

Finance Strategic Policy Committee

Minutes of Meeting Held 25th March 2021

1. Draft Minutes of the Finance SPC meeting held on 21st January 2021

The draft minutes were adopted.

2. Matters Arising

No issues were raised

3. Correspondence

Letter from Cllr. S. McGrattan to Minister for Finance re: Local Property Tax Reform – copy correspondence was noted. A response from Minister Donohoe was received directly by Cllr. McGrattan. This response acknowledges some of the concerns raised by the committee.

Agreed: It was agreed that a copy of Minister Donohoe's response will be circulated to members.

4. Dublin City Council EU Programme Participation Strategy 2021-2027

Mary MacSweeney and Ciara O hAodha from the Economic Development Office & International Relations Office made presentations on the work carried out within Dublin City Council in the preparation of a strategy in advance of the upcoming European Funding Programme 2021 – 2027 opportunity process.

These presentations covered the following:

- Establishment of the International Relations & European Affairs SPC Working Group in order to prepare for future EU funding and project opportunities and raise awareness of funding opportunities in the new EU Budget cycle 2021-2027
- An overview of the EU Programme Preparation Process in 2020 across 3 stages of 1) Internal Organisation Survey, 2) Information Sharing Sessions 3) Development of the European Programme Strategy document
- DCC Internal European Funded Programme Survey carried out across all departments in October 2020 to ascertain details on existing and past EU projects / EU funded national projects that DCC had participated in or applied to.
- Survey results overview presented information on both successful and unsuccessful projects funded during 2014 – 2020
- Information Sharing Sessions held in November 2020 across the 4 agenda of Urban & Regional Development, Horizon Europe, Social & Culture and Green & Smart with a final session held for a full Council Briefing
- Development of EU Strategy document was completed in December 2020
- Next Steps: A European Programme Office is now being established within Dublin City Council with the aim of implementing the strategy.

At the conclusion of the presentations, the members raised the following issues and sought clarification on the following points:

- What is the scope of the direct funding opportunities for Dublin City outside Government decisions– it was noted that the vast majority of funding opportunities will be channelled through the Government

- Engagement with councillors on funding opportunities – it was noted that the Programme Office will look at this issue on best members will be supported
- Smaller EU funding opportunities for community groups
- Liaison with Irish representative contacts in Europe – The Programme Office will look at this issue for further development
- Wheel Initiative – Further information will be circulated to members
- Green, Smart and Digital agenda – further information sought on this item – M MacSweeney clarified the 3 categories
- How will Councillors liaise with the European Programme Office when they have a project in mind - it was noted that project proposals will be led by Senior Management in the departments however the SPCs will have a role in raising ideas and pointing out funding opportunities.
- Autonomy of the Council applying for funding or do they need to go through DoHLG&H – it was noted that DCC will have full autonomy on the projects that they seek funding on.
- Partnership opportunities with other EU cities as the only English speaking city – it was noted that for all of these project funding opportunities a partner must be identified
- Comparison with other local authorities when seeking funding opportunities – It was pointed out that DCC are actively engaged however other Irish cities have already established programme offices to seek such funding. DCC will be looking to maximise the grant opportunities available.

At the conclusion of this agenda item, the significant input of Cllr. Mary Freehill was acknowledged. The speakers were thanked for their presentations.

5. Rates Debtors Report year ended 31st December 2020

Anthony O'Donoghue, A/Senior Executive Officer, Rates Office, presented a report on the schedule of uncollected rates at the end of 2020 as set out in the Local Government (Financial Procedures and Audit) No 2 regulations 2014.

This report on commercial rates arrears at the 31st December 2020 sets out the following information:

- **2020 Local Authority Sector target improvement for rates collection** – no targets set for 2020 due to Covid 19.
- **Commercial rates funding**
- **Rates Collection Performance Y2016 – Y2020** with income of €357,693,512 for 2020.
- **2020 Commercial Rates Income by Electoral Area**
- **Rates Collection Percentages 2016 – 2020** with a 10% reduction in collection in 2020 primarily resulting from the accounting treatment of the commercial rates waiver being netted off against the total warrant collection
- **Covid -19 and financial support** - Rates Waivers broken down by charge range, valuation category and electoral area
- **Level of arrears during the period 2016 – 2020** - noting that the 2019 level of arrears of €23.1M was the lowest since 1999. It further noted that the 2020 level of arrears of €34.1M, an increase of €11.1M on 2019, results from the financial impact of Covid 19 on ratepayers and the low level of performance during 2020 on the incoming arrears from prior years.
- **Age Profile of the 2020 arrears**
- **Analysis of the 2020 arrears by charge range and rate description category**
- **2020 arrears schedule status** - life cycle of the recovery process

- **2020 arrears by electoral area**

In summation of the report, it was noted that 2020 was an unprecedented year for businesses and the national economy. The flexibility, resilience and commitment of the rate collectors and rates staff in operating in a very challenging year and ensuring the effective administration of the rates waiver schemes, the functions of the rates office and communication with all ratepayers during the year was acknowledged.

Following the presentation, members had a number of comments and queries to raise:

- Noting the rates income of €357m for 2020 and the Waiver Scheme figure of €159m, analysis was sought on the portion of the rates waiver charge that will be recoverable in 2021-2023 and how much is at risk into the future - It was noted by F. Moran that it is difficult to analyse the ability of companies that fall into those categories to pay their rates in full or over a period of time and the Rate Collectors will work with these ratepayers to discharge their liability over a period of time.
- Rates Collection – a query was raised whether there was a benefit/additional income to the City Council due to the Rates Waiver Scheme whereby ratepayers, who ordinarily would be in arrears/non payers, were entitled to the waiver – It was noted by F. Moran that the number of companies that would fall into this category is not available at present but will be gathered over time.
- Analysis of the pattern of arrears from companies exempt from the Rates Waiver Scheme and any projections forward on the impact of this exemption – this analysis will have to be carried out and again the Rate Collectors will work with them and their financial ability to discharge those liability on a case by case basis.

6. Rates Waiver Scheme 2021

Anthony O'Donoghue, A/Senior Executive Officer, presented a report on this item. It was noted that the previous scheme in 2020 operated from 27th March to 27th December 2020 covering DCC rating liabilities of €159.5m.

In December 2020, a new rates waiver scheme was announced for 2021, the details of which were issued on 27th January 2021 for the first quarter. This was subsequently extended to the second quarter of 2021.

This scheme for 2021 is a more restrictive scheme than the 2020 scheme due to changes in eligibility criteria. It is further noted that due to these changes, it is estimated that government funding for each quarter in 2021 would be reduced by €24.3m and therefore those rate payers previously exempt would now have a rates liability.

The breakdown of the main category changes was presented in table format and summarised as follows:

- The 2021 scheme applies to two quarters only.
- Certain categories included in the 2020 scheme (i.e. rates waived) are not included in the 2021 scheme e.g. Offices, Industrial and Vacant Units.
- There is also no appeals process for vacant units.

Attention was drawn to the percentage of rate payers eligible for the new scheme i.e. 44% versus 92% in 2020. Furthermore, the percentage of rate payers not eligible for the waiver has risen from 8% to 56%. Details were provided on the excluded categories of rateable properties.

The ability to appeal an exclusion from the scheme is available and businesses must demonstrate a 75% reduction in their turnover in the first quarter of 2021 in comparison to their average weekly 2019 turnover. An allocation of 7.5% of total funding has been given over for the purposes of this appeals mechanism.

At the conclusion of the presentation, the following issues were raised or addressed:

- Issue with the one size fits all approach for all local authorities' means that Dublin is under supported in comparison to the rest of the country.
- The need to devise a better financial structure for local government funding into the future.
- The concept of Working from Home and the impact it will have on businesses in the city centre and the need for the Finance SPC to plan for this change.
- Subtle changes in eligibility will have an impact on whether business which have been largely vacant will reopen when permitted.
- Many office premises in Dublin had already been impacted by their ineligibility for the first waiver scheme due to the higher valuations on their properties. These new criteria will impact even further.
- The issue of the sustainability of local government funding was raised.
- Certain sectors will need the waiver scheme to continue beyond the first two quarters e.g. hospitality sector and Government must be contacted about these sectors.
- It was acknowledged by F. Moran that the DoHLG&H have done considerable work to develop a system that would work across the local authority sector.
- F. Moran clarified that it will take time to examine the impact of the foregoing issues on the city. From a rating perspective, figures are monitored on an ongoing basis and representations are made to Government through the Head of Finance Association on the need for the continuation of the waiver schemes. He further noted the need for ongoing financial supports to businesses on reopening.
- It was noted that there is a dependence on a particular part of the city for rates income and there is an imbalance across the city. There is a need for more strategic supports to be provided for suburban units to allow further development/initiatives as people may consider a blended approach to working. This would further support more residential living in the city.

In conclusion of this item, it was noted that all rate payers have been notified of the waiver scheme. For those not eligible, they have been notified of their ability to appeal this decision. On the issue of raising these issues with government, the impact is not fully known yet on businesses who are ineligible around capacity to discharge rating liability for 2021.

7. Debtors Report year ended 31st December 2020

Victor Leonov, Professional Accountant, Financial Accounting Unit, presented a report on the overall debtors at year end December 2020. This report noted that the opening balance at the start of the year across the main debtor categories was €347.8m reducing to €340.5m at year end 2020. This net decrease was mainly due to a combination of lower Government Debtors and higher Commercial Debtors.

The current bad debt provision of €142.5m was maintained against the outstanding debt as required in the accounting code of practice for Local Government accounting.

At the conclusion of the report, the following issues were addressed:

- On the issue of whether a local authority can levy interest on government debtors, it was clarified that this is not provided for in law but that the Department has provided significant funding upfront at the start of the year to support Dublin City Council's cashflow.
- A. Power highlighted additional funding provided of €34m to compensate for loss of income due to Covid around parking fees and other fees that was not realised in addition to other expenses incurred due to Covid.
- Housing Loans accounts – clarification was sought on the 599 accounts that are in arrears with a total value of €6.67m.

Agreed: It was agreed that a report would be sought from the Housing Department which would provide i) an analysis of the aged value of the housing loans arrears figure ii) Options available under the Mortgage to Rent Process 3) Details on the different types of loan schemes categories that were/are available.

8. Information on DCC Funding and Spend

Enda Currid, Accountant SEO, Management Accounting Unit gave a presentation on the development of a series of videos which focus on DCC funding and service spend for circulation on social media. This initiative has been a joint collaboration between Enda Currid, Management Accounting Unit and Rob Hughes in the Communications Unit.

The 5 video clips developed for consideration by the SPC members covered the following areas:

1. City Services 2021 – How are they paid for?
2. Commercial Rates – Who pays what?
3. Government Grants Funding
4. Goods and Services Funding
5. LPT Funding

At the conclusion of this item, the work of staff was acknowledged in the development of these videos. Following the showing of the videos, a discussion took place around possible changes to be incorporated into the final versions.

Agreed: The Chair requested that Committee Members were notified when these video will be streamed on social media.

9. Small Business Assistance Scheme for Covid (SBASC)

K. Quinn, Head of Finance, presented a report on the new scheme that was launched on 11th March 2021. Details of the criteria for businesses to be eligible to receive a payment of €4,000 for Quarter 1 of 2021 were set out in the report.

Members noted the following:

- This scheme's criteria exclude businesses who have been omitted from previous grant schemes as they do not operate from a rateable property but are working in sectors that have been hardest hit by Covid restrictions.

- Information was sought on funding schemes that may have been made available to a non rateable business owner – K. Quinn clarified that there may be LEO grants available if they are a new business. Other grants may be available for small B&Bs.

10. Audit Committee – agreed minutes of 3rd December 2020

Minutes noted

11. AOB

Community Wealth Building in Ayrshire and Preston - Cllr. A. Connaghan raised the issue of this initiative whereby public tenders are split into small lots so that smaller local businesses can apply.

Agreed: Cllr. Connaghan to send on further information to K. Quinn to examine this initiative.

Economic Development and Enterprise Team – A. Sweeney acknowledged the work of the entire team on the development of the EU Funding strategy document. Cllr. Lacey also acknowledged the significant input into this work by A. Sweeney himself.

Signed: **Councillor Séamas McGrattan**
Chairperson

Date: **25th March 2021**

Members Present

Cllr Séamas McGrattan (Chairperson)
Cllr. Daryl Barron
Cllr Mary Callaghan
Cllr Anthony Connaghan
Cllr. Daithí De Róiste
Cllr. Alison Gilliland
Cllr James Geoghegan
Cllr Dermot Lacey
Cllr. Darcy Lonergan
Cllr. Paddy McCartan
Cllr. Noeleen Reilly
Cllr. Nial Ring
Jack Daly, Docklands Business Forum
Eric Fleming, ICTU
Tara Lillywhite-Torpey, Dublin Chamber of Commerce
Professor Caroline McMullan, DCU
Philip O'Callaghan, PPN
Aidan Sweeney, IBEC

Officials

Kathy Quinn, Head of Finance
Antoinette Power, Head of Financial Accounting
Fintan Moran, Head of Management Accounting
Mary MacSweeney, Senior Executive Officer, Economic Development and LEO
Ciara O hAodha Senior Economic Development Officer, Economic Development & LEO
Victor Leonov, Professional Accounting, Financial Accounting Unit
Enda Currid, Accountant SEO, Management Accounting Unit
Anthony O'Donoghue, A/Senior Executive Officer, Rates Office
Fiona Murphy, Senior Staff Officer, Finance Secretariat
Mary Curran, PA to Head of Finance, Finance Secretariat
Brendan Dorney, IS Department