

LOCAL GOVERNMENT FINANCE

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- ▶ **Reserved Functions**
- ▶ **Revenue Account**
- ▶ **Capital Account**
- ▶ **Budget Process**

Reserved Functions

- ▶ **Adopt Budget (as per Table A + B)...***S 103 LG Act 2001*
- ▶ **Transfers to Reserves**
- ▶ **Determine Annual Rate on Valuation (ARV) - Commercial Rates**
- ▶ **Authorise additional expenditure (Revenue Account)**
- ▶ **Approve Borrowing & Lending of money**
- ▶ **Vary (Local Property Tax Rate of 0.18%) LPT**
S.20 Finance (Local Property Tax) Act 2012
- ▶ **Determine the proportion of Rates Refund...for Vacant Units by Electoral Area...***S.31(3) LG Reform Act 2014*
- ▶ **Approve land disposals ...***S.183 LG Act 2001*

Local Gov't Act 2001 (as amended by LG Reform Act 2014)

- ▶ **Part 12: *Financial Procedures & Audit***
Chapter 1 - Financial Procedures
Chapter 2 - Audit

Part 14: *The Local Gov't Service*

- S. 131 Reserved Functions
(S. 132 Executive Functions) replaced by
S.47 LG Reform Act 2014,
- S. 149 Executive Functions
- S. 183 Disposal of Land
- S. 135 Report on Capital Programme

LG Act 2001 - Part 12 (as amended by LG Reform Act 2014)

S.96/113

- ▶ Banking arrangements
- ▶ Budget (Revenue) - S.102/3/4
- ▶ Financial Reporting to Council
- ▶ Borrowing & Lending
- ▶ Annual Financial Statement & Records
- ▶ Proposed illegal pay't/deficiency/loss
- obligations on manager to object

REVENUE ACCOUNT

Revenue Account - Expenditure

► Divided into eight Divisions (A-H):

A. Housing & Building

B. Road Transportation & Safety

C. Water Services

D. Development Management

E. Environmental Services

F. Recreation & Amenity

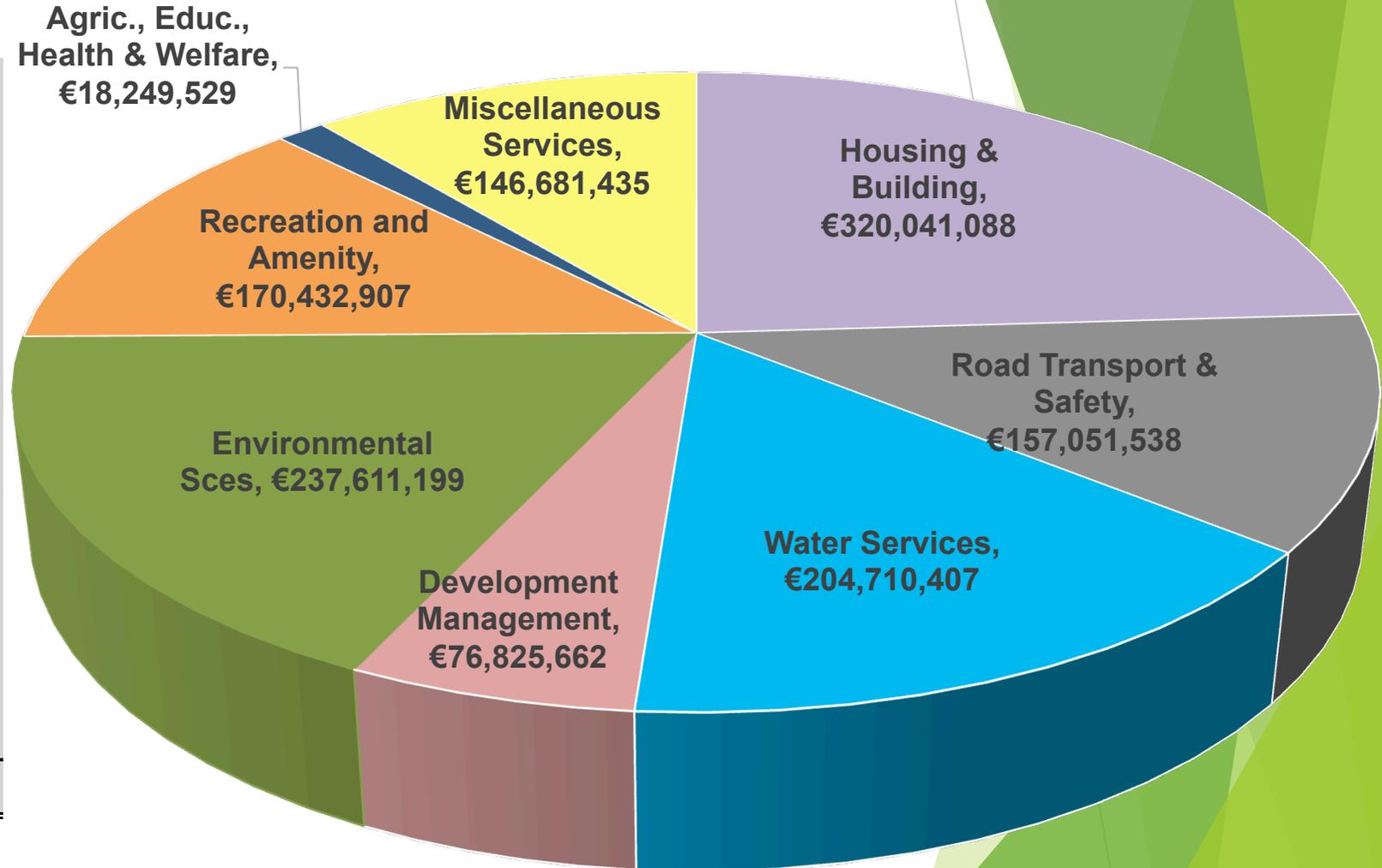
G. Agriculture, Education, Health & Welfare

H. Miscellaneous Services

Dublin LAs 2014

Dublin Local Authorities - Revenue Budget 2014 adjusted by inter-authority payments

Division	Dublin Region Expend 2014 Net of Other LA Income
A Housing & Building	€320,041,088
B Road Transport & Safety	€157,051,538
C Water Services	€204,710,407
D Development Management	€76,825,662
E Environmental Sces	€237,611,199
F Recreation and Amenity	€170,432,907
G Agric., Educ., Health & Welfare	€18,249,529
H Miscellaneous Services	€146,681,435
	€1,331,603,765



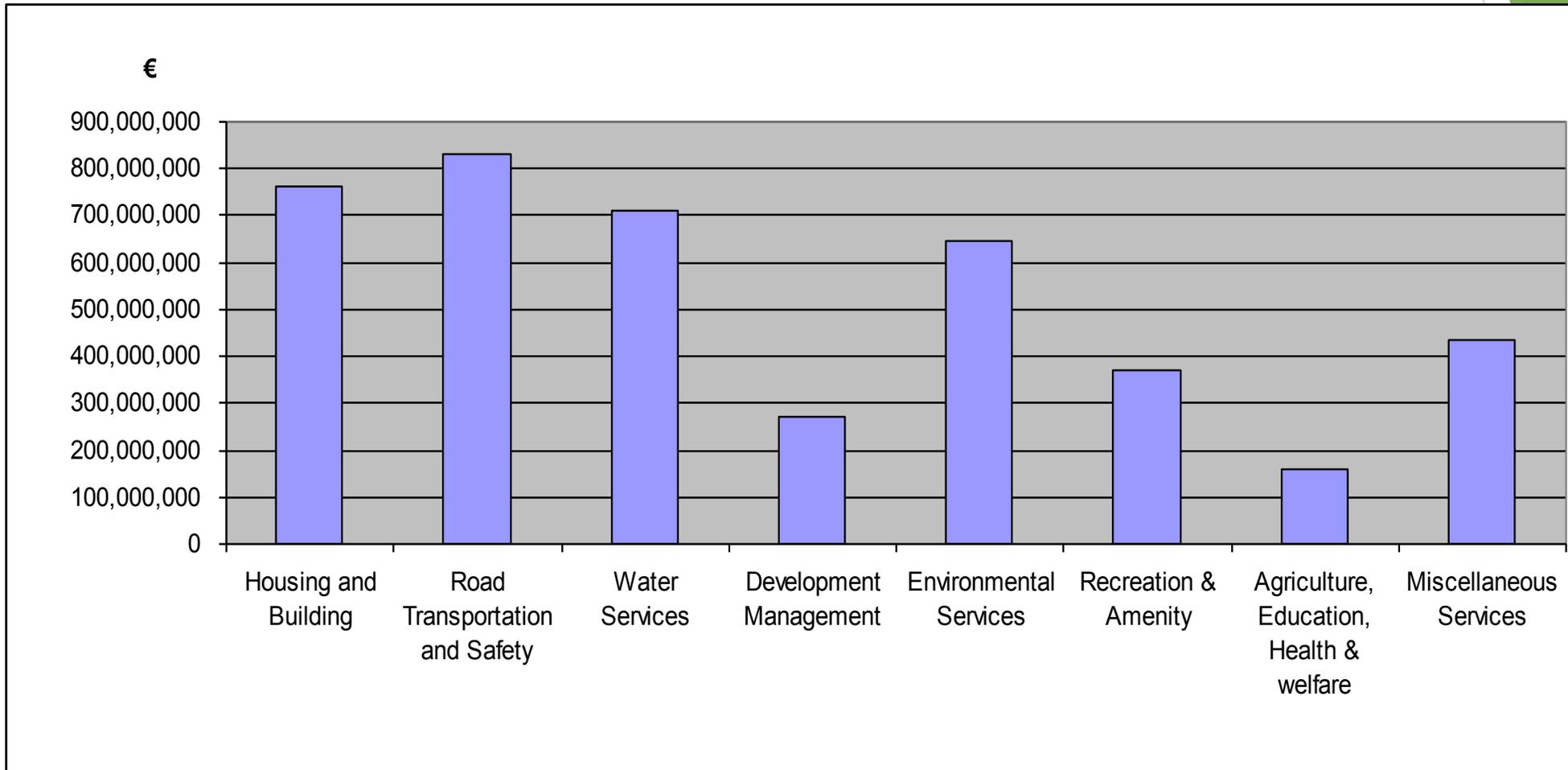
Revenue Account - Expenditure

LOCAL AUTHORITY BUDGETS 2013

Expenditure

Division	Description	€	%
A	Housing and Building	763,066,188	18.3%
B	Road Transportation and Safety	829,667,112	19.8%
C	Water Services	711,315,277	17.0%
D	Development Management	270,449,181	6.5%
E	Environmental Services	643,846,728	15.4%
F	Recreation & Amenity	368,519,839	8.8%
G	Agriculture, Education, Health & welfare	160,681,292	3.8%
H	Miscellaneous Services	433,006,992	10.4%
	TOTAL EXPENDITURE	4,180,552,609	100.0%

Revenue Account - Expenditure



Revenue Account - Goods/Services

- ▶ Local Authorities charges for the provision of certain services
- ▶ Commercial Rates ARV is set by the Local Authority
- ▶ Some Charges are set by Minister/statute (e.g. Planning Fees, dog licenses)
- ▶ Examples of the services for which Local Authorities charge include:
 - Housing Rents
 - Housing Loans
 - Parking Fines/charges
 - Library Fees
 - Landfill Charges
 - Planning Fees
 - Fire Charges
 - Swimming Pool Fees

Revenue Account Grants/Subsidies

- ▶ Grants received from various Government Departments and Bodies
 - Dept of Environment, Community & Local Government
 - National Roads Authority
 - Department of Transport
 - Department of Education & Skills
- ▶ Grants are primarily non-discretionary and must be spent in the area for which they are allocated
- ▶ The General Purposes Grant is the only Non-Discretionary grant that Local Authorities receive

Revenue Account - General Purpose Grant

LOCAL GOVERNMENT FUND 2014

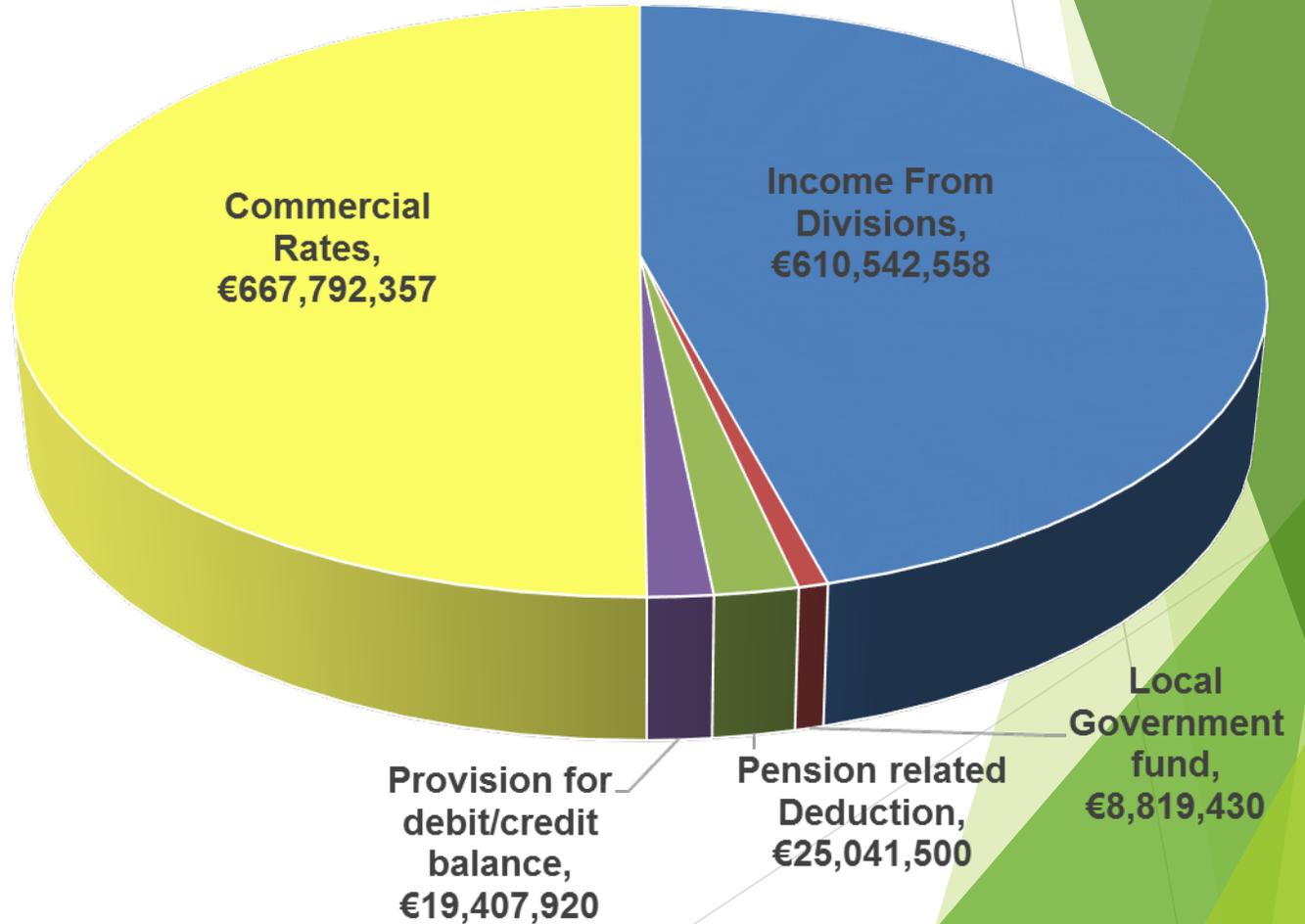
	<u>€'000s</u>
<u>Income:</u>	
Local Property Tax	550,000
Gross Motor Tax Receipts	1,160,000
Interest	150
TOTAL INCOME	1,710,150
<u>Expenditure:</u>	
General Purpose Grants	275,000
Dept of Transport Payments	363,943
Payment to Exchequer	600,000
Irish Water Subvention	490,000
Other Schemes	50,000
TOTAL EXPENDITURE	1,778,943
Excess of Expenditure over Income	-68,793
Balance on Fund c/f from 2013	68,889
Projected Balance Dec 2014	96

Revenue Account - General Purpose Grant

- ▶ Also known as Local Government Fund Allocation
- ▶ Grant is Discretionary and primarily used to fund the day-to-day activities of the Local Authority
- ▶ Each Local Authority receives an annual allocation which is paid quarterly
- ▶ Grant is paid by the DOECLG out of the Local Government Fund

Dublin LAs 2014 - Income

2014 Annual Budgets - Dublin Local Authorities, Income net of inter authority Contributions



Dublin Region Income 2014 Net of inter-auth. Incomes

Division	Income (€)
A Housing & Building	266,288,004
B Road Transport & Safety	66,114,521
C Water Services	186,700,407
D Development Management	14,586,212
E Environmental Sces	35,054,881
F Recreation and Amenity	23,710,035
G Agric., Educ., Health & Welfare	11,856,150
H Miscellaneous Services	6,232,348
Income From Divisions	610,542,558
Local Government fund	8,819,430
Pension related Deduction	25,041,500
Provision for debit/credit balance	19,407,920
Commercial Rates	667,792,357
Total	1,331,603,765

Recent Changes

Significant changes in Local Authorities

▶ Introduction of Irish Water

- Transition of Functions from 1 Jan 2014
- Provision of Service under an SLA agreement with Irish water

▶ Enterprise

- Roll out of Local Enterprise Offices (LEO's)
- Replaces County Enterprise Boards and will operate under the aegis of the Local Authority in collaboration with Enterprise Ireland

Recent Changes

▶ Alignment

- Set-up of Local Community Development Committees (LCDC's)
- LCDC's take over the role of the County Development Boards

▶ Municipalities

- Town Councils have been dissolved
- Introduction of Municipal Districts

▶ Specific Changes in Finance

- New Budgetary Process
- Introduction of Local Property Tax
- Cessation of NPPR

CAPITAL ACCOUNT

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the page, creating a modern, layered effect. The text 'CAPITAL ACCOUNT' is centered in the upper half of the page against a plain white background.

Capital Account

- ▶ Deals with the provision of Infrastructure and Facilities
 - Local Authority Houses
 - Construction of Car-Parks
 - Construction of Libraries
 - Construction of Swimming Pool
 - Construction of Landfill Cells
 - Development of Park/Amenities

- ▶ Capital projects are funded primarily by:
 - State grants
 - Borrowings
 - Local Authority's own Resources (Development Contributions, Budget Provisions, sale of assets)

Capital Account - Expenditure

- ▶ Similar to the Revenue Account, the Capital Account is divided into 8 Programme Groups
 1. Housing & Building
 2. Road Transportation & Safety
 3. Water Services
 4. Development Management
 5. Environmental Services
 6. Recreation & Amenity
 7. Agriculture, Education, Health & Welfare
 8. Miscellaneous Services

Sources of Funding for Capital Projects

- ▶ State Grants
- ▶ Development Contribution Scheme
- ▶ Internal Capital Receipts
 - land disposals
 - property disposals
 - house disposals
- ▶ Borrowings
- ▶ Revenue Account Provision

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Budget Preparation and Adoption for Local Authorities

Legislative basis

- ⦿ Local Government Act 2001 (as amended by S 58 Local Government Reform Act 2014)
 - S102 Local Authority Budget
 - S103 Local Authority Budget Meeting
 - Local Government (Financial & Audit Procedures) Regulations 2014
- ⦿ Informed by EU requirements that the main parameters of the National Budget be published by 15 October each year

Budget..

- ▶ **Prescribed period** ...*changed to 1-24 November.*
Other : 14 days for adoption
- ▶ **Corporate Policy Group**
S102 LG 2001...provides for consultation..2014 Reg.s & Circular Fin.
05/2014 also reference the role of the CPG in framing the Annual Budget
- ▶ **LPT variation**
 - via resolution & Rev Cmmrs require notice by 30th Sept
 - public consultation process
 - economic assessment of impact on local area
- ▶ **Rates Vacancy Scheme**
 - via resolution at Annual Budget meeting

Fin 05/2014 Appendix 1

► Agree Budget Strategy

- consider impact of LPT variation
- consider other budget strategy e.g. Rates
- prepare outline draft budget strategy
- confirm LPT decision to Rev Cmmrs by 30 Sept
- submit prelim. Estimate of Income & Expenditure to DECLG by 30 Sept

Fin 05/2014 Appendix 1

- ▶ Develop draft LA Budget
 - allocate General Municipal Allocation
 - Municipal Districts adopt budgetary plans
- ▶ Convene Budget Meeting
 - 14 day statutory period for adoption
- ▶ Following Adoption
 - prepare service delivery plans

Corporate Policy Group

- ▶ CPG...discuss LPT, Rates Vacancy, current year out-turn, income projections, Comm. Rates, service levels, special projects, new programmes, impact of changes..
- ▶ Agree strategy
 - including data for return to DECLG by 30 Sept
- ▶ Develop strategy into Divisional budgets
 - balance proposed expenditure to income
- ▶ CPG..review draft budget

Budget Framework

- ▶ Budget format.. is prescribed DOECLG regulations
- ▶ Review out-turn for current year
- ▶ Previous year used as reference for next budget..
- ▶ New activities & incomes?
- ▶ Changes in delivery of services (e.g. Irish Water changes 2014)
- ▶ Propose activities for new year & project associated spend/income

Key Budget Issues - Income

- ▶ Projected Commercial Rates
- ▶ Local Property Tax/General Purposes Grant
- ▶ Impact of Local Property Tax Variation (if applicable)
- ▶ Projected income from Goods & Services
- ▶ Projected income from Grants & Subsidies
- ▶ Miscellaneous Income

Annual Budget Issues - Expenditure

▶ Fixed & Non-discretionary costs

- ❖ Pensions, Wages & Salaries
- ❖ Recoupable costs (e.g. RAS, HEGs..)
- ❖ Loan Charges
- ❖ Contractual & Statutory Commitments
- ❖ Fixed & semi-fixed overheads
- ❖ Provisions for rates vacancy scheme & irrecoverable debt
- ❖ State funding...assumptions made if notifications are delayed..

Annual Budget Meeting

- ▶ Circulate book & agenda 7 days before...
- ▶ Advertise & make a copy of the draft budget available to public
- ▶ Annual Meeting (occasionally adjourned over 2 - 3 sittings)
- ▶ Must adopt within 14 days
- ▶ S.103..where a budget not adopted..*is (restricted but) lawful to spend pending..*

Annual Meeting - procedure

- ▶ Consider the budget by division & Adopt draft or amended Budget
- ▶ Adopt Annual Rate on Valuation (Comm. Rates multiplier)
- ▶ Adopt a Rates Vacancy Scheme
- ▶ Agree Transfers to Reserves as provided in the Annual Budget
- ▶ Revised (current year) Budget - confirm changes to expenditure if necessary... additional expenditure..S.104 LG Act 2001
- ▶ Note the 3 year Capital Programme... LG Act 2001 S.135
- ▶ Update on Corporate Plan

DOEHLG Fin 03/2009

Control & Monitoring of LA's contribution to the General Gov't Balance (GGB)...

- ▶ Revenue Account 09 - ensure not in deficit
- ▶ Restrictions on non-mortgage borrowing
- ▶ Capital account- match expenditure with income

Corporate Policy Group

- ▶ CPG...discuss LPT, Rates Vacancy, current year out-turn, income projections, Comm. Rates, service levels, special projects, new programmes..
- ▶ Agree strategy
 - including data for return to DECLG by 30 Sept
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Local Property Tax - proposed variation

Local Property Tax variation consideration (S20 Finance (Local Property Tax) Act 2012)

- ❖ L.A. may as reserved function resolve to vary LPT by +/- 15% from 2015
- ❖ LPT multiplier is 0.18%
- ❖ L.A. must have regard to current financial position, likely overall income & expenditure & impact of a decision on stakeholders
- ❖ Public consultation process is required - possibly July/Aug..details to be confirmed
- ❖ A decision to vary must be notified to Revenue (S.21 Finance (Local Property Tax) Act 2012) and DECLG by 30/9/14

Budget Timelines

- ▶ July/August/Sept - consult with CPG re Budget Strategy for 2015
- ▶ July/August - public consultation on LPT variation
- ▶ September - LPT variation (if applicable) to be decided by the Council
- ▶ 30/9/14 - L. A. to notify Revenue, if applicable, of any change to LPT Rate for administrative area for 2015
- ▶ 30/9/14 - L.A. to notify DECLG of draft Budgetary Strategy
- ▶ October/November - Chief Executive to Draft Revenue Budget
- ▶ Statutory Budget meeting must take place between 1st & 24th November
- ▶ 14 day adjournment allowed