



Draft Budget Strategy for Financial Year 2024 in compliance with the Local Government (Financial and Audit Procedures) Regulations 2014

1. Executive Summary

This Draft Budget Strategy prepared in compliance with The Local Government (Financial and Audit Procedures) Regulations 2014 (S.I. 226 of 2014), reflects the context of continuing inflationary pressures, resource constraints and an absolute need to give a greater focus to the care and management of our public spaces. Dublin City Council seeks to improve and strengthen experiences for communities, businesses and visitors.

It is clear to all that Dublin will benefit from increased services, those benefits accruing to all. Although inflation has eased since levels experienced earlier in the year, it remains high in absolute terms. Dublin City Council cannot 'absorb' a cost differential and maintain or indeed expand service levels. For these reasons an increase of 1.8% in the Annual Rate on Valuation (ARV) is proposed, moving the multiplier from 0.273 to 0.278. The LPT rate has been consistently reduced since introduction. Due to the need to improve services, including the look and feel of our shared spaces, I recommend that the LPT rate applied to householders in Dublin City Council be at the national basic LPT rate. It is proposed that the vacancy refund rate be maintained at zero.

This document is required to be presented to Elected Members as part of the LPT process, in advance of the Statutory Budget Meeting scheduled for 20th November.

2. Introduction

2.1 Background

The relevant legislative provisions are The Local Government (Financial and Audit Procedures) Regulations 2014 (S.I. no. 226 of 2014), The Local Property Tax (Local Adjustment Factor) Regulations 2022 (S.I. no. 358 of 2022), Circulars Fin 05/14 and Circular Fin 08/2014. The legislative framework prescribes the format of financial data provided. In this report, financial information is based on actual data to date (September 2023) along with reasonable estimates of likely outturns for the current financial year 2023. A comprehensive mid-year review of the financial performance was carried out in July 2023.

2.2 Relevant Factors

The factors relevant to the 2024 Budget are:

- Requirement to increase and strengthen services impacting on public spaces
- Continuing inflationary pressures across a range of procured goods and services
- Capacity

- The continuing failure of the HSE to pay for the ambulance service provided across Dublin. Costs in 2023 for the DFB provided ambulance service is estimated at €26.21m of which the HSE contributes €9.18m.
- Service demands 2024
- Importance of the business community and rates
- The setting of the Commercial Rate (ARV)
- The setting of the Vacancy Refund Rate
- The setting of the LPT Rate
- Resource management in 2023
- Gap between demand for services and available resources

Dublin City Council's financial position is set out in the prescribed format in **Appendix 1**.

2.3 Objectives

The objective of Dublin City Council's Budget Strategy is to develop a financially robust approach to funding operational services and capital programmes for the financial year 2024. This is set within a context of historic inflation levels, with the Central Bank forecasting that inflation in 2023 will settle at 5.4% and at 3.4% in 2024. The Budget Strategy seeks to ensure that Dublin City Council has the required resource base for the 2024 planned service provision. Funds necessary to provide services supporting businesses and communities are estimated. In turn this points to the requirement to increase the LPT rate and to increase Commercial Rates.

3. Factors relevant to Budget Strategy

3.1 Services impacting on public spaces

In recent years our concept of and priority given to shared public spaces has changed. Arising out of the pandemic, the value given to spaces which offer opportunities to sit, chat, take some time, has increased. It is only right that we do this well, in a clean, appropriately lit, well maintained environment. In 2024 a focus will be given to improving each street so as to achieve a better streetscape that benefits residents and businesses.

3.2 Inflationary Pressures

As the year closes, a welcome aspect of 2023 has been that inflation has eased from the stark levels experienced in late 2022 and early 2023. However, prevailing inflation, while not as high as forecast, remains high in absolute terms and also relative to inflation in recent years. Inflationary pressures impact on all DCC activities whether through the goods and services we procure or the works contracts we commence. Virtually all cost items have increased over the cost of 2023 and this will continue for the remainder of the year, forecast to ease partially throughout 2024.

3.3 Capacity

The Dublin economy is performing well, operating at high capacity. It is an accepted consequence of a high functioning economy that capacity constraints can be experienced. Recruiting and retaining the staff resources appropriate to the delivery of City services is a considerable challenge.

3.4 Costs of Dublin Fire Brigade Ambulance Service unpaid by HSE

The cost of providing the Dublin Fire Brigade's Emergency Management Service (EMS) to the HSE was identified in 2014 as €18.59m, as part of the Brady/Flaherty Review. The HSE has

acknowledged and paid just €9.18m of these costs on an annual basis leaving €9.41m (in 2014 values) unpaid, requiring resources to be diverted by the Dublin Local Authorities to fully fund the service.

In 2023, the cost of Dublin Fire Brigade's (EMS) was updated, using the same Brady/Flaherty principles and was estimated at €26.21m. This includes costs now being incurred by the Dublin Fire Brigade EMS which were not incurred in 2014 when the Brady/Flaherty Review was completed. These include the cost of a paramedic vehicle operated by Dublin Fire Brigade and the cost of operating 2 additional ambulances since 2021, required to maintain service levels given the ongoing impacts of the COVID 19 pandemic. Impacts include the additional time required to deal with incidents due to the need to observe COVID 19 protocols, additional time delays in handing over patients at hospitals and the reduced availability of NAS emergency ambulances.

The total updated costs in 2023 are €26.21m. The Department of Housing Local Government and Heritage provides funding of €2.77m leaving a net cost €12.26m borne across the four Dublin local authorities.

3.5 Homeless Services

The costs of service provision for homeless persons continue to increase as a result of underlying homeless presentation rates. At a high level, trends in demand for homeless related services changed during the pandemic and continue to change. The costs and funding arrangements for this key service are worked through by Dublin City Council with the Department of Housing, Local Government and Heritage and the Department of Public Expenditure and Reform. Homelessness is a national issue, managed locally, and Dublin City Council welcomes the highest possible level of state funding in respect of service costs incurred.

3.6 Service Demands 2024

In framing this Draft Budget Strategy, great attention has been given to the concluding months of 2023 and the specific service demands likely to present in 2024. The most significant are:

- The impact of inflation (referenced above)
- Capacity issues across the broad Dublin economy in terms of in-house resources (maintaining the appropriate staffing levels) and also in securing arrangements and services from third parties
- Improving our public spaces
- Demand for additional recruitment for Dublin Fire Brigade including two recruit classes, Fire Prevention Officers and Emergency Control Room operators
- Management fees for social housing units in managed housing complexes
- Unfunded costs of the Ambulance Services provided by Dublin Fire Brigade in the Dublin Area to the HSE (referenced above)

3.7 Importance of Commercial Rates to Service Provision

The funding of Local Government services occurs through a range of sources – specific Government Grants, Commercial Rates, income from services, LPT funding directed to specific services and LPT Discretionary Funding. Any savings made by Dublin City Council in a financial year are applied towards the funding of services in the following year. **Appendix 2 and 3** sets out the trends in recent years as to the value of inputs from these sources to the funding of services. All sources of funding are important, including Commercial Rates. The buoyancy of trade in Dublin City is crucial to the City's economic prospects. Dublin City Council services support trade and so it is appropriate that commercial entities make a contribution for their trading environment. This contribution must be appropriate and not at a

level which dampens trade and removes potential for growth. I am acutely aware of the pressures faced by businesses and the need for a functioning supportive trading environment.

3.8 The setting of the Commercial Rate (ARV)

Details of commercial ratepayers in Dublin City by band in 2023 are set out in **Appendix 4**. Over 75% of commercial ratepayers have a rates charge in 2023 of €10K or under, while over 35% of commercial ratepayers have a rates charge in 2023 of under €3,000.

- 75% of ratepayers receive a bill of less than €10k.
- 20% of ratepayers receive a bill of between €10k and €50k.
- 5% of ratepayers receive a bill in excess of €50k.

- 2.5% of ratepayers pay almost 50% of the rates charge
- 5% of ratepayers pay 63% of the rates charge.
- 25% of ratepayers pay 85% of the rates charge.

This Budget Strategy is based on the recommendation of an increase of 1.8% in the annual rate on valuation (ARV), moving the multiplier from 0.273 to 0.278 in the financial year 2024. **See Appendix 5.**

3.9 Vacancy Refunds

The Local Government Reform Act provides for Elected Members to determine, by resolution, the Vacancy Refund Rate to apply to electoral districts within the local authority's jurisdiction. In Dublin City a Vacancy Refund Rate of 50% had applied under the Dublin 1930 Act until 2017 when the vacancy rate was changed to 45%. Further changes are set out in Table 1. As part of the 2023 Budget the Vacancy Refund Rate was amended to nil (i.e. where a rateable premises has been vacant, all rates due are liable).

Table 1 – Changes to Vacancy Refund Rate 2017 to 2023

Year	GARV	% Refund
2023	0.273	0%
2022	0.268	15%
2021	0.268	30%
2020	0.268	25%
2019	0.261	40%
2018	0.258	40%
2017	0.258	45%

There is a lengthy timeframe during which vacancy refunds can be claimed. Although the vacancy refund was removed as part of the 2023 Budget, refunds will continue to be processed in respect of vacancy in years prior to 2023. This will reduce over time and explains the rationale of the making of vacancy refunds in the coming years. Table 2 shows the value of vacancy refund credits effected made between 2018 and 2022. It is proposed that the vacancy refund rate be maintained at zero.

Table 2 - Vacancy Credits 2018-2022

	2018		2019		2020		2021		2022	
Area	No. of Accounts	Vacancy Credits	No. of Accounts	Vacancy Credits	No. of Accounts	Vacancy Credits	No. of Accounts	Vacancy Credits	No. of Accounts	Vacancy Credits
Central Area	386	€1,576,846	609	€2,068,761	100	€201,631	288	€1,618,762	566	€1,608,587
North Central Area	173	€396,574	204	€600,727	58	€143,998	57	€152,782	191	€394,191
North West Area	274	€906,740	120	€476,906	78	€122,621	38	€64,045	44	€151,477
South Central Area	255	€992,709	196	€639,039	60	€142,280	100	€465,254	149	€114,823
South East Area	784	€4,330,278	819	€3,774,475	144	€641,055	593	€2,183,708	848	€2,311,803
Mics										
Total	1872	€8,203,146	1948	€7,559,908	440	€1,251,585	1076	€4,484,552	1798	€4,580,882

3.10 Variation of the Local Property Tax 2023

Report 194/2023 relates to the consideration of the Local Property Tax Local Adjustment Factor in respect of the financial year 2024. In summary, the report proposes that the Elected Members move from applying a 15% reduction in the LPT Basic Rate to applying the national basic rate thereby providing an estimated €14.5m in additional funds.

3.11 Resource management in 2023

Staff

Over the course of 2023, efficiencies have been made in how service provision is structured and the associated costs of same. With regard to staff, Dublin City Council staff numbers for 2023 YTD reflect a modest increase of both core and non-core staff, from 5882 in 2021 to 5995 in 2023 year to date or 5572 WTE in 2021 to 5628 WTE in 2023 year to date. (**See Table 3**)

Table 3 - Staff Numbers 2021 to 2023 YTD

Category	Type	2021	2022	2023 YTD
Headcount	Core	5,652	5,662	5,719
	Non-Core	230	235	276
	Total Headcount	5,882	5,897	5,995
Whole Time Equivalent	Core	5,5346.5	5,349.6	5,357.9
	Non-Core	225.6	229.8	270.05
	Total WTE	5572.10	5,579.45	5,627.95

3.12 Procurement

Dublin City Council continues to pursue value for money outcomes for supplies, services and works, through the introduction of local contracts and frameworks and through availing of central led, regional and national procurement arrangements. The Office of Government Procurement (OGP) and The Local Government Operational Procurement Centre (LGOPC) existing and pipeline contracts and frameworks, identifies potential for Dublin City Council to generate further savings through aggregation and leverage across all areas of Dublin City Council operations.

3.13 Resource Gap

A financial review has been completed in respect of the outturn of 2023 and Budget 2024 to assess the financial implications of movements in expenditure and income. The review points to the requirement for additional funding from both the LPT and Commercial Rates. In this way existing services can continue and a priority given to the provision of additional services for our shared public services.

3.14 Capital Expenditure and Income 2024

The Budget Strategy is based on the forecasted capital spend for 2024 as identified in Dublin City Council's 2024 to 2026 Capital Programme. A detailed Capital Programme for the period 2024 to 2026, based on further analysis, will be presented to the Elected Members at the City Council Meeting scheduled for 4th December 2023.

4.0 Summary

This draft Budget Strategy highlights need for additional services to support Dublin's public spaces. Dublin City Council is mindful of the pressures on both householders and businesses in respect of increases proposed for the LPT and Commercial Rates. While inflation has eased from to the stark levels in late 2022 and early 2023, it remains at very high levels which impacts on everything we do. Dublin City Council cannot take on that rising cost differential and maintain service levels. For these reasons an increase of 1.8% in the annual rate on valuation (ARV) is proposed, moving the multiplier from 0.273 to 0.278. The LPT rate has been consistently reduced since introduction. Due to the significance of the large gap between viable funding and demand for services, the budget strategy is based on the LPT rate to be applied to householders in Dublin City Council at the national basic LPT rate. It is proposed that the vacancy refund rate is maintained at zero.

Kathy Quinn
Head of Finance

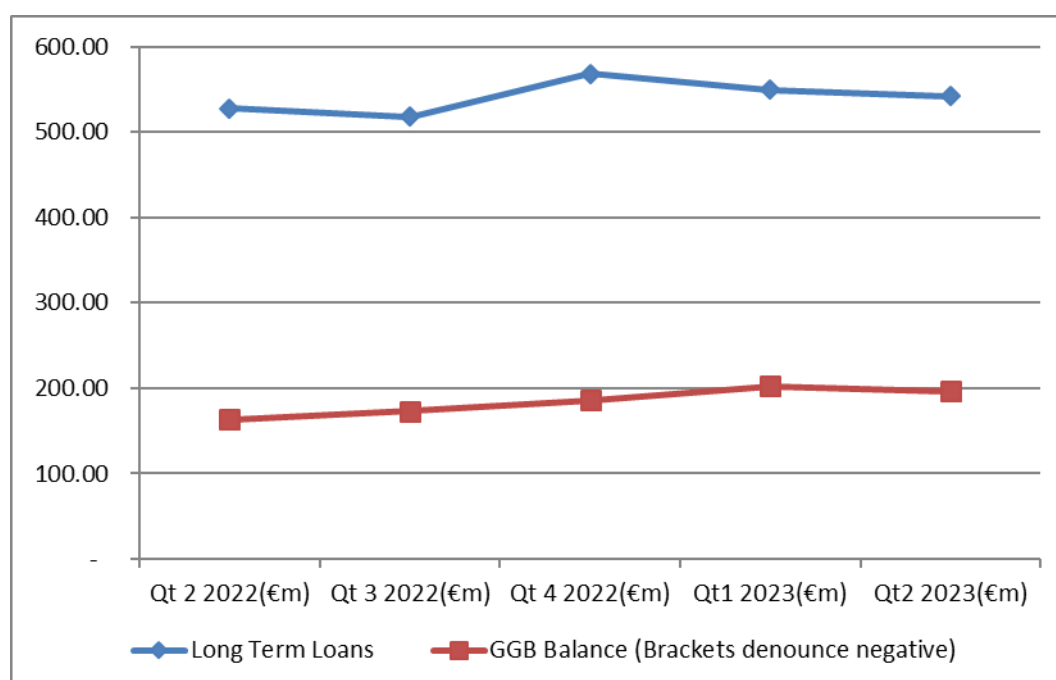
2nd October 2023

Appendix 1 – Financial Position

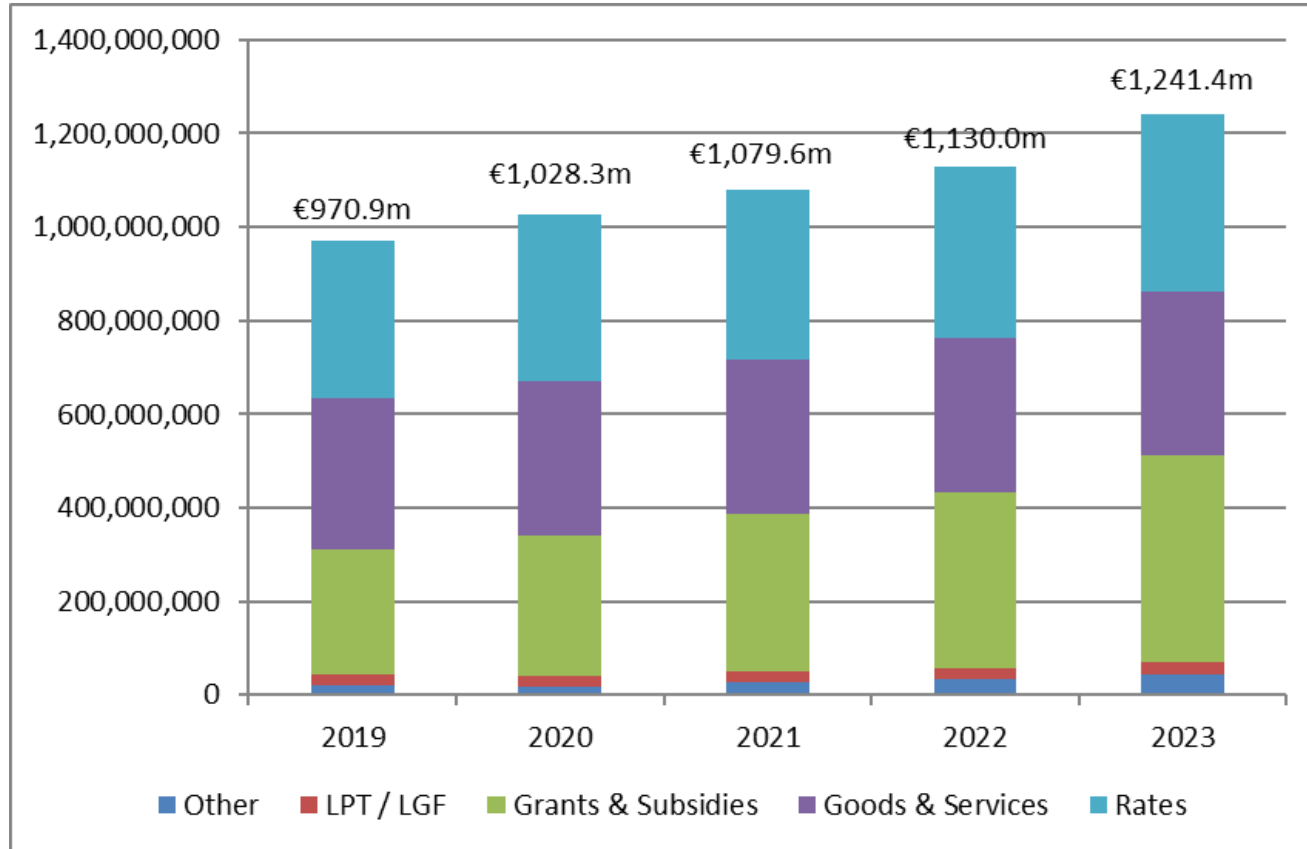
	As at Year To 30th of June 2023
ASSETS	€
Current assets (including cash and investments)	889,816,550
General revenue reserve (if surplus)	48,702,547
Loans receivable	531,965,259
	-
LIABILITIES	€
Current liabilities (including overdraft)	486,741,952
General revenue reserve (if deficit)	-
Loans payable	-
Voluntary housing/mortgage loans	345,520,421
Non mortgage loans	196,565,796
	-
INDICATORS	-
Ratio of loans payable to revenue income	43.7%
Ratio of current assets to current liabilities	1.83:1

	Qt 2 2022(€m)	Qt 3 2022(€m)	Qt 4 2022(€m)	Qt1 2023(€m)	Qt2 2023(€m)
Current Assets	786.30	666.79	688.15	979.75	889.82
Current Liabilities	453.98	326.38	281.14	569.04	486.74
Creditors(<1yr)	701.58	693.37	763.79	745.82	738.98
Long Term Loans	527.36	518.13	567.82	549.61	542.09
GGB Balance (Brackets denounce negative)	163.34	172.89	185.91	202.56	196.06
Movement against Q4 of previous year	36.80	46.35	59.37	16.65	10.15

2021 Q4 GGB Balance 126.54



Appendix 2 - Budgeted Total Income by Year 2019-2023



Appendix 3 – Table of Budgeted Total Income by Year 2019-2023

Appendix 3 - Table of Budgeted Total Income by Year					
	2019	2020	2021	2022	2023
	€m	€m	€m	€m	€m
Other	19.5	17.4	26.2	35.4	42.9
LPT / LGF	23.1	23.1	23.2	23.2	26.2
Grants & Subsidies	268.0	299.8	338.0	375.6	442.5
Goods & Services	322.2	330.5	330.1	329.0	349.1
Rates	338.2	357.4	362.0	366.9	380.8
Total	970.9	1,028.3	1,079.6	1,130.0	1,241.4

Appendix 4 - Rate Bands 2023

CHARGE 2023	No Of Accounts	Cumulative total	% per band	Cumulative Total	Total debit per band	% of Debit	Cumulative Total
€1 - €999	1793	1793	8.93%	8.93%	€ 1,086,327.91	0.28%	0.28%
€1,000 - €3,000	5511	7304	27.44%	36.37%	€ 10,779,172.92	2.82%	3.10%
€3,000 - €5,000	3597	10901	17.91%	54.28%	€ 14,055,529.31	3.68%	6.78%
€5,000 - €10,000	4004	14905	19.94%	74.22%	€ 28,138,345.02	7.36%	14.14%
€10,000 - €25,000	2920	17825	14.54%	88.76%	€ 45,118,758.63	11.80%	25.94%
€25,000 - €50,000	1146	18971	5.71%	94.46%	€ 40,271,175.76	10.53%	36.48%
€50,000 - €75,000	405	19376	2.02%	96.48%	€ 24,436,263.78	6.39%	42.87%
€75,000 - €100,000	188	19564	0.94%	97.42%	€ 16,072,747.67	4.20%	47.07%
€100,000 - €500,000	440	20004	2.19%	99.61%	€ 86,856,660.53	22.72%	69.79%
€500,000 -	79	20083	0.39%	100.00%	€ 115,482,165.71	30.21%	100.00%
TOTAL	20083		100.00%		€ 382,297,147.24	100.00%	

Appendix 5 - Estimated Rates 2023.

	Estimate NEV 2023		%	ARV 0.262 to 0.279	Total Income	Difference
Current	1,412,945,036		0%	0.273	€385,733,995	
Reduction	1,412,945,036	-	-2.20%	0.267	€377,256,325	-€8,477,670
	1,412,945,036	-	-1.83%	0.268	€378,669,270	-€7,064,725
	1,412,945,036	-	-1.47%	0.269	€380,082,215	-€5,651,780
	1,412,945,036	-	-1.10%	0.270	€381,495,160	-€4,238,835
	1,412,945,036	-	-0.73%	0.271	€382,908,105	-€2,825,890
	1,412,945,036	-	-0.37%	0.272	€384,321,050	-€1,412,945
Increase	1,412,945,036	+	0.37%	0.274	€387,146,940	€1,412,945
	1,412,945,036	+	0.73%	0.275	€388,559,885	€2,825,890
	1,412,945,036	+	1.10%	0.276	€389,972,830	€4,238,835
	1,412,945,036	+	1.47%	0.277	€391,385,775	€5,651,780
	1,412,945,036	+	1.83%	0.278	€392,798,720	€7,064,725
	1,412,945,036	+	2.20%	0.279	€394,211,665	€8,477,670
	1,412,945,036	+	2.56%	0.280	€395,624,610	€9,890,615
	1,412,945,036	+	2.93%	0.281	€397,037,555	€11,303,560
	1,412,945,036	+	3.30%	0.282	€398,450,500	€12,716,505
	1,412,945,036	+	3.66%	0.283	€399,863,445	€14,129,450
	1,412,945,036	+	4.03%	0.284	€401,276,390	€15,542,395
	1,412,945,036	+	4.40%	0.285	€402,689,335	€16,955,340
	1,412,945,036	+	4.76%	0.286	€404,102,280	€18,368,285
	1,412,945,036	+	5.13%	0.287	€405,515,225	€19,781,231
Note	Based on NEV provided by Valuation Office in September 2023					