



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



Aire Stáit do Rialtas Áitiúil agus Athchóiriú Toghchán
Minister of State for Local Government and Electoral Reform

21 December 2017

Cllr Ruairí McGinley
Chairperson
Finance Strategic Policy Committee
Dublin City Council
City Hall
Dublin 2

RE: REP179/JP/17

Dear Cllr McGinley,

I have been asked by Mr. John Paul Phelan T.D., Minister of State for Local Government and Electoral Reform to respond to your letter of 10 October 2017 to Minister Eoghan Murphy regarding the funding of Local Authorities and to say that the content of the report presented to your committee is noted.

The Minister is aware of the funding pressures there have been in recent years on all public bodies, including Local Authorities, and on competing demands for improvement in services. The funding system that applies to local authorities is a complex one, as authorities derive their income from a variety of sources including commercial rates, charges for goods and services and funding from central Government.

Income from local sources, such as commercial rates and goods and services, accounts for approximately 70% of the revenue (current) funding sources for local authorities. The elected members of local authorities have direct responsibility in law for adopting the annual budget, including these revenue raising measures, in addition to the annual variation decision on the Local Property Tax (LPT). It is a matter for each local authority to determine its own spending priorities in the context of the annual budgetary process having regard to both locally identified needs and available resources. The Minister acknowledges the very considered decisions elected members make in this context.

Central Government funding of local authorities (such as grants, subsidies and LPT allocations) similarly presents a complex picture, with transfers, both current and capital, coming from a wide range of Departments and Offices, not solely from this Department, for a variety of purposes. Some streams of funding are delivered directly from funding departments to local authorities, while others are routed through departmental agencies.



This Department has a wide business agenda including providing necessary housing supports. In order to deliver on this agenda, the Department allocates significant resources to a variety of organisations, including local authorities. In this context, across all schemes and funding sources, the Department provided a total of €227.5m to Dublin City County Council in 2015, €277m in 2016 and €293.6m to end November 2017.

The Comptroller and Auditor General (C&AG) reports on the Central Government funding of local authorities as part of his Annual Report, which provides an overview of the funds flowing from and through central government sources to local authorities and the purposes for which funds have been provided. The most recent report (for 2016) is available on the website of the C&AG at the link below: <http://www.audgen.gov.ie/documents/annualreports/2016/report/en/Chapter8.pdf>

Across all schemes and funding sources, the Department provided a total of €1.26bn to local authorities in 2015, €1.45bn in 2016 and €1.52bn to end November 2017. I should also point out that expenditure on housing services from the Department, much of which is channelled through local authorities, has increased markedly this year and will do so again in 2018.

The Department works closely with local government stakeholders to identify the various funding pressures on a sector wide basis. This work helps inform the decision making process to ensure that a coherent, sector-wide view of the particular funding challenges is presented. Of course, all such issues have to be considered within the parameters of the national and fiscal budgetary situation and the competing priorities presenting themselves at the wider Governmental level.

There is a finite level of funding available from Central Government for distribution to all local authorities. Nonetheless, the Minister is satisfied that the current funding system enables all local authorities to meet an appropriate level of service provision, from the most rural and sparsely populated to the large urban centres, having regard to the democratic accountability of elected members in the local authority budgetary process.

Yours sincerely,



Aisling Glynn

Private Secretary

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