



Comhairle Cathrach  
Bhaile Átha Cliath  
Dublin City Council

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

Office of the Head of Finance, Finance Department,  
Civic Offices, Wood Quay, Dublin 8, Ireland  
T. 01 222 2102/3 E. [finoff@dublincity.ie](mailto:finoff@dublincity.ie)

Minister Peter Burke O'Brien TD,  
Department of Housing Local Government and Heritage,  
Seanad Éireann,  
Leinster House,  
Kildare Street,  
Dublin 2.

25th April 2022

Dear Minister Burke,

I hope you are keeping well. I write to you in connection with the Local Property Tax. I wrote recently to Minister O'Brien on 7<sup>th</sup> April regarding the Review of Local Government Funding, as applies to Dublin City Council commissioned by Dublin City Council (copy letter and report attached). An issue considered in the review and reference in the Grant Thornton report is the setting of the Dublin City Council's LPT Local Adjustment Factor. This has bearing on the matter of the categorisation by your Department of Dublin City Council as 'self-funding' as raised in my letter of 7<sup>th</sup> April.

### **Funding impact of Adjustment Factor Decisions taken since the introduction of the LPT**

The report calls out that decisions taken by the Dublin City Councillors have had a negative funding impact on available resources for service provision. The report outlines....

*...The Council itself, however, has also taken decisions which have impacted upon this tax take in their continued refusal to implement the available 15% uplift in LPT and indeed their ongoing use of the discretionary 15% discount to LPT. Over the past eight years this is estimated to have resulted in approximately €96 million of lost revenue to the Council due to the failure to apply the base rate and circa €200 million if the 15% uplift is considered...*

BCG members are in agreement that this issue would benefit from further discussion and debate. The need for additional local services is pressing, across all areas of the city. To achieve a wider discussion, this important matter will be an agenda at the next meeting of the Finance SPC, scheduled for 19<sup>th</sup> May.

### **Concerns held around retention of additional funds**

A review finding was that concerns are held around the retention of additional funds that would be generated should the elected members of Dublin City Council not pass the full 15% reduction, as has been the case. A report extract on this is:


*...In the event that a Local Authority decides to increase LPT rates, they retain 100% of the additional LPT collected. Whereas a Local Authority that decides to reduce LPT rates, the full cost of that reduction is reflected in a reduced LPT allocation to that local authority. In recent years, Dublin City Councillors have expressed concerns that should LPT rates be increased, the additional funds would be dealt with under the 'self-funding' category resulting in no new funds to Dublin City Council...*

### **Clarifications sought**

Schedule A to this letter provides a summary extract from the report outlining the process of deductions and determinations made externally to LPT receipts paid by Dublin City householders. By way of achieving an informed, open, transparent discussion at the SPC and other fora, it would be especially helpful for you to provide clarity on this issue. Yet the unexplained 'self-funding' categorisation applied to Dublin City Council by your Department, which implies that DCC does not require LPT funds for service provision, does not assist in making progress.

Specifically you might confirm that in the event of the elected members of Dublin City Council not applying the full reduction (-15%) to the LPT Local Adjustment Factor that the funds arising will be available to be allocated at the discretion of Dublin City Councillors and not determined by the Department through a 'self-funding' or other arrangement. I ask that in your response, you indicate that additional funds available through a lower value reduction (e.g. -10% or -5%) would be allocated at the discretion of Dublin City Councillors as much as would additional funds available through an increased rate (above the basic threshold).

Yours sincerely,



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**Cllr Seamas McGrattan**  
**Chairperson**  
**Finance Strategic Policy Committee**  
**Dublin City Council**

**Schedule A Extract from Grant Thornton Consulting Report Review of Local  
Government Funding as applies to Dublin City Council**

**...LPT Funding Deductions and Allocations**

*LPT funding undergoes statutory deductions which can be broken down as follows:*

**a) Equalisation Fund:**

*20% of total LPT funding goes straight into the Equalisation Fund and 80% kept locally for the Council's use.*

**b) Council Margin Vote Increase:**

*15% of the total LPT sum is then taken from the remaining 80%. This is due to the council voting down the 15% margin increase on LPT every year. Despite these deductions, there is still a sizeable amount of LPT funding left. In theory this represents a new locally generated source of revenue for the Council. However this is not the case. Following the statutory deductions, the remaining LPT funding must undergo the following three allocations:*

- 1) The Department of Housing, Local Government and Heritage will direct the Council to allocate an amount of LPT funding for the 'self-funding' of housing and roads. 'Self-funding' is a term used by Government which implies that Local Authorities who are 'self-funding' have enough resources to meet their needs. In the context of LPT, 'self-funding' Local Authorities use LPT funding as a substitute for previous Central Government Grant Funding.*
- 2) The Council must also use LPT funds to pay a fixed amount for Pension Related Deductions (PRD) and*
- 3) General Purpose Grants (GPG) previously funded by Central Government....*

*Finally, after these allocations, the remaining sum of LPT funding becomes the Discretionary Funding for the Council. This funding can be used by the Council on whatever they wish. However, the amount remaining after all the deductions and allocations leaves only a nominal sum compared to the original total with some €4.1m in available in 2022....*