

Funding of Local Government in Urban Areas

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*Local Government Funding Sub-Committee, of
Dublin City Council's Finance Strategic Policy Committee*



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Local Government

- is at the heart of democratic communities including business, resident, visitor and interest based communities
- we can do what we do now only better *and* do more to serve our communities
- key to change is the for Central Government to see the benefits that improved local government funding can bring and legislate that Local Government plays a bigger, better part in where we live



Local Government Funding

- funding services will always be constrained
- the funding needs of rural areas are well articulated but
- the funding needs of urban areas are less acknowledged
- we must not get caught in an *urban vs rural* argument
- debate is needed on the funding strategy that maximises opportunities for all and secures the most which in turn is shared



Local Government Funding

- Ireland's economic policy centres on maximizing inward investment and economic opportunities for Irish businesses however
- our urban areas, which are a key attractor of Foreign Direct Investment, must also be supported in order to operate well.
Example - potential investors to Ireland can be as interested in broadband as in the quality of street lighting and how that will impact on workers sense of security on our streets
- how people live / quality of life influences where investments are made
- our urban areas can contribute more to the State through services which enhance the local lived environment



Commercial Rates

- it is not feasible nor fair to expect that funding increases can come through successive 'extra' increases to commercial rates
- businesses already contribute a large portion of the funding base of local authorities
- in a dynamic business environment, we are all acutely aware of the pressures faced by businesses, the value of employment and the consequences of vacancy
- as such, raising rates is not the panacea to the gap in the local government funding system
- A serious system change is required



New Funding Opportunities

- opportunities for new funding channels for urban Local Authorities exist, such as
 - ✓ Assigning the proceeds or part of the proceeds from the
 - ✓ introduction of a congestion charge in urban areas to the local authority
 - ✓ introduction of a hotel bed tax/accommodation charge to the local authority
 - ✓ removing the arbitrary baseline funding threshold and enabling local authorities to have access to and decision making capacity over LPT funds



Why is this important now?

- urban areas play a vital role in our society
- the notion that people want to move away from cities and urban areas is not evidence based. More people are moving to towns / cities than before. Quality of life in our urban areas is important.
- making our urban areas work not only requires funding for what we already do but funding to allow us to do it better thus enabling us to support our communities in new ways
- the challenges facing urban areas, (to meet the expectations of those living and working there) and the importance of these areas to our economy, is so great as to we must secure a change in local government funding in order to correlate service outputs to demands levels.



The world ahead

- Urban areas experience first the impact of global mega trends before other areas, such as
 - ✓ Globalisation,
 - ✓ digitalisation,
 - ✓ immigration,
 - ✓ hybrid working,
 - ✓ aging population

If we can be part of a successful approach to serving urban areas which are adapting to the world ahead, then the lessons we learn can be applied throughout Ireland

