

Submission of Dublin City Council to the Review of Baseline Local Government Funding

Finance Strategic Policy Committee
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Background to Submission

- The Finance SPC Work programme sets out that *..this Committee will develop and support a campaign for sustainable local government funding, involving stakeholders across the local government sector and business...*
- A Review of Local Government Funding, as impacts Dublin City Council, was recently commissioned with Grant Thornton. The report was presented to and debated by the Finance SPC at the March 2022 meeting. The decision, to establish a *Local Government Funding Sub-Committee* at the May meeting of this SPC, was approved by the Members of the Corporate Policy Group in July
- The Sub-Committee, through the Chair, secured agreement with the Department of Housing, Local Government and Heritage, for a submission to be made to the baseline review, now ongoing.



The Dublin Economy (Pages 6 and 8)

- **Dublin, as Capital City, plays a vital international role and has been a major part of Ireland's economic success in recent decades**
- ***'If Dublin is underperforming, Ireland is under performing'* (Department of Housing, Local Government and Heritage)**
- **Preliminary CSO 2022 points to the Dublin City Council administrative area having a population of 588,233, reflecting a growth of 6% in six years or additional 33,000 persons.**
- **This growth of population places additional demands on our City Council and so it is imperative that funding of services be increased to enable service provision to grow in order to correlate to increasing demand factors from both citizens and businesses.**



Dublin and Tourism (Page 12)

- **The tourism industry is one of Irelands most important sectors.**
- **Of the €5.6bn contribution from tourism in 2019, €2.2bn was spent in Dublin.**
- **70% of 9.5m visitors in 2019 entered through Dublin Airport.**
- **One seventh or 14% of all international visitors are business related.**
- **59% of visitors to Ireland choose to spend most of their time in Dublin.**
- **The number of passenger vehicles handled through all other ports combined represents 42% of throughput for Dublin Port .**



Internationally Competitive Dublin (Page 16)

- **Dublin has a young and well educated population and a large number of universities, institutes and research centres.**
- **As the State's Capital City, Dublin performs a significant economic administrative and cultural role.**
- **It is important that Dublin continues to be a dynamic city that remains attractive for companies seeking a location of international scale for their global operations.**
- **The successful growth of Dublin and associated economic benefits is dependent on a local authority funding model that identifies with the future funding challenges of the City Council in expanding service provision in response to the changing environment.**



Challenges to Future Development (Page 18)

- **Deficit in supply of affordable and social housing against demand.**
- **Constraints on revenue funding base to support additional services.**
- **View held by some that Dublin City Council has limitless resources which can contribute in full or in part to services without regard to financial capacity.**
- **The continued impact of COVID 19 on the City's economy, especially the impact on the retail/hospitality industry, the shift to remote working and consumers shifting to online shopping.**



Funding Challenges (Page 32)

- **Both urban and rural communities face the same considerable challenges which the Local Government sector is struggling to manage, such as the growing demand for and cost of services with largely stagnant levels of resources. Highlighting these challenges, within the Dublin City context, seeks to encourage addressing them in such a manner that will benefit all communities.**
- **Council generated revenues have largely stagnated over the past five years in comparison to Government Grants. This is, in part, due to policy choices that the Council has made in choosing to support businesses and tenants through direct financial savings. This is at the expense of generating additional income to support them through additional services.**



Current Funding Model (Page 36)

- LPT collected is considerably less than General Purpose Grants, from a high of €999m GPG in 2008 to LPT of €530 in 2021.
- The 2014 baseline is arbitrary.
- Most of the LPT (and other funding) provided to Local Authorities is non-discretionary, in that its use is specifically directed by Central Government Departments, reducing the autonomy of Local Authorities to respond to the priorities of its citizens. The Dublin Local Authorities have been unable to recoup the full costs of the DFB Emergency Ambulance Service with funding remaining flat since 2013.
- The removal of the 20% Equalisation Fund distribution element resulted in a potential uplift of circa €16m pa to Dublin City Council however this was offset by a reduction in funding elsewhere.



Key Issues for Consideration (Page 38)

- **LPT : Residents within Dublin City Council pay their LPT (as collected by the Revenue Commissioners) but with the understanding that these funds will be used within the Dublin City Council area for its enhancement and development and to prioritise the needs of the local community. However, with Dublin City Council having discretion on the use of just €7m of the estimated €96m LPT collected in 2023, this creates undue expectations for service levels that cannot be delivered upon**
- **Cost Profile: Rising inflation, temporary or ongoing, will further impact upon costs with the end result being that the same amount of funding will ultimately be available to deliver a reduced service level.**



Key Issues for Consideration (Page 40)

- **The National Planning Framework (NPF) is the Government's high level strategic plan for shaping the future growth and development of the country to 2040. The NPF acknowledges that there is a need to improve housing choice, transport mobility and quality of life to ensure that the City retains its competitive advantage.**
- **Dublin needs to become a greener more environmentally sustainable city in line with international competitors.**
- **National Benefits from Dublin: Any changes to the Local Authority Funding Model and indeed wider Central Government Funding need to take account of the benefits that a successful, ambitious and growing Dublin does and can bring to Ireland.**



The Baseline (Page 44)

- **The arbitrary and ill-defined approach taken to determining the baseline level of funding in which surpluses are redistributed and below which deficits are compensated for.**
- **The lack of a coherent funding model formula creates a black box concern that there is no underlying understanding of how or why funds are redistributed under the current approach.**
- **The use of a 2014 baseline takes no account of whether this was a typical year. It also bears no reflection of the relative needs or funding requirements of each individual Local Authority in any given year and its retention results in Councils funding effectively being frozen at a point in time with no consideration of rising costs of other expenditure pressures.**



Thank you



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