

# **LOCAL AUTHORITY FINANCE & BUDGETS**

## **The Process & Key Decisions for Elected Members**

**Cllr. Pat Fitzpatrick  
Kilkenny Co. Co  
Executive Member ALLG**

# **LOCAL AUTHORITY FINANCE & BUDGETS**

- 1. Local Authority Income & Expenditure**
- 2. Local Authority Budget Process & Key Decisions for the Elected Member**
- 3. Municipal District Budgetary Plans & Schedule of Municipal District Works**
- 4. Key Decisions for the Elected Member**

# LOCAL AUTHORITY FINANCE & BUDGETS

## Note:

- It should be noted that the umbrella term “municipal district” includes all other variations of this type of formation as set out in Part 3A section 22A of the Local Government Act 2001 (as inserted by the Local Government Reform Act 2014) e.g. metropolitan or borough districts.
- In the case where a local authority does not have municipal districts, the requirements relating to municipal districts will therefore not apply,

**NB: Dublin Local Authorities, Cork City & Galway City Councils.**

# 1. Local Authority Income

## ➤ Local Government Income – How are local authorities funded?

- Current Revenue Income/Receipts
- Capital Income/Receipts

***Note: Only Current Revenue Income/Receipts are included as part of the Revenue Budget***

### Current Revenue Income/Receipts

- Revenue/Cash income of a recurring nature
  - funds the day to day operation of the local authority
  - includes grants and subsidies as well as charges for the provision of goods and services, including commercial rates
  - Funds the staff, operations, and administration required to provide local authority services
- Of a non capital nature

# 1. Local Authority Income

## Sources of Current Revenue Income/Receipts

1. **Local Property Tax**
  - 80% Local Retention of LPT
  - +/- 15% Variation of LPT by elected members
2. **Commercial Rates**
3. **Central Government Grants**
  - General purpose grants (allocation of 20% LPT retention for equalisation purposes)
  - Road grants (Maintenance & Improvements)
  - Other Specific grants
4. **Housing Rents**
5. **Parking Fees**
6. **Planning fees – planning applications**
7. **Library charges, Sports/Leisure Facilities charges**
8. **Casual Trading/Taxi licenses**
9. **Recoupable Grants**

# 1. Local Authority Income

## Capital Income/Receipts

- Income/Receipts for Capital projects
- Assets lasting 1 yr +

## Types of Capital Income/Receipts

1. Capital Grants – Grants for provision of:
  1. New Housing....New Roads....Libraries etc...
2. Development Levies
3. Borrowing for Capital Projects
4. Sale of Surplus Assets

- Capital Income/Receipts are not included in local authority annual revenue budget
- Capital receipts are accounted for separately and are reported to the members by the Chief Executive 3 months after the year end.
- Proposed 3 year capital programme must be submitted by the Chief Executive to the council each year with a progress report. Councillors consider/question this programme

# 1. Local Authority Expenditure

- **Local Government Expenditure – how is their money spent on local authority services?**
  - **Current Revenue Expenditure**
  - **Capital Expenditure**

*Note: Only Current Revenue Expenditure is included as part of the Revenue Budget*

## Current Revenue Expenditure

- **Expenditure of a recurring nature**
  - **Expenditure in relation to the day to day operation of the local authority**
  - **Payroll cost (staff), operations and administration costs required to provide local authority services**
- **A non capital expenditure**

# 1. Local Authority Expenditure

## Types of Current Revenue Expenditure

- Maintenance/Repair of local authority housing
- Housing Improvement Grants
- Housing RAS Programme
- Regional & Local road maintenance/improvement
- Footpath improvements
- Traffic management
- Public lighting
- Planning control
- Tourism Promotion
- Burial grounds
- Maintenance of open spaces, recreation centres, playgrounds, libraries etc.
- Salaries & Staff costs (Service Costs)
- Insurance
- Other overheads



# 1. Local Authority Expenditure

## Capital Expenditure

- Expenditure on Capital projects
- Assets lasting 1 yr +

## Types of Capital Expenditure

1. Capital Expenditure – Expenditure for provision of:
  - I. New Housing
  - II. New Roads
  - III. Libraries etc...

- Capital Expenditure is not included in local authority annual revenue budgets
- Capital Expenditure is accounted for separately and are reported to the members by the Chief Executive 3 months after the year end.
- Proposed 3 year capital programme must be submitted by the Chief Executive to the council each year with a progress report. Councillors consider/question this programme

# 1. Local Authority Income & Expenditure



Capital Income/  
Expenditure

vs



Revenue Income/  
Expenditure

## 2. Local Authority Budget Process & Key Decisions for Elected Members

Budget  
Process  
changed in  
2015

Decision on  
variation of  
LPT of +/-  
15%

Decisions  
on Rates

## 2. Local Authority Budget Process & Key Decisions for Elected Members

Develop Budget Strategy  
**(July – Sept)**

General Municipal Allocation (GMA) & MD Budgetary Plans  
**(Oct – Nov)**

Statutory Budget Meeting **(Nov – Dec)**  
  
(Reduced period for adjournment of budget meeting (14 days) and budgets adopted before 31 December)

Schedule of municipal district works  
**(Dec – Jan)**

## 2. Local Authority Budget Process & Key Decisions for the Elected Member

### 1. Agreeing and Setting Budget Strategy (July – Sept)

- Departments Heads submit their budgets to Director of Finance (July of each Yr.)
- Director of Finance and Chief Executive will prepare overall draft outline budget
- Chief Executive will commence consultation with CPG and workshops with elected members
- Consider overall financial impact of LPT variation (+/- 15%)
- Confirm decision on LPT – Reserved function by 30<sup>th</sup> September of each year

## 2. Local Authority Budget Process & Key Decisions for the Elected Member

### 1. Agreeing and Setting Budget Strategy

- Agree overall General Municipal Allocation (GMA)
  - GMA is the discretionary funding which is made available to municipal district members for allocation in the draft budgetary plan
  - The amount an authority can provide by way of a GMA is dependent on the total level of income available to it, and the non-discretionary costs that must be met as a first call on that income, including at municipal district level.
  - The total GMA available is allocated by the chief executive to the municipal districts in a fair and equitable manner

## 2. Local Authority Budget Process & Key Decisions for the Elected Member

### 1. Agreeing and Setting Budget Strategy

- Consider other budget strategy matters e.g. Rates Harmonisation (Base Year Adjustment) and Rates on Vacant Premises

### 1. Agreeing and Setting Budget Strategy

- Preliminary budget to be submitted to D/ECLG by 30<sup>th</sup> September (EU Rules)

## 2. Local Authority Budget Process & Key Decisions for Elected Members

### 2. Develop MD draft budgetary plans (Oct/Nov)

- Allocate GMA between municipal district
- Municipal districts consideration of draft budgetary plans
- Draft Municipal District budgetary plans only set out what the GMA will be spent on. They are not a full budget for the Municipal District as the MD is not a separate legal entity.

### 2. Develop draft budgetary plans

- Municipal districts to adopt draft budgetary plans no later than 21 days prior to the local authority budget meeting. (Reserved function of members at Municipal District Level)
- There is no provision for the adjournment of this meeting.
- If municipal district members do not adopt their draft budgetary plan the chief executive may take account of the draft budgetary plan as presented without amendment.



## 2. Local Authority Budget Process & Key Decisions for Elected Members

### 3. Draft Local Authority Budget including adoption of budget (Nov/Dec)

- Adopted draft municipal district budgetary plans to be incorporated into overall draft local authority budget.
- Statutory Budget meeting convened during a period set out by the Minister. (In November of each year in order to finalise all budgets by 31<sup>st</sup> December)

### 3. Draft Local Authority Budget including adoption of budget

- Members have 14 days from date of first statutory budget meeting to adopt their budget.
- Budget is adopted/Rate is 'struck'

## 3. Schedule of Municipal District Works

### 3. Schedule of Municipal District Works

- Following the adoption of the budget, a schedule of proposed works in each municipal district shall be prepared under the direction of the Chief Executive.
- The schedule of municipal district works shall be considered by the municipal district members concerned and be adopted by resolution, with or without amendment .

# Local Authority Budget Process

## Agree Budget Strategy

- Consider financial impact of the variation of the basic rate of LPT
- Consider other budget strategy matters, e.g. rates issues
- Agree overall GMA
- Prepared outline draft budget strategy

## Develop Draft Budgetary Plans

- Confirm decision on LPT to Revenue Commissioner and Minister by 30th September
- Submit preliminary estimate of income and expenditure to the Department by 30 September

## Draft Local Authority Budget

- Allocate GMA between districts.
- Municipal districts have 7 days to consider draft budgetary plans (GMA)
- Draft budgetary plans adopted with or without amendments.

## Following Adoption

- Draft budgetary plans to be incorporated into draft local authority budget
- Budget meeting to commence
- Draft Local Authority Budget is adopted.

## Schedule of municipal district works

- Schedule of municipal district works
- Service delivery plans

# 4. Key Decisions for the Elected Member

## Key Decisions for the Elected Member

### Budget Strategy

- Executive, CPG & Elected Members working in tandem
- Set Budgetary Parameters

### LPT Variation +/- 15%

- Effect on overall financial position of LA
- Impact of variation on other stakeholders
- Public Consultation
- Decision by 30<sup>th</sup> Sept – Reserved Function at Plenary Council

# 4. Key Decisions for the Elected Member

## Key Decisions for the Elected Member

### Decisions on Commercial Rates

- Rates Harmonisation (BYA)
- Rates on Vacant Properties
- Reserved Function at Plenary Council when adopting your Annual budget

### GMA & Municipal Budgetary Plans

- Agree GMA
- Adopt Draft Municipal Budgetary Plan – Reserved Function at MD level

# 4. Key Decisions for the Elected Member

## Key Decisions for the Elected Member

Adopt Annual Budget & “Strike” your rate

- Reserved Function at Plenary level

**Schedule of Municipal District Works**

- Reserved Function at MD Level

Thank You

Questions ?

