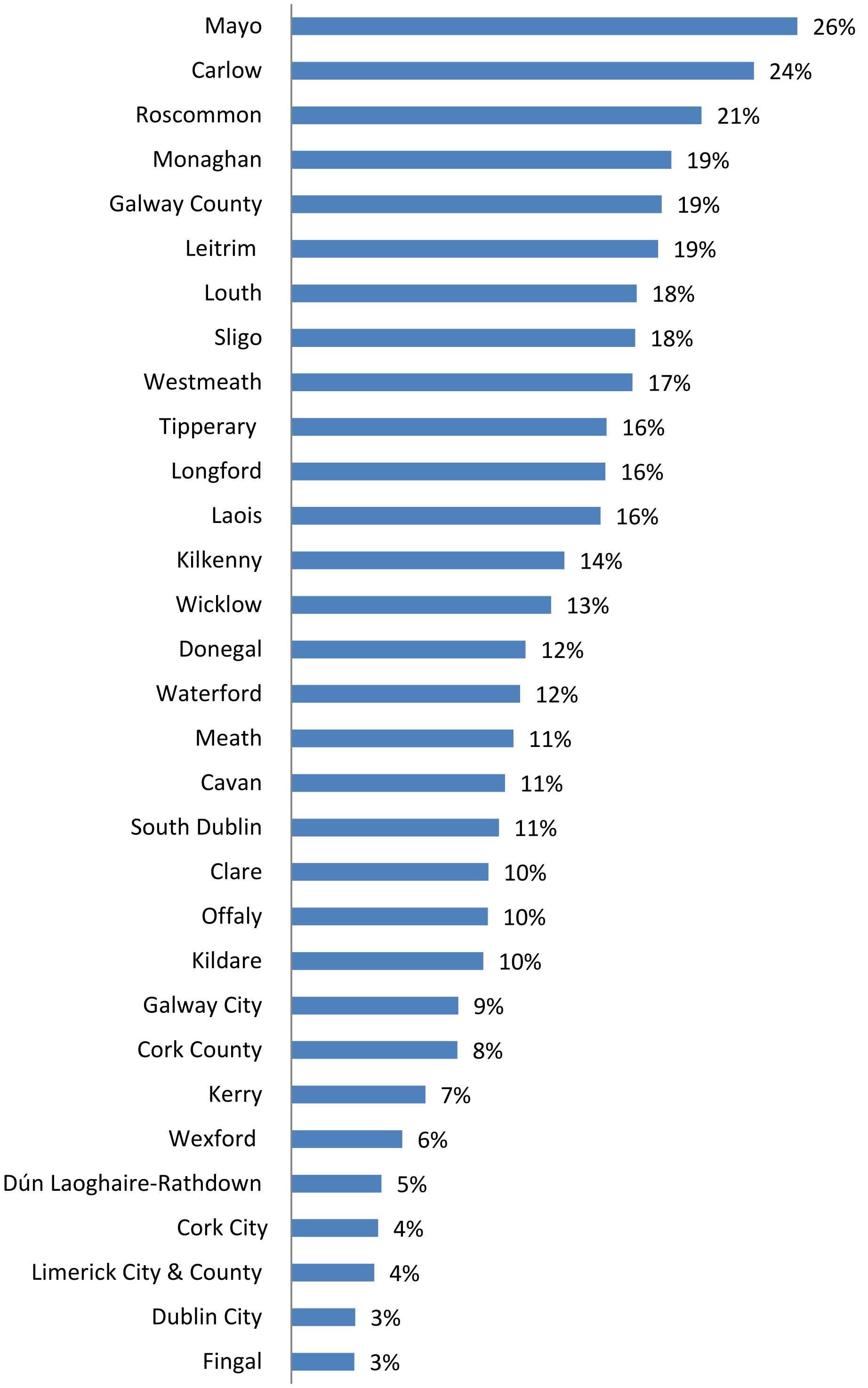
Exhibit 24: Vacant Property Relief as a % of Total write-offs and adjustments 2015-2017		
Year	**Vacant Property Relief €**	**% of Total Amt Written off and adjusted back**
2017*	106,085,959	67%
2016	123,672,176	66%
2015	139,862,655	67%

Source: Survey Questionnaire / Audited AFS 2017

8.4 Vacancy property relief as a percentage of Accrued Income

Our report reviewed the overall vacancy relief as a percentage of the accrued income in 2016. It found that a number of local authorities had to write off a significant percentage of their accrued income because the rateable properties were vacant for that year. Exhibit 25 below sets out the total vacancy relief write off as a percentage of accrued income by each local authority for 2016. The lowest percentage was Fingal at 3% while the highest was Mayo at 26%. The report has excluded the data on other specific write offs as a % of accrued income as this data is not comparable as the timing of when the write off is processed varies in every local authority and could be for a number of years as is the case with some liquidations.

Exhibit 25: % Vacancy Property Relief to Accrued Income 2016



Source: Survey Questionnaire

9. Profile of Rates Customers and Staff

9.1 Rates Customer Numbers

All local authorities were surveyed in 2018 by the LGMA and asked to provide details of the number of rates customers that were on hand at each of the three years to date. The exhibit below sets out the total numbers which are consistent for each of the three years.

Exhibit 26: Estimated Total No. of Rates Accounts

2018	2017	2016
146,612	146,756	145,816

Source: LGMA Survey Results 2017

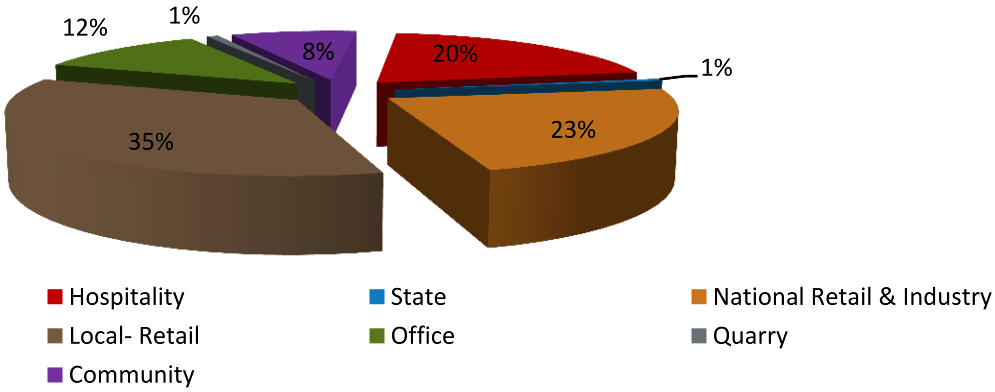
Exhibit 26 sets out the information obtained for this report and from a review of the replies received, the report found that there was a lack of consistency in the way in which some local authorities captured their customer base. Some used the address of the premises while others used the address of the tenants in the commercial property. This may result in a small amount of duplication for customers that occupied the same premises.

It was also noted that the current revaluation project will result in changes to the number of rates customers based on the revised valuation for certain smaller local authorities.

9.2 Categories of Rates Customers

Exhibit 27 sets out the various categories of rates customers. The information was based on data submitted to the LGMA for 2016 however not all local authorities were able to provide the information for all of the year requested.

Exhibit 27: Commercial Rates Customer Categories 2016



Source: Survey Questionnaire

9.3 Staff involved in Rates Collection

In local authorities there is a wide variation in the allocation of staff to rates income collection and the majority of staff working in this area also work in other income collection roles. Therefore the report found that it was difficult to separately identify those staff that only worked in rates collection in any local authority. The responses from our report questionnaire varied as some local authorities included finance staff, who are involved in the administration of the Valuation Office database, billing and collection of commercial rates, in addition to revenue collectors in the WTE amounts while others only included revenue collectors. The highest staff number was understandably Dublin City Council, while the lowest was 3.5 WTE in both Leitrim County Council and Longford County Council. Exhibit 28 below shows the number of staff (WTE) employed in the income collection sections at 31 December for each of the three years. The lowest WTE shown below is for Leitrim County Council

Exhibit 28: Number of Staff involved in income collection at 31 December 2014-2016

	2016		2015		2014	
	Headcount	WTE	Headcount	WTE	Headcount	WTE
Total No. of Staff	476.04	259.66	503.90	245.95	490.24	240.53
Highest	43.00	14.00	47.75	14.00	49.75	14.00
Lowest	6.00	3.50	5.00	2.92	5.00	2.96
Average	15.36	8.38	16.25	7.93	15.81	7.76

Source: Survey Questionnaire

9.4 The role of the Revenue Collector

In every local authority there is sanction for the appointment of a person to collect revenue, usually titled Revenue or Rates Collector. The revenue collector is required to collect revenue in certain geographical areas in each local authority and the areas are allocated either by size/population or by the municipal districts divisions within the county. Revenue collectors may also be responsible for other types of income collections. These may include rents, water charges, refuse charges, development charges and housing loans.

The general procedure where a collector is unable to obtain payment in the normal way is to summons the defaulter before the Courts to obtain a decree for the rates due and costs. Judgment mortgages may also be obtained and registered against the property.

Under law a rate collector has the power to seize the goods of a defaulter to the value of the rates owed. Under the same Act rates owed by a ratepayer may be set off against any monies owed by the council to that ratepayer.

9.5 Comparison of staff versus number of Customer Accounts

Using the information obtained for the 2017 LGMA survey and our own survey questionnaire, the report compared the number of staff involved in rates collection by the no. of rateable customers that each local authority held at the end of 2016.

Exhibit 29 No. of Rates Customers per No. of staff involved in income collection (incl. rates) for 2016

	No of staff	WTE	No of Customer Accounts	Customers per WTE staff	Collection Rate %
Overall Total	476.04	259.66	145,816	561.56	82%
Highest no. of Customers per WTE	43.00	14.00	20,615	1,472.50	90%
Lowest no. of Customers per WTE	6.00	3.50	1,224	349.71	81%
Average	15.36	8.38	4,704	569.45	82%

Source: Survey Questionnaire /LGMA 2017 Rates Survey

10 The Role of the Valuation Office

The Valuation Office is the appointed state body which provides valuations of commercial and industrial properties to ratepayers and rating authorities as legislated for under the Valuation Act 2001 and the Valuation (Amendment Act) 2015. Local authorities use these valuations to calculate the rates liability on commercial premises. The Valuation Office website states 'The core business of the Office is the provision of accurate, up to date valuations of commercial and industrial properties to ratepayers and rating authorities as provided for by the Valuation Act 2001 and the Valuation (Amendment) Act 2015'.

Local authorities have no role in determining valuations of property for rating purposes. They are wholly dependent on the Valuation Office for this purpose. There are approximately 150,000 commercial and industrial properties which are liable for payment of rates in Ireland.

According to the Annual Report for 2016 of the Valuation Office, 'during 2016, the Office also conducted a significant programme of revision of existing valuations. Valuations of new buildings and valuations of alterations and extensions to existing premises resulted in an additional rates income of €16.258 million to Local Authorities.'

The Annual Report for 2017 stated that 'during 2017, the Office also conducted a significant programme of revision of existing valuations. Valuations of new buildings and valuations of alterations and extensions to existing premises resulted in an additional net rates income of €25.328 million to Local Authorities'.

In December 2017, as part of the planned merger of a number of state bodies (the Property Registration Authority, Ordnance Survey Ireland and the Valuation Office) to Tailte Éireann, the Government decided that the functions of the Valuation Office should be transferred from the Department of Justice and Equality to operate under the aegis of the Department of Housing, Planning and Local Government, as and from 1st January 2018.

At the end of 2017, a total of 125.25 full-time equivalent staff were serving in the Valuation Office. Arrangements are in place for the appointment of an additional eight staff in early 2018.

10.1 Other work of the Valuation Office

Revaluation project

The Valuation Office is currently engaged in a national programme to revalue all commercial and industrial properties in Ireland. The purpose of a revaluation is to redistribute commercial rates liabilities among ratepayers based on up-to-date market rental values.

Accordingly, following revaluation, there is a much closer relationship between contemporary rental values and commercial rates liability. Some ratepayers experience reduced rates liability while others experience increased liability from the process of redistribution. Following the exercise it is expected there will be a more equitable and uniform distribution of the rates burden.The purpose of these revaluations is to bring more equity, fairness and transparency into the local authority rating system for non-domestic property.

Under Phase 1 of the National Revaluation Project, revaluations have been carried out in all four Dublin local authorities, Waterford, and Limerick City and County Council. The valuation of a property is based on its annual rental value at the date of valuation. The date of valuation for local authorities under revaluation in 2017 is 30th October 2015.

A further ten local authorities were completed in 2017 with revaluations of counties, Carlow, Kildare, Kilkenny, Leitrim, Longford, Offaly, Roscommon, Sligo, South Dublin (2nd revaluation) and Westmeath being finalised in September 2017. The new valuations in these ten local authorities will take effect from 2018. In January 2017, a total of 7,517 ratepayers in counties, Leitrim (1,090), Longford (1,404), Roscommon (2,074) and Westmeath (2,969) received their Proposed Valuation Certificates.

In March 2017 ratepayers in a further six local authorities referred to above received their Proposed Valuation Certificates (South Dublin – April 2017 - 2nd revaluation). After the first revaluation was completed, this resulted in the publication of over 29,000 new valuations. The legislation requires that recurring revaluations must take place every five to ten years to reflect economic developments.

A new revaluation project for 2019 has now been rolled out and will result in the revaluation of approximately 30,000 properties in the following local authorities (Cavan, Louth, Meath, Monaghan, Tipperary, Wexford and Wicklow). The Fingal County Council rating authority area will undergo a second revaluation as part of revaluation project 2019 (REVAL 2019). The new valuations for the eight areas will be published in 2019 and become effective for rates purposes from 2020 onwards.

Occupier Assisted Valuation

In December 2017 Laois County Council commenced its revaluation process using elements of self-assessment known as "Occupier Assisted Valuation" (OAV). This is the first time that this approach has been undertaken for the revaluation of commercial properties in Ireland, and, if successful, the initiative could result in the OAV approach being used subsequently in other areas. The project will result in the revaluation of approximately 2,000 properties in County Laois. New valuations have been published in late 2018 and will become effective for rates purposes from January 2019.

10.2 New property valuation - applications for revision

In addition to rolling out the national revaluation programme, the Valuation Office provides valuation services for rating purposes to all local authorities whereby existing and new properties have their valuations entered in the Valuation List as part of a process known as "revision" of valuation. Applications for revision of valuations arise from a material change to an existing commercial property such as an extension, a subdivision or an amalgamation of two or more properties or the completion of a completely new commercial property. Once a revision application has been made the Commissioner appoints a valuer [revision manager] to investigate the application and if appropriate to value the new/altered property.

The Valuation Office recently confirmed that in 2016, 3,297 revision applications were processed by the Valuation Office. In 2017, the corresponding figure was 4,871. To date (24/8/2018), the number of revision application already processed by the Valuation Office is in excess of 7,000. The office endeavours to process each revision application within six months of the application being made.

Delays in the rating of new or improved commercial properties impact directly on the finance available to local authorities for the provision of local services. The annual loss of potential commercial rates as a direct result of the delays in completing valuations is cumulatively significant in terms of service provision and securing potential financial stability for local authorities.

An associated issue is the methodology used to identify rateable properties as a result of either new build or change of occupancy. Changes in business process in local authorities over recent years has exacerbated the difficulties in identifying in a timely manner where such a liability comes into effect i.e. a new build requiring valuation or where a change of ownership or occupancy takes place (in the context of an existing valuation).

10.3 New property valuation - Delays in processing applications for valuation

The Acute Financial Matters Sub Group (AFM) has been established by the CCMA Finance Committee. It has been tasked with identifying, documenting and discussing the acute financial matters that are having or will have an unacceptable impact on the finances of local government. These delays in processing applications have resulted in a significant loss of rates income for local authorities and therefore this issue was one of the topics reported on during 2017.

The AFM completed a report in June 2016 on the issue of the delays in valuation and the associated potential loss of commercial rates income. The report stated that as at May 2016 there were 5,934 properties with the Valuation Office awaiting determination of a relevant new or revised valuation. Updated figures were obtained for this report as at June 2018 which found that a total of 7,417 applications were awaiting processing.

Work completed by the above sub group found that of the 5,934 revision applications which were with the Valuation Office for valuation, 86% of these requests are still awaiting assignment. While new buildings await valuation, which are typically the subject of about 20% to 30% of applications, the businesses in these premises do not pay rates and as a result may have an unfair trading advantage over other businesses, particularly those in the same market.

A full breakdown of these revision applications which were awaiting valuation by local authority is set out in Appendix 11 and 12 and in relation to May 2016 a summary of the various stages in the valuation process are set out in Exhibit 30 below.

Exhibit 30: No. of Applications per stages in Valuation process		
Stage in Valuation process	**No. of Valuation Applications**	**% of Total**
Awaiting assignment	5,120	86.3
With revision valuer	367	6.2
Team leader draft approval	154	2.6
Representation period	164	2.8
Representations with revision valuer	80	1.3
Team leader final approval	30	0.5
Update list	19	0.3
May 2016	**5,934**	**100**
June 2018	**7,417**	**N/a**

Source: CCMA - Acute Financial Matters - Rates Report

Using the figure of 5,934 properties awaiting determination less the number of properties requesting a delist, the AFM have estimated rates income of €23.5m is lost annually through the delay in processing valuations. A delist is where the applicant seeks a reduction or removal of the valuation. The number of valuation delists represents approx. 10% of all valuation requests and this is set out by local authority in Appendix 12. A full breakdown of the estimated amount of revenue lost by local authority is set out in Appendix 12.

Exhibit 31: Estimated Rates Income Loss		
Stratified Range	**€million**	**% of Total**
Less than €5,000	10.01	71%
€5,000 to €10,000	6.01	15%
Greater than €10,000	7.48	14%
Estimated Value	**23.50**	**100%**

Source: CCMA - Acute Financial Matters - Rates Report

The report noted that the estimated rates income lost annually through the delay in applying valuations could be higher when taking into account;

- Properties identified for valuation/revaluation that are still in local authority rate offices, withheld due to delays in progressing valuations by Valuation Office.
- Properties not yet identified due to slow down on identifications due to delays in progressing valuations by Valuation Office.

However the above points are matters for local authorities to address as the Valuation Office cannot be held responsible for delays in processing applications that have yet to be submitted to their offices for valuation.

10.4 Valuation Office – Addressing the delays in processing applications for valuation

Our report reviewed a number of publications of the Valuation Office including the Annual Reports for 2015 and 2016 and the current Statement of Strategy. This was with a view to identify how the Valuation Office planned to address these delays and the progress achieved to date on the matter.

According to their statement of strategy 2017-2019, the Valuation Office are committed to delivering an effective revision service and that by 2017 they will;

- establish a revision unit to maintain and update valuation lists in a timely and efficient manner
- apply resources to address the backlog of cases which are on hand
- implemented efficiencies in revision processes and procedures in line with best international practice in order to deliver the most effective service
- communicate their progress with the local authorities, relevant Government Departments, the Valuation Tribunal and other stakeholders in an effective and timely manner on an ongoing basis.

The statement also stated that by the end of 2018, the Valuation Office have a target to process all valid applications for revision within six months, in line with statutory obligations and extend online access to revision records.

The Valuation Office Strategic Plan completed in June 2018 and currently with Minister for Housing Planning and Local Government for approval outlines specific proposals to address the backlog of revision casework. These measures include engaging external contractors to augment the internal capacity of the Valuation Office in order to clear the revision cases backlog by October 2019.

In a follow up to this report, to address the delays in processing applications and resultant loss of income it is necessary to review the current practices both at local authority level and in the Valuation Office to bring about a substantial change in the business process of the rates function and the associated changes in the new commercial rates Bill.

11. Acknowledgement

The LGAS would like to thank the following for their cooperation and advice during the course of this VFM report on the Commercial Rates in local authorities;

- The local authorities - Income collection and finance sections
- Local Government Auditors in each local authority
- Department of Housing, Planning and Local Government, Local Government Finance Division and personnel consulted, Commercial Rates Section
- Local Government Management Agency
- The Valuation Office
- CCMA Acute Financial Matters Working Group
- LGMA Local Government Debt Management Project Group

References

Enacted Legislation

- Valuation Act 2001
- Valuation (Amendment) Act 2015
- S.I 226 of 2014 Local Government (Financial and Audit procedures) 2014

Department Circulars and Reports

- Relevant Local Government Finance Circulars (e.g. Fin 5 of 2016)
- Rates section in DHPLG re new rates legislation

The Valuation Office

- Relevant Publications (Annual reports, Statement of Strategy)
- Relevant Websites www.valuationoffice.ie

Other Publications

- Acute Financial Matters Report No 2 – Commercial Rates - New Listings/Lost Revenue
- National Oversight Audit Commission - Report No 7 Rates Collection - April 2016

Appendices

Appendix 1 - Rates Income as a % Total Revenue

City & County Councils	2017* Total Rates Income	2016 Total Rates Income	2016 %	2015 Total Rates Income	2015 %
Carlow County Council	14,449,859	14,292,293	28%	14,417,224	28%
Cavan County Council	13,227,592	13,302,201	21%	13,536,702	23%
Clare County Council	42,416,504	41,890,797	39%	42,347,972	41%
Cork City Council	65,834,727	64,736,946	42%	65,029,398	43%
Cork County Council	129,526,137	127,996,519	41%	127,953,113	42%
Donegal County Council	30,400,611	30,605,929	22%	31,022,480	23%
Dublin City Council	321,481,363	324,501,784	40%	336,255,813	44%
Dún Laoghaire-Rathdown County Council	79,834,567	78,519,086	48%	82,177,420	51%
Fingal County Council	115,759,973	115,776,504	54%	120,232,076	56%
Galway City Council	36,519,406	36,253,675	45%	35,336,200	49%
Galway County Council	25,820,681	25,588,454	22%	25,675,803	23%
Kerry County Council	41,095,755	41,062,726	30%	41,264,286	33%
Kildare County Council	58,125,047	57,555,963	36%	57,554,487	38%
Kilkenny County Council	19,369,483	18,953,093	25%	18,443,661	25%
Laois County Council	12,979,723	12,453,983	21%	12,513,139	22%
Leitrim County Council	5,243,704	5,191,422	14%	5,193,566	15%
Limerick City & County Council	53,750,221	50,965,698	22%	52,012,763	31%
Longford County Council	8,100,723	7,976,488	19%	7,915,522	19%
Louth County Council	31,809,951	32,111,064	35%	33,072,049	36%
Mayo County Council	28,971,395	25,766,049	20%	25,847,673	19%
Meath County Council	34,014,459	33,271,020	30%	33,456,671	32%
Monaghan County Council	12,143,061	12,252,912	20%	12,686,201	22%
Offaly County Council	16,636,556	15,423,430	27%	14,577,768	25%
Roscommon County Council	11,185,011	11,093,226	18%	11,027,824	20%
Sligo County Council	13,211,208	13,202,579	26%	13,161,447	21%
South Dublin County Council	117,151,143	117,344,152	52%	123,061,329	56%
Tipperary County Council	30,732,493	30,795,848	22%	31,261,671	23%
Waterford City & County Council	28,519,170	32,825,603	26%	33,178,092	28%
Westmeath County Council	15,974,057	15,504,306	22%	15,432,807	23%
Wexford County Council	33,611,755	32,981,995	31%	30,816,100	30%
Wicklow County Council	27,745,901	27,804,886	29%	30,004,697	34%
Total	**1,475,642,236**	**1,468,000,631**	**34%**	**1,496,465,954**	**37%**

Source: Survey Questionnaire .* Audited AFS 2017

Appendix 2 - Analysis of Rates per Appendix 7 2016

City and County Councils	Arrears at 01/01/2016	Accrued	Vacant Property Adjustments	Write Off & Waivers	Total for Collection	Collected	Arrears at 31/12/2016	Specific Doubtful Arrears	2016 Rate	2015 Rate
	€	€	€	€	€	€	€	€	%	%
Carlow County Council	2,655,931	14,292,293	3,367,206	657,005	12,924,013	11,117,779	1,806,234	340,881	88%	84%
Cavan County Council	3,863,711	13,302,201	1,466,720	706,747	14,992,445	11,436,741	3,555,704	1,173,091	83%	82%
Clare County Council	12,142,671	41,890,797	4,203,939	1,557,648	48,271,881	37,196,442	11,075,439	4,089,202	84%	82%
Cork City Council	19,840,181	64,736,946	2,861,914	2,127,844	79,587,369	60,436,007	19,151,362	2,700,000	79%	78%
Cork County Council	21,447,613	127,996,519	10,828,630	3,361,443	135,254,059	117,787,157	17,466,902	1,190,219	88%	86%
Donegal County Council	15,686,468	30,605,929	3,652,473	2,563,014	40,076,910	24,760,145	15,316,765	3,774,177	68%	63%
Dublin City Council	51,124,526	324,501,784	10,562,197	20,880,453	344,183,660	303,112,295	41,071,365	5,655,228	90%	88%
Dún Laoghaire-Rathdown County Council	19,745,333	78,519,086	3,607,426	2,898,363	91,758,630	73,785,003	17,973,627	4,983,638	85%	85%
Fingal County Council	8,272,647	115,776,504	3,719,259	1,369,630	118,960,262	110,924,612	8,035,650	2,972,121	96%	96%
Galway City Council	13,725,418	36,253,675	3,084,060	678,022	46,217,011	34,210,078	12,006,933	827,507	75%	72%
Galway County Council	7,806,745	25,588,454	4,827,511	1,006,187	27,561,501	21,215,237	6,346,264	2,389,586	84%	81%
Kerry County Council	8,975,742	41,062,726	2,802,729	5,141,641	42,094,098	33,658,076	8,436,022	673,645	81%	80%
Kildare County Council	12,300,391	57,555,963	5,628,357	1,227,877	63,000,120	50,897,273	12,102,847	1,779,716	83%	82%
Kilkenny County Council	1,407,838	18,953,093	2,635,796	578,533	17,146,602	16,049,297	1,097,305	38,414	94%	92%
Laois County Council	3,457,388	12,453,983	1,960,973	1,117,130	12,833,268	9,634,470	3,198,798	76,021	76%	75%
Leitrim County Council	2,535,447	5,191,422	969,680	175,481	6,581,708	4,157,115	2,424,593	1,449,904	81%	79%
Limerick City & County Council	21,453,866	50,965,698	2,148,552	2,382,921	67,888,091	49,098,224	18,789,867	3,924,881	77%	75%
Longford County Council	2,095,521	7,976,488	1,276,233	332,270	8,463,506	6,503,934	1,959,572	678,101	84%	82%
Louth County Council	17,649,245	32,111,064	5,648,782	2,182,295	41,929,231	27,180,374	14,748,857	1,924,659	68%	60%
Mayo County Council	5,665,355	25,766,049	6,643,573	171,994	24,615,837	19,389,584	5,226,253	1,048,093	82%	80%
Meath County Council	5,636,392	33,271,020	3,762,467	1,339,341	33,805,604	29,847,093	3,958,511	319,796	89%	85%
Monaghan County Council	4,636,487	12,252,912	2,371,142	515,828	14,002,429	10,148,303	3,854,126	1,574,710	82%	77%
Offaly County Council	2,131,372	15,423,430	1,603,212	1,690,713	14,260,877	12,227,675	2,033,202	358,368	88%	85%
Roscommon County Council	1,863,397	11,093,226	2,318,700	219,924	10,417,999	8,201,074	2,216,925	1,401,347	91%	93%
Sligo County Council	4,014,428	13,202,579	2,311,682	596,089	14,309,236	10,398,781	3,910,455	579,502	76%	74%
South Dublin County Council	27,068,409	117,344,152	12,402,331	4,846,980	127,163,250	104,014,140	23,149,110	1,108,455	83%	81%
Tipperary County Council	8,639,032	30,795,848	4,946,062	399,366	34,089,452	26,395,322	7,694,130	1,411,859	81%	78%
Waterford City & County Council	8,936,522	32,825,603	3,823,429	1,486,414	36,452,282	28,261,937	8,190,345	1,758,247	81%	79%
Westmeath County Council	3,911,043	15,504,306	2,695,220	414,054	16,306,075	12,605,288	3,700,787	655,944	81%	79%
Wexford County Council	9,648,741	32,981,995	1,863,669	2,597,431	38,169,636	29,765,183	8,404,453	522,258	79%	75%
Wicklow County Council	8,711,007	27,804,886	3,678,252	542,663	32,294,978	23,987,606	8,307,372	2,101,581	79%	76%
Total	**337,048,867**	**1,468,000,631**	**123,672,176**	**65,765,301**	**1,615,612,020**	**1,318,402,245**	**297,209,776**	**53,481,151**	**84%**	**83%**

Source: Activity Report March 2018

Appendix 3 - Analysis of Rates per Appendix 7 2017

City and County Councils	Arrears at 01/01/2017	Accrued	Vacant Property Adjustments	Write Offs & Waivers	Total for Collection	Collected	Arrears at 31/12/2017	Specific Doubtful Arrears	2017 Rate	2016 Rate
	€	€	€	€	€	€	€	€	%	%
Carlow County Council	1,806,234	14,449,859	2,971,068	746,919	12,538,106	10,930,804	1,607,302	326,792	90%	88%
Cavan County Council	3,555,704	13,227,592	1,271,300	290,785	15,221,211	11,301,541	3,919,670	885,280	79%	83%
Clare County Council	11,075,439	42,416,504	3,281,218	1,132,281	49,078,444	38,298,185	10,780,259	4,745,159	86%	84%
Cork City Council	19,151,362	65,834,727	2,599,215	910,411	81,476,463	62,211,239	19,265,224	2,650,000	79%	79%
Cork County Council[a]	17,098,931	129,526,137	9,263,016	2,306,204	135,055,848	120,168,330	14,887,518	945,818	90%	88%
Donegal County Council	15,316,765	30,400,611	3,313,859	3,164,739	39,238,778	24,628,799	14,609,979	6,105,118	74%	68%
Dublin City Council	41,071,365	321,481,363	9,909,272	13,277,951	339,365,505	306,931,580	32,433,925	3,600,000	91%	90%
Dún Laoghaire-Rathdown County Council	17,973,627	79,834,567	2,369,532	2,412,785	93,025,877	76,720,873	16,305,004	3,357,198	86%	85%
Fingal County Council	8,035,650	115,759,973	1,067,335	1,369,306	121,358,982	114,796,647	6,562,335	1,879,073	96%	96%
Galway City Council	12,006,933	36,519,406	2,593,790	615,339	45,317,210	34,635,780	10,681,430	980,212	78%	75%
Galway County Council	6,346,264	25,820,681	4,765,289	210,487	27,191,170	21,807,387	5,383,782	1,287,228	84%	84%
Kerry County Council	8,436,022	41,095,755	2,479,319	4,989,092	42,063,366	34,215,989	7,847,376	612,852	83%	81%
Kildare County Council	12,102,847	58,125,047	5,006,744	1,168,100	64,053,050	50,379,340	13,673,710	2,185,271	81%	83%
Kilkenny County Council	1,097,305	19,369,483	2,519,326	557,604	17,389,858	16,547,126	842,733	37,959	95%	94%
Laois County Council	3,198,798	12,979,723	2,011,083	580,332	13,587,106	10,002,728	3,584,379	256,308	75%	76%
Leitrim County Council	2,424,593	5,243,704	1,011,177	15,083	6,642,037	4,121,678	2,520,359	1,594,762	82%	81%
Limerick City & County Council	18,789,867	53,750,221	2,047,578	3,639,399	66,853,111	52,352,063	14,501,048	2,666,277	82%	77%
Longford County Council	1,959,572	8,100,723	1,324,332	222,467	8,513,496	6,802,482	1,711,014	873,577	89%	84%
Louth County Council	14,748,857	31,809,951	3,936,050	1,434,329	41,188,429	28,683,739	12,504,690	2,995,501	75%	68%
Mayo County Council	5,226,253	28,971,395	5,938,754	760,017	27,498,877	23,174,664	4,324,212	214,363	85%	82%
Meath County Council	3,958,511	34,014,459	3,472,705	706,181	33,794,084	30,583,299	3,210,785	468,726	92%	89%
Monaghan County Council	3,854,126	12,143,061	2,028,291	469,291	13,499,605	10,119,060	3,380,545	1,575,472	85%	82%
Offaly County Council	2,033,202	16,636,556	2,415,476	1,150,619	15,333,897	12,862,574	2,471,323	336,784	87%	88%
Roscommon County Council	2,216,925	11,185,011	2,258,738	179,660	10,963,538	8,534,741	2,428,797	621,315	83%	91%
Sligo County Council	3,910,455	13,211,208	2,699,472	554,075	13,868,116	10,229,601	3,638,515	510,207	77%	76%
South Dublin County Council	23,149,110	117,151,143	8,089,781	3,593,782	128,616,690	103,604,891	25,011,799	4,884,016	84%	83%
Tipperary County Council	7,694,130	30,732,493	4,542,900	523,490	33,360,233	25,385,883	7,974,350	2,222,959	82%	81%
Waterford City & County Council	8,190,345	28,519,170	2,456,798	1,524,132	32,728,585	24,437,086	8,291,499	1,848,119	79%	81%
Westmeath County Council	3,700,787	15,974,057	2,764,225	466,709	16,443,910	12,862,579	3,581,331	513,074	81%	81%
Wexford County Council	8,404,453	33,611,755	1,565,420	2,443,364	38,007,424	30,764,247	7,243,177	654,934	82%	79%
Wicklow County Council	8,307,372	27,745,901	4,112,896	735,674	31,204,703	23,727,385	7,477,318	1,972,941	81%	79%
Total	**296,841,804**	**1,475,642,236**	**106,085,959**	**52,150,607**	**1,614,247,476**	**1,341,822,320**	**272,425,155**	**53,807,295**	**86%**	**84%**

Source: Audited AFS 2017 a. Opening balance adjusted to exclude PEL arrears shown in error in 2016 closing balance.

Appendix 4 - Annual Rate Valuation 2014 - 2016

City & County Councils	2016	2015	2014
Carlow County Council	69.56	69.56	65.80
Cavan County Council	56.85	56.85	56.85
Clare County Council	72.99	72.99	72.99
Cork City Council	74.05	74.05	74.05
Cork County Council	74.75	74.75	74.75
Donegal County Council	68.39	68.39	69.70
Dublin City Council	0.256	0.256	0.257
Dún Laoghaire-Rathdown County Council	0.160	0.160	0.160
Fingal County Council	0.140	0.140	0.140
Galway City Council	67.40	65.46	65.46
Galway County Council	66.59	66.59	66.59
Kerry County Council	79.25	79.25	80.35
Kildare County Council	68.95	68.95	68.95
Kilkenny County Council	54.90	54.90	52.05
Laois County Council	64.63	64.63	64.63
Leitrim County Council	62.15	62.15	62.15
Limerick City & County Council	0.260	0.250	0.240
Longford County Council	65.35	65.35	65.35
Louth County Council	60.00	60.00	60.00
Mayo County Council	68.76	68.76	68.76
Meath County Council	69.62	69.62	69.62
Monaghan County Council	56.20	56.20	56.20
Offaly County Council	66.00	66.00	56.77
Roscommon County Council	71.44	71.44	72.16
Sligo County Council	66.95	66.95	66.95
South Dublin County Council	0.16	0.16	0.16
Tipperary County Council	56.77	56.77	56.77
Waterford City & County Council	0.25	0.25	0.25
Westmeath County Council	54.54	54.54	52.27
Wexford County Council	71.52	71.52	71.52
Wicklow County Council	72.04	72.04	76.78

Source: Survey Questionnaire

Appendix 5 - Accrued Rates Income 2015 - 2017

City & County Councils	2017* €	2016 €	2015 €
Carlow County Council	14,449,859	14,292,293	14,417,224
Cavan County Council	13,227,592	13,302,201	13,536,702
Clare County Council	42,416,504	41,890,797	42,347,972
Cork City Council	65,834,727	64,736,946	65,029,398
Cork County Council	129,526,137	127,996,519	127,953,113
Donegal County Council	30,400,611	30,605,929	31,022,480
Dublin City Council	321,481,363	324,501,784	336,255,813
Dún Laoghaire-Rathdown County Council	79,834,567	78,519,086	82,177,420
Fingal County Council	115,759,973	115,776,504	120,232,076
Galway City Council	36,519,406	36,253,675	35,336,200
Galway County Council	25,820,681	25,588,454	25,675,803
Kerry County Council	41,095,755	41,062,726	41,264,286
Kildare County Council	58,125,047	57,555,963	57,554,487
Kilkenny County Council	19,369,483	18,953,093	18,443,661
Laois County Council	12,979,723	12,453,983	12,513,139
Leitrim County Council	5,243,704	5,191,422	5,193,566
Limerick City & County Council	53,750,221	50,965,698	52,012,763
Longford County Council	8,100,723	7,976,488	7,915,522
Louth County Council	31,809,951	32,111,064	33,072,049
Mayo County Council	28,971,395	25,766,049	25,847,673
Meath County Council	34,014,459	33,271,020	33,456,671
Monaghan County Council	12,143,061	12,252,912	12,686,201
Offaly County Council	16,636,556	15,423,430	14,577,768
Roscommon County Council	11,185,011	11,093,226	11,027,824
Sligo County Council	13,211,208	13,202,579	13,161,447
South Dublin County Council	117,151,143	117,344,152	123,061,329
Tipperary County Council	30,732,493	30,795,848	31,261,671
Waterford City & County Council	28,519,170	32,825,603	33,178,092
Westmeath County Council	15,974,057	15,504,306	15,432,807
Wexford County Council	33,611,755	32,981,995	30,816,100
Wicklow County Council	27,745,901	27,804,886	30,004,697
Total	**1,475,642,236**	**1,468,000,631**	**1,496,465,954**

Source: Survey Questionnaire.* Audited AFS 2017

Appendix 6 - Rates Collected and % 2015 - 2017

City & County Councils	2017* Amt collected €	2017* %[a]	2016 Amt collected €	2016 %[a]	2015 Amt collected €	2015 %[a]
Carlow County Council	10,930,804	90%	11,117,779	88%	11,350,009	84%
Cavan County Council	11,301,541	79%	11,436,741	83%	11,943,256	82%
Clare County Council	38,298,185	86%	37,196,442	84%	36,985,564	82%
Cork City Council	62,211,239	79%	60,436,007	79%	61,224,285	78%
Cork County Council	120,168,330	90%	117,787,157	88%	119,163,164	86%
Donegal County Council	24,628,799	74%	24,760,145	68%	24,692,578	63%
Dublin City Council	306,931,580	91%	303,112,295	90%	314,107,645	88%
Dún Laoghaire-Rathdown County Council	76,720,873	86%	73,785,003	85%	77,695,710	85%
Fingal County Council	114,796,647	96%	110,924,612	96%	115,423,490	96%
Galway City Council	34,635,780	78%	34,210,078	75%	31,941,718	72%
Galway County Council	21,807,387	84%	21,215,237	84%	21,571,674	81%
Kerry County Council	34,215,989	83%	33,658,076	81%	33,518,689	80%
Kildare County Council	50,379,340	81%	50,897,273	83%	50,938,296	82%
Kilkenny County Council	16,547,126	95%	16,049,297	94%	15,877,981	92%
Laois County Council	10,002,728	75%	9,634,470	76%	9,898,811	75%
Leitrim County Council	4,121,678	82%	4,157,115	81%	4,226,300	79%
Limerick City & County Council	52,352,063	82%	49,098,224	77%	51,391,697	75%
Longford County Council	6,802,482	89%	6,503,934	84%	6,396,247	82%
Louth County Council	28,683,739	75%	27,180,374	68%	25,578,002	60%
Mayo County Council	23,174,664	85%	19,389,584	82%	19,729,275	80%
Meath County Council	30,583,299	92%	29,847,093	89%	29,289,390	85%
Monaghan County Council	10,119,060	85%	10,148,303	82%	10,523,911	77%
Offaly County Council	12,862,574	87%	12,227,675	88%	11,463,251	85%
Roscommon County Council	8,534,741	83%	8,201,074	91%	8,751,416	93%
Sligo County Council	10,229,601	77%	10,398,781	76%	10,608,718	74%
South Dublin County Council	103,604,891	84%	104,014,140	83%	107,685,870	81%
Tipperary County Council	25,385,883	82%	26,395,322	81%	26,063,250	78%
Waterford City & County Council	24,437,086	79%	28,261,937	81%	29,769,355	79%
Westmeath County Council	12,862,579	81%	12,605,288	81%	12,706,214	79%
Wexford County Council	30,764,247	82%	29,765,183	79%	27,447,399	75%
Wicklow County Council	23,727,385	81%	23,987,606	79%	26,778,891	76%
Total	**1,341,822,320**	**86%**	**1,318,402,245**	**84%**	**1,344,742,056**	**83%**

a % of Accrued income collected in year /Source: Survey Questionnaire and.* Audited AFS 2017

Appendix 7 - No. of Staff in Income Collection 2016

City & County Councils	No. of staff involved in Income Collection	WTE No. of Staff involved in Rates Collection	No. of Customer Accounts	Customers per WTE	Collection Rate %
Carlow County Council	8.00	4.00	2,094	523.50	88%
Cavan County Council	8.74	5.35	2,500	467.29	83%
Clare County Council	20.00	10.17	3,150	309.73	84%
Cork City Council	13.00	7.75	6,534	843.10	79%
Cork County Council	21.00	19.00	13,967	735.11	88%
Donegal County Council	9.00	7.80	4,003	513.21	68%
Dublin City Council	43.00	14.00	20,615	1472.50	90%
Dún Laoghaire-Rathdown County Council	26.55	12.45	5,821	467.55	85%
Fingal County Council	12.00	10.00	6,036	603.60	96%
Galway City Council	9.40	3.90	4,646	1191.28	75%
Galway County Council	11.50	4.60	3,839	834.57	84%
Kerry County Council	34.00	11.61	5,174	445.65	81%
Kildare County Council	31.00	10.00	5,342	534.20	83%
Kilkenny County Council	8.00	4.50	2,642	587.11	94%
Laois County Council	10.50	4.00	1,689	422.25	76%
Leitrim County Council	6.00	3.50	1,224	349.71	81%
Limerick City & County Council	30.00	18.30	6,703	366.28	77%
Longford County Council	12.00	3.50	1,288	368.00	84%
Louth County Council	13.60	10.30	4,715	457.77	68%
Mayo County Council	10.80	5.40	4,808	890.37	82%
Meath County Council	12.00	11.80	4,025	341.10	89%
Monaghan County Council	5.00	4.00	2,582	645.50	82%
Offaly County Council	6.00	5.80	2,462	424.48	88%
Roscommon County Council	5.00	4.30	1,971	458.37	91%
Sligo County Council	6.00	4.63	2,160	466.52	76%
South Dublin County Council	29.00	23.00	6,921	300.91	83%
Tipperary County Council	22.05	8.60	4,959	576.63	81%
Waterford City & County Council	16.00	8.25	2,587	313.58	81%
Westmeath County Council	10.35	4.85	2,328	428.66	81%
Wexford County Council	15.00	7.25	4,579	631.59	79%
Wicklow County Council	11.55	7.05	4,452	631.49	79%
Total	**476.04**	**259.66**	**145,816**	**561.56**	**82%**

Source: Survey Questionnaire /LGMA 2017 Rates Survey

Appendix 8 - Arrears and Provisions 2016

City & County Councils	Closing Arrears as at 31 Dec €	Specific Doubtful Arrears €	Specific Bad Debts provision €	General bad debts provision €	Total Closing Bad Debt Provision €
Carlow County Council	1,806,235	340,881	-	1,354,677	1,354,677
Cavan County Council	3,555,704	1,173,091	1,173,091	2,248,377	3,421,468
Clare County Council	11,075,439	4,089,202	8,874,000	-	8,874,000
Cork City Council	19,151,362	1,190,219	2,700,000	10,189,500	12,889,500
Cork County Council	17,466,902	2,700,000	1,190,219	9,857,457	11,047,676
Donegal County Council	15,316,765	3,774,177	3,774,177	4,815,284	8,589,461
Dublin City Council	41,071,365	5,655,228	5,665,228	27,191,864	32,857,092
Dún Laoghaire-Rathdown County Council	17,973,627	4,983,638	-	13,742,700	13,742,700
Fingal County Council	8,035,650	2,972,121	830,333	5,993,259	6,823,592
Galway City Council	12,006,933	827,507	827,507	11,177,843	12,005,350
Galway County Council	6,346,264	2,389,586	-	3,500,000	3,500,000
Kerry County Council	8,436,021	673,645	673,645	7,126,355	7,800,000
Kildare County Council	12,102,847	1,779,716	1,779,716	7,013,991	8,793,707
Kilkenny County Council	1,097,306	38,414	38,814	445,619	484,433
Laois County Council	3,198,799	76,021	850,000	-	850,000
Leitrim County Council	2,424,593	1,449,904	323,004	-	323,004
Limerick City & County Council	18,789,867	3,924,881	15,893,523	-	15,893,523
Longford County Council	1,959,572	678,101	678,101	1,204,041	1,882,142
Louth County Council	14,748,857	1,924,659	1,924,659	5,068,419	6,993,078
Mayo County Council	5,226,252	1,048,093	1,048,093	837,153	1,885,246
Meath County Council	3,958,512	319,796	-	3,381,182	3,381,182
Monaghan County Council	3,854,126	1,574,710	1,574,710	-	1,574,710
Offaly County Council	2,033,202	358,368	1,846,058	-	1,846,058
Roscommon County Council	2,216,925	1,401,347	1,401,347	208,680	1,610,027
Sligo County Council	3,910,455	579,502	579,502	3,067,434	3,646,936
South Dublin County Council	23,149,110	1,108,455	-	21,096,320	21,096,320
Tipperary County Council	7,694,130	1,411,859	4,454,275	-	4,454,275
Waterford City & County Council	8,190,345	1,758,247	1,758,247	1,472,322	3,230,569
Westmeath County Council	3,700,787	655,944	2,768,770	-	2,768,770
Wexford County Council	8,404,453	522,258	522,258	3,328,528	3,850,786
Wicklow County Council	8,307,373	2,101,581	2,101,581	2,666,419	4,768,000
Total	**297,209,776**	**53,481,151**	**65,250,858**	**146,987,424**	**212,238,282**

Source: Survey Questionnaire to all local authorities

Appendix 9 - Property Entry Levy Income Collection

City & County Councils	2016		2015	
	Invoiced €	Receipted €	Invoiced €	Receipted €
Carlow County Council	9,951	12,080	47,675	24,033
Cavan County Council	19,014	18,112	55,773	53,002
Clare County Council	312,072	308,284	93,092	85,236
Cork City Council	647,101	615,773	275,073	162,509
Cork County Council	374,451	566,854	685,201	346,889
Donegal County Council	42,188	37,977	84,772	35,799
Dublin City Council	362,088	406,977	2,510,092	2,392,024
Dún Laoghaire-Rathdown County Council	160,997	237,969	205,756	221,440
Fingal County Council	899,918	894,135	100,030	79,613
Galway City Council	308,146	320,865	80,018	84,181
Galway County Council	69,921	50,485	63,843	108,825
Kerry County Council	6,792	8,036	141,993	146,379
Kildare County Council	371,650	277,087	245,904	117,091
Kilkenny County Council	238,806	225,328	62,063	36,652
Laois County Council	38,211	23,245	12,669	23,906
Leitrim County Council	10,823	8,782	18,621	12,381
Limerick City & County Council	26,308	60,375	0	152,256
Longford County Council	65,671	12,404	6,163	5,447
Louth County Council	48,960	45,995	240,552	228,794
Mayo County Council[b]	1,966,046	1,966,046	-	66,629
Meath County Council	150,013	122,244	69,659	46,861
Monaghan County Council	21,774	21,774	95,581	95,581
Offaly County Council	1,276	4,306	578,052	578,582
Roscommon County Council	194,010	155,094	15,974	8,832
Sligo County Council[a]	0	0	0	0
South Dublin County Council	594,188	575,545	382,091	353,648
Tipperary County Council	11,320	28,154	150,720	305,553
Waterford City & County Council	9,797	39,856	24,586	19,871
Westmeath County Council	91,994	68,552	64,556	40,720
Wexford County Council	130,413	171,413	449,191	303,255
Wicklow County Council	0	1,386	0	15,982
Total	**7,183,899**	**7,285,133**	**6,759,700**	**6,151,971**

Source: Survey Questionnaire [a] **Information unable to be provided in Questionnaire** [b] **Charges relate to a new large commercial rate payer levied for part of 2016 which was paid in full.**

Appendix 10 - Property Entry Levy Arrears 2014 - 2016

City & County Councils	2016 €	2015 €	2014 €
Carlow County Council	92,016	94,145	70,503
Cavan County Council	46,253	47,384	58,791
Clare County Council	95,075	97,798	101,576
Cork City Council	241,907	210,578	98,014
Cork County Council	448,646	707,405	415,932
Donegal County Council	4,211	48,973	22,127
Dublin City Council	136,276	203,154	231,209
Dún Laoghaire-Rathdown County Council	22,582	100,753	153,339
Fingal County Council	138,745	170,912	180,341
Galway City Council	39,063	55,660	113,387
Galway County Council	40,485	78,993	83,052
Kerry County Council	40,247	44,094	61,077
Kildare County Council	616,906	525,816	416,863
Kilkenny County Council	134,105	120,628	110,928
Laois County Council	116,838	111,463	242,726
Leitrim County Council	23,107	21,065	16,625
Limerick City & County Council	322,872	360,486	523,488
Longford County Council	63,716	75,522	112,096
Louth County Council	330,178	351,859	341,919
Mayo County Council	0	0	1,018
Meath County Council	308,714	436,651	442,558
Monaghan County Council	0	0	31,561
Offaly County Council	16,572	19,602	20,092
Roscommon County Council	49,216	20,857	20,359
Sligo County Council[a]	0	0	0
South Dublin County Council	255,506	227,064	181,123
Tipperary County Council	115,110	131,942	286,776
Waterford City & County Council	96,040	129,836	129,707
Westmeath County Council	77,226	53,784	67,481
Wexford County Council	77,331	274,355	213,004
Wicklow County Council	186,551	187,938	203,919
Total	**4,135,494**	**4,908,717**	**4,951,591**

Source: Survey Questionnaire **a Information unable to be provided under the survey questionnaire**

Appendix 11 - Applications in Valuation Office 2016 - 2018

City & County Councils	Awaiting Assignment	With Revision Valuer	Team Leader Draft Approval	Reps Period	Reps with Revision Valuer	Team Leader Final Approval	Update List	Grand Total as at May 2016	Updated Total as at June 2018
Carlow County Council	88	11			1	1		101	122
Cavan County Council	111	15	3					129	141
Clare County Council	155	2	1		1			159	271
Cork City Council	244	8			6			258	225
Cork County Council	730	10	3	6	8	3		760	1,009
Donegal County Council	249	59			2			310	929
Dublin City Council	563	23	8	1	6	1	2	604	235
Dún Laoghaire-Rathdown County Council	103	3				1		107	128
Fingal County Council	111	5		15	2			133	198
Galway City Council	132	18	3	1	6	1		161	145
Galway County Council	236	6	1	34	5		1	283	383
Kerry County Council	157	2			2			161	373
Kildare County Council	146	7	3	23	9			188	334
Kilkenny County Council	238	4		1	1	5		249	30
Laois County Council	3	2	24			5		34	31
Leitrim County Council	11	8						19	15
Limerick City & County Council	126	9				1		136	320
Longford County Council		23		38				61	55
Louth County Council	131	8		2	5			146	560
Mayo County Council	56	9			6		1	72	227
Meath County Council	521	5	2	4		2		534	304
Monaghan County Council	201	3	4		13			221	259
Offaly County Council	3	41		5			5	54	98
Roscommon County Council	35	21	1		2	1	9	69	108
Sligo County Council	12				1	1		14	52
South Dublin County Council	63	33	23	14		1	1	135	135
Tipperary County Council	74	6						80	128
Waterford City & County Council	82							82	97
Westmeath County Council	96	17	77	19	1	7		217	35
Wexford County Council	255	8	1	1	2			267	375
Wicklow County Council	188	1			1			190	95
Grand Total	**5,120**	**367**	**154**	**164**	**80**	**30**	**19**	**5,934**	**7,417**
% of the Total	**86.3%**	**6.2%**	**2.6%**	**2.8%**	**1.3%**	**0.5%**	**0.3%**	**100.0%**	**100.0%**

Source: Acute Financial Matters Subgroup, CCMA Committee

Appendix 12 - Estimated Value of Unprocessed Applications 2016

City & County Councils	Total Revisions on hand No.	Total Revisions Less 10% delists	71% Less than €5,000 €	15% €5,000 and €10,000 €	14% greater than €10,000 €	Estimated Value of Rates €
Carlow County Council	101	91	170,437	102,263	127,260	399,960
Cavan County Council	129	116	217,687	130,613	162,540	510,840
Clare County Council	159	143	268,313	160,987	200,340	629,640
Cork City Council	258	232	435,375	261,225	325,080	1,021,680
Cork County Council	760	684	1,282,500	769,500	957,600	3,009,600
Donegal County Council	310	279	523,125	313,875	390,600	1,227,600
Dublin City Council	604	544	1,019,250	611,550	761,040	2,391,840
Dún Laoghaire-Rathdown County Council	107	96	180,563	108,337	134,820	423,720
Fingal County Council	133	120	224,437	134,663	167,580	526,680
Galway City Council	161	145	271,687	163,013	202,860	637,560
Galway County Council	283	255	477,563	286,537	356,580	1,120,680
Kerry County Council	161	145	271,687	163,013	202,860	637,560
Kildare County Council	188	169	317,250	190,350	236,880	744,480
Kilkenny County Council	249	224	420,187	252,113	313,740	986,040
Laois County Council	34	31	57,375	34,425	42,840	134,640
Leitrim County Council	19	17	32,063	19,237	23,940	75,240
Limerick City & County Council	136	122	229,500	137,700	171,360	538,560
Longford County Council	61	55	102,937	61,763	76,860	241,560
Louth County Council	146	131	246,375	147,825	183,960	578,160
Mayo County Council	72	65	121,500	72,900	90,720	285,120
Meath County Council	534	481	901,125	540,675	672,840	2,114,640
Monaghan County Council	221	199	372,937	223,763	278,460	875,160
Offaly County Council	54	49	91,125	54,675	68,040	213,840
Roscommon County Council	69	62	116,438	69,862	86,940	273,240
Sligo County Council	14	13	23,625	14,175	17,640	55,440
South Dublin County Council	135	122	227,813	136,687	170,100	534,600
Tipperary County Council	80	72	135,000	81,000	100,800	316,800
Waterford City & County Council	82	74	138,375	83,025	103,320	324,720
Westmeath County Council	217	195	366,188	219,712	273,420	859,320
Wexford County Council	267	240	450,563	270,337	336,420	1,057,320
Wicklow County Council	190	171	320,625	192,375	239,400	752,400
Grand Total	**5,934**	**5,342**	**10,013,625**	**6,008,175**	**7,476,840**	**23,498,640**

Source: Acute Financial Matters Subgroup, CCMA Committee housing.gov.ie

Comhairle Cathrach
Bhaile Átha Cliath
Dublin City Council

Oifig Mótarchánach, Bloc B, Siúlán Blackhall
Sráid na Banríona, Baile Átha Cliath 7, Éire

Motor Taxation Office, Block B, Blackhall Walk
Queen Street, Dublin 7, Ireland
T. 01 222 8000 E. motortax@dublincity.ie

Report to the Finance Strategic Policy Committee

Re: Motor Tax Business Survey

Background

The Smithfield Motor Tax Office has been the sole MT office for the four Dublin Local Authorities since January 2015. In the four years from 2015 to 2018 the business has seen the demand on our front line services incrementally decrease, see figures below;

- Public Presentation has moved from 152,175 in 2015 to 104,275 in 2018.
- Total number of tax disc's issued from public presentation and postal applications in 2015 was 222,488 compared to 176,681 for 2018, a reduction of 20%.
- The Motor Tax Online system has seen an increase from 81% to 85% over the same period, an increase of 4.9%.
- The decrease in tax discs issued is not directly linked to the increase in online transactions but it would have an impact. The other mitigating factor is the trends on Annual, Bi-Annual & Quarterly disc's issued. See table below showing percentage change in customer preference;

Vehicle Licences	No. Issued 2018	% 2018	No. Issued 2015	% 2015	% Change
Annual	95,477	54%	105,945	47.6%	**+ 6.4%**
Bi-Annual	23,679	13.4%	28,724	13%	**+ 0.4%**
Quarterly	57,525	32.6%	87,819	39.4	**- 6.8%**
Total	**176,681**	100%	**222,488**	100%	

This percentage change in customer preference would have a direct impact on the level of public presentation and postal applications.

The level of staff resources has reduced by 8% from 2015 to 2018. This reduction in resources is across our front line operations. The level of back office resources has not changed, as the level of transactions still require effective controls and governance structures with additional back office services.

Motor Tax Management made the decision to carry out a face to face survey with our customers across a range of topics to understand the purpose of the customers visit to the office, previous experience of Motor Tax Online and to understand why they were not availing of the Motor Tax Online option.

Content

From 22nd October to 7th December 2018 **1927** customers agreed to partake in the said survey. **1343 (70%)** customers' survey presented to the office with the sole purpose to tax their vehicle. The remaining **584 (30%)** customers had a tax transaction/enquiry that required them to call to the office, see table below with breakdown. Note that some of these tax enquiries/applications i.e. Change of Owner or Change of Vehicle Classification would have led to a subsequent taxing of a vehicle but not necessarily on the same day. However, the customer would have had to produce statutory documentation in relation to the Change of Ownership or Class prior to taxing their vehicle that would have to be processed in the back office.

Customer Enquiry	**No. of Public Callers**	**Online/Phone Support Available**
Change of Ownership	204	N/A
Replacement Item	216	N/A
Tax Refund	41	Yes
Vehicle Inspection	56	N/A
Change of Vehicle Classification	53	N/A
Conversion Application	14	N/A
Total	**584**	

This report will provide the following information and metrics;

1. Reasons for calling to the MT Office. (Table 1)
2. Age Profile of our customer in 2018. (Table 2)
3. Relationship of customer to tax applicant. (Table 3)
4. A breakdown of the customers' transaction. (Table 4 - 6)
5. Previous customer experience of Motor Tax Online. (Table 7 - 8)

<u>Table 1 – Reason for Calling to MT Office</u>

The survey asked the customer to identify why they had chosen to present to the Motor Tax Office. A number of pre-determined options where listed on the survey for the customer to choose. I have detailed below the results in order of most to least option for calling to MT Office.

Customer Reason	**Number**
Tax Class not available online	593 (31%)
Personal customer service	489 (25%)
Requirement to have disc on the spot	462 (24%)
Preferred method of payment cash	383 (20%)
Total	**1927**

Age Profile – Table 2

Please note 47 (2.5%) out of 1927 customers surveyed were willing to participate provided that they did not have to disclose the age bracket they fall under.

Age Bracket	Number
17 – 25	78 (4%)
26 – 34	449 (24%)
35 – 51	685 (36%)
51 – 74	605 (32%)
<75	63 (4%)
Total	**1880**

Customer Relationship – Table 3

The table below shows who presented to the office to tax a vehicle and their relationship to the vehicle owner.

Person Type	Number
Vehicle Owner	1051 (55%)
Family Member	444 (23%)
Friend	127 (6.5%)
Company Rep	262 (13.5%)
Third Party	43 (2%)
Total	**1927**

Customer Transaction Breakdown – Table 4 – 6

The tables below will illustrate the different tax applications processed, payment method and period of taxation. Please note at the time of the survey the ability to tax a Small Public Services Vehicle (SPSV - Taxi) was not available online. However, we used this opportunity to inform taxi drivers that this service would be available from 30th November 2018.

Table 4 – Tax Application Breakdown

Transaction Type	Number	Availability Online
Private Class	771 (57%)	Yes
Goods Class	292 (22%)	Yes – Renewals Only
Small/Large Public Service Class	189 (14%)	No
Miscellaneous Tax Classes	91 (7%)	No
Total	**1343**	

Table 5 – Payment Method

Please note that the no payment field is representative of the total number of customers who presented to the office. No payments customers correspond to the fields in Table 1, Vehicle Inspections, Replacement Items and Change of Ownership requests.

Payment Type	Number
Cash	765 (40%)
Debit or Credit Card	628 (32.5%)
Cheque	139 (7%)
No Payment	395 (20.5%)
Total	**1927**

Table 6 – Disc type

Please see breakdown below. This representative sample does not correlate with current trends but draws a close comparison.

Survey Sample Figures

Disc Type	Number
Quarterly	479 (36%)
Bi-Annual	205 (15%)
Annual	659 (49%)
Total	**1343**

Yearly Actuals 2018

Disc Type	Number
Quarterly	57,525 (32.56%)
Bi-Annual	23,679 (13.4%)
Annual	95,477 (54.04%)
Total	**176,681**

Motor Tax Online Services

We asked the 1927 why they have not availed of the MT online service and presented to the MT Office. Detailed below are the reasons why they are not using the service;

Table 7

Customer Reason	Number
Tax transaction not available online	668 (34.5%)
Preference to call to MT Office	662 (34.5%)
Computer & Technical Issues	269 (14%)
Payment Purposes	181 (9.5%)
Language Barrier	103 (5.5%)
Cannot locate online renewal pin	44 (2%)
Total	**1927**

From the 1927 customers surveyed 1119 (58%) had previously used the Motor Tax Online system on at least one occasion. 808 (42%) had never used on the Motor Tax Online system for any vehicle past or present. Detailed below in Table 8 are the reasons why the 1119 stopped availing of the online service.

Table 8

Customer Reason	Number
Can no longer complete transaction online	352 (31%)
No reason	241 (21.5%)
Tax Disc got lost in the post	232 (21%)
Vehicle requires Change of Ownership & 1st Time taxing	153 (13.5%)
Poor Customer Service	77 (7%)
Error made online and no ability to amend within the system	64 (6%)
Total	**1119**

In relation to the no reason number of 241. The staff noted that customers stated they had no good or bad experience with MT Online but on this occasion they presented to the office out of personal choice.

Motor Tax Online Language Options

1723 (89.5%) customers were satisfied with the Motor Tax Online system being available in only two languages Irish and English. The remaining 204 (10.5%) stated that they would use MT Online, if it was available in their native language. The two most prominent languages recorded were Romanian (41%) and Polish (24%).

Conclusion

This survey has shown the following;

- 69% of vehicle owners surveyed prefer to call to the MT Office for three reasons to pay cash, personal service and to be in receipt of their tax disc immediately.
- Whilst, there are still a number of tax classes that cannot be facilitated through Motor Tax Online, there impact on the overall percentage of business is nominal compared to the private tax class. **Ref. Table 1.**
- In 2018 the average wait time for a customer was 16 minutes. The table below will show the range of wait times experienced by our customers in 2018.

Wait Time 2018	**No. of Customers**	**% Indicator**
0 – 15mins	51,956	50%
16 – 30mins	33,483	32%
31 – 60mins	17,864	17%
61 – 90mins	972	1%
Total	**104,275**	**100%**

The feedback in relation to the Motor Tax Online system will be relayed to the Principal Officer, Driver Vehicle Services Division, Department of Tourism, Transport and Sport for their consideration.

<u>Gareth Rowan</u>
A/Senior Executive Officer

Dublin City Council

Audit Committee

Minutes of Meeting held on 20th September, 2018 at 8.00 a.m. in the Richard O'Carroll Room, City Hall

Attendance:

Members

Mr. Brendan Foster, Dublin Chamber of Commerce, Chairperson (BF) (Chair)
Ms. Louise Ryan, Trinity College Dublin (LR)
Mr. Johnny McElhinney, Docklands Business Forum (JMcE)
Mr. Nathy Walsh, Institute of Public Administration (NW)
Councillor Naoise O Muiri (Cllr. O Muiri)
Deputy Lord Mayor Councillor Cathleen Carney Boud (DLM)

Officials:

Ms. Kathy Quinn, Head of Finance (KQ)
Ms. Ita Howe, Principal Local Government Auditor (IH)
Mr. Hugh Fitzpatrick, Head of Internal Audit (HF)
Ms. Martina Mc Loughlin, Staff Officer, Internal Audit

Apologies:
Lord Mayor Councillor Nial Ring (LM)

1. **Minutes of Audit Committee meeting held on 12th July, 2018.**

   The minutes were agreed.
   HF updated the Members in relation to the actions listed in the minutes. Actions outstanding, and responses outstanding to actions, will be discussed at the next meeting.

2. **Standing Item on the agenda – Any Conflict of Interest of A.C. Members**

   No conflict of interest was declared

3. **Consideration of the Audited Annual Financial Statement for the year ended 31st December 2017 and the Local Government Auditor's Report on the Annual Financial Statement (AFS).**

   BF welcomed and thanked the Principal Local Government Auditor, Ita Howe, for attending. He confirmed with the Members that they had read and considered Ms. Howe's report and the full AFS.

   Ms. Howe dealt with all of the issues raised in her report and the following were among the issues which were queried by the Committee and dealt with by Ms. Howe/Ms. Quinn.

   Statement of Financial Position

   A credit balance of €23.2M on General Revenue Reserve at the end of 2017 was noted.

Government Debtors

The increase in government debtors to €136m (of which €126.1 was owed by the Department of Housing Planning and Local Government) was discussed. The Head of Finance informed the Members that most of it related to expenditure on Housing/Homelessness and that the position had improved since the end of 2017.

Local Property Tax

Ms. Howe and Ms. Quinn explained that the LPT had essentially replaced the Local Government Fund and other sources of funding from central government and consequently does not provide DCC with any significant level of additional funding than heretofore.

Income Collection

The various sources of income collection were discussed, queries dealt with and positions noted.

Bad Debt Provisions

Ms. Howe stated that essentially Dublin City Council was well provisioned in relation to same.

Capital Account

The improvement in the closing balance was noted which can be attributable to:

- Increase in development contributions receipts
- Reserves
- Monies received from Dublin Waste to Energy Ltd.

Unfunded Debit Balances

Ms. Ita Howe advised that the position had improved since the previous year, reduced from €45m to €24.6m. In response to a query from the Members, Ms. K. Quinn outlined a number of reasons that result in unfunded debit balances.

Fixed Assets

The issue of concern relating to non reconciliation of the Fixed Assets Register with the figure in Note 1 of the AFS for Housing was discussed at length and Ms. Ita Howe said that she was satisfied with the Chief Executive's response as to how this matter would be addressed before next year's audit.

NW queried the €33.2M revaluation of housing fixed assets, as set out in Note 1 to the AFS. KQ to provide a report to all A.C. Members

Procurement

The issues raised in relation to this matter were discussed and the Chief Executive's responses noted. However in relation to public procurement of legal services, specifically in respect of the engagement of Barristers, the Committee requested additional information, by way of a management report, to enable it to further consider this matter.

With regard to the reference of the extension of contracts without undertaking a re-tendering process, Members were of the opinion that Dublin City Council should have sufficient staff capacity and expertise to ensure that new contracts are approved and ready to commence upon the expiration of the previous contract. Position regarding the other contracts listed in the report to be kept under review by the A.C.

BF thanked IH and said the report was very thorough & detailed.

Action 1: KQ to provide information in relation to the revaluation of housing fixed assets.

Action 2: **Report to be provided to the Members in relation to the public procurement of legal services, specifically in relation to the engagement of Barristers**

Action 3: **A.C. to keep public procurement procedures under review, in relation to specific contracts listed in the PLGA's report**

4. Preparation of the report of the Audit Committee to the City Council, following its consideration of the Audited AFS and Local Government Auditor's report (in compliance with Section 60 of the Local Government Reform Act 2014).

The Audit Committee are required under legislation to consider the audited AFS and the Local Government Auditor's report and to produce a report on their findings. They are required to submit this report to the next practicable meeting of City Council. It was agreed that a report would be drafted by HF, approved by BF, and submitted to the City Council at its meeting to be held on 1st October next.

BF also requested that the report be circulated to the Members, following his approval of same.

Action 4: **AC report on the AFS to be submitted to the City Council meeting, to be held on 1st October next.**

Action 5: **AC report on the AFS to be circulated to the Members, following approval by BF**

5. Internal Audit report R07/18: A Review of Dublin City Council's Development Contributions

HF gave an overview of the report and its main findings. He said that a lot of work had been done to improve the interface between "APAS" (Planning System) and the "Oracle" Financial Management System. He informed the Committee that Senior Management in the Planning & Property Development Department have (1) accepted all of the recommendations and (2) committed to implement same.

The Committee commended the report for its comprehensiveness and level of detail.

6. Audit Report No. 08/2018: Review of stock procedures at the Public Lighting and Electrical Services Depot, Marrowbone Lane

HF explained the reason for this audit report, as it was not contained in the 2018 Annual Audit Plan.

In response to a query from the Members, HF informed the Committee as to the I.A. Units experience to date with "outsourcing of some audits".

7. Two NOAC reports:

- **Report No.17 – Internal Audit in Local Authorities**
- **Report No.18 – Local Authority Satisfaction Survey 2018**

HF informed the Members that there were some errors in the NOAC reports, including a reference to professional qualifications within DCC's I.A. Unit. The Report misrepresents the actual situation as the questionnaire on which the report was based related only to the "Head of Internal Audit"

HF said he had contacted NOAC, requesting that errors be rectified, but this had not happened.

NOAC also recommend the adoption of the Standards of the Institute of Internal Auditors.
KQ informed the Committee that the future structure of audit services is being discussed at CCMA meetings.

8. A.O.B.

The Committee noted the Environment & Transportation Risk Register.

Next meeting: 13th December, 2018.

The meeting concluded at 9.30 a.m.

B P Foster

Brendan Foster, Chairperson

Date: 13. 12. 2018

Appendix A

Actions agreed at this Audit Committee Meeting

Action 1: KQ to provide a report to all A.C. Members in relation to the revaluation of housing fixed assets, as set out in Note 1 to the AFS

Action 2: Report to be provided to the Members in relation to the public procurement of legal services, specifically in relation to the engagement of Barristers

Action 3: A.C. to keep public procurement procedures under review, in relation to specific contracts listed in the PLGA's report

Action 4: AC report on the AFS to be submitted to the City Council meeting, to be held on 1st October next.

Action 5: AC report on the AFS to be circulated to the Members, following approval by BF

Appendix B

Actions agreed at previous Audit Committee meetings, to be carried forward to the December, 2018 meeting.

7th December, 2017

Action 6: Housing Voids report: Submit AC's concerns to the Chief Executive re lack of clarity around Direct Labour element of this report, not possible to compare cost of works or time involved for Direct Labour work against work carried out by Contractors. To report back to AC by mid-2018

8th March, 2018

Action 1: Brief note to the Audit Committee on the use of Performance Indicators, by DCC Management

Action 2: HF to submit a strongly worded letter to CE, on the AC's behalf, requesting a response, including a detailed implementation plan in relation to the recommendations, with response to be forwarded by the CE by the end of March.

12th July, 2018

Action 5: KQ to raise the issue of the format of PSC reports at the CCMA meeting

Comhairle Cathrach
Bhaile Átha Cliath
Dublin City Council

Oifis an Cheannasaí Airgeadais, An Roinn Airgeadais,
Oifigí na Cathrach, An Ché Adhmaid, Baile Átha Cliath 8, Éire

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Report to the Finance Strategic Policy Committee

Re: Update on the Review of Administration of Local Property Tax

Background

In 2018, the Finance SPC gave considerable attention to the Local Property Tax Framework. Reports No. 1 (LPT Framework), No. 7 (LPT Review Submission) No. 13 (LPT and Joint Oireachtas Committee) and No. 21 (LPT Review Update) were discussed in some detail by the Committee. In addition, a delegation of the SPC attended a meeting of the Joint Oireachtas Committee on Housing, Planning and Local Government held on 9th May 2018 in the Dáil.

Review

There are many aspects of the Local Property Tax administration which may be amended as a result of the review, such as:

- Valuation Date
- Treatment of new builds
- Treatment of exemptions
- Assignment of 20% of all funds to an equalisation process
- Provision to reduce the basic LPT rate

As of today (11th January 2019) the Department of Housing Planning and Local Government have no further update and advise that the matter continues to be reviewed.

<u>Kathy Quinn</u>
Head of Finance
With Responsibility for Information & Communications Technology

Finance Strategic Policy Committee

Schedule of Meetings For 2019

DATE	LOCATION	TIME
Thursday 17th January	**Council Chamber**	**3.00 pm**
Thursday 21st March	**Council Chamber**	**3.00 pm**

Meetings will, as usual, take place on 3rd Thursday of the month.