

# **AILG ELECTED MEMBER INDUCTION TRAINING PROGRAMME (WEBINAR 4)**

“Local Authority Financing,  
Funding and Expenditure”

## Today's Topics

- **Local Authority Income & Sources of Income**
- **Local Authority Expenditure**
- **Local Property Tax (LPT) Variation Process**

# Local Authority Finance, Funding & Expenditure

## Local Authority Income – Combined Local Authority Budgets 2024

### Financial information summary

#### Income

Table 1 - Budgeted Current Income 2022 to 2024<sup>2</sup>

	2022 Budget	2023 Budget	2024 Budget
<i>€m</i>	6,119	6,556	7,225
<i>Change</i>	+5.57%	+7.13%	+10.20%

Source – Local Authority Combined Budgets 2024 – gov.ie

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# Local Authority Income

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

- ◎ Current Revenue Income/Receipts
- ◎ Capital Income/Receipts

### **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

# Local Authority Income

The local government sector receives funding from a number of different sources, including central Government (from a number of different Departments) and the Local Government Fund. It is the Department's role to ensure that local government has an appropriately structured funding system to meet existing and emerging challenges.

**Table 2 - Sources and Relative Percentages of Budgeted Current Income 2022 to 2024**

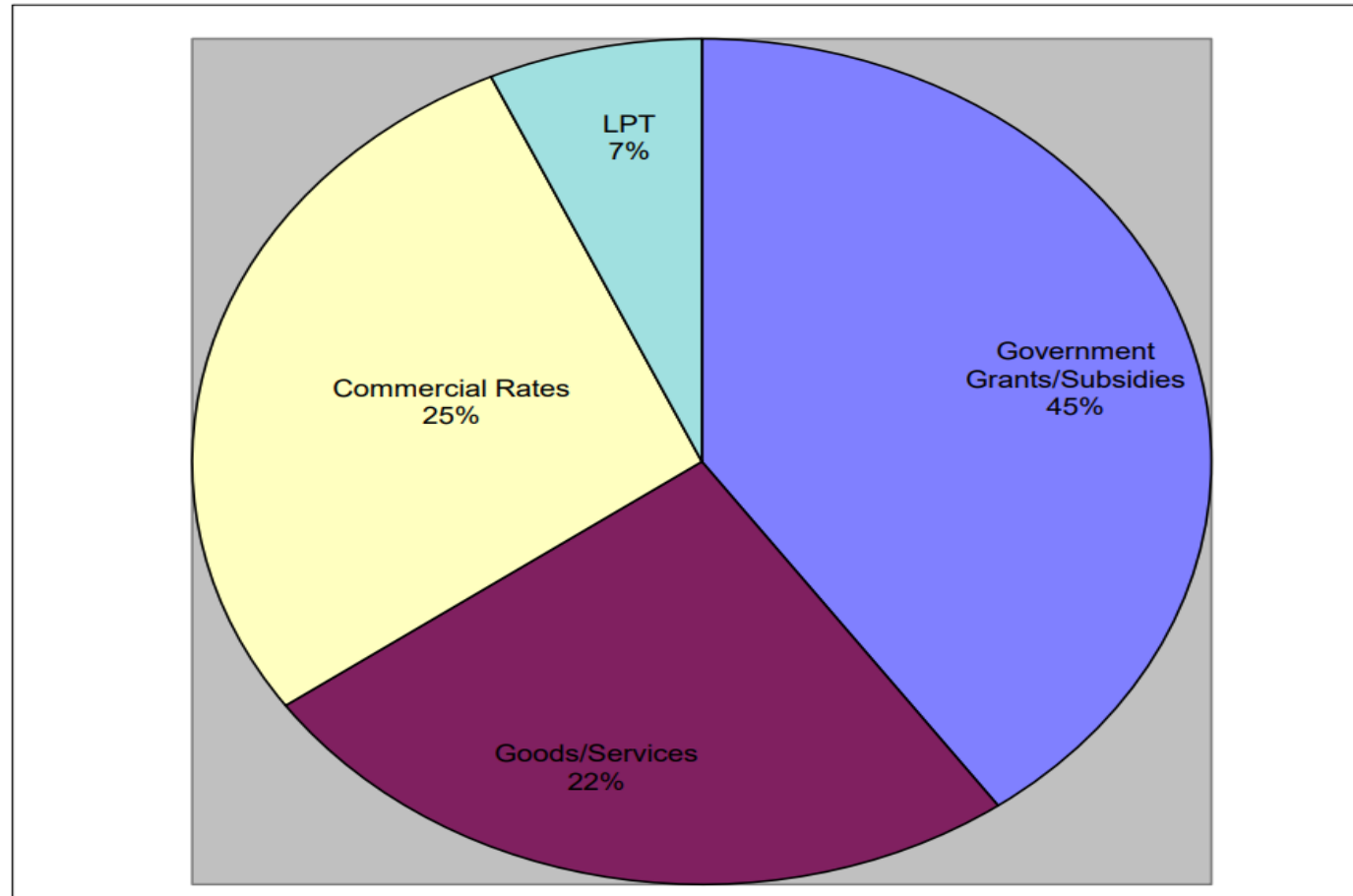
	2022 Budget		2023 Budget		2024 Budget	
	€'m	% of income	€'m	% of income	€'m	% of income
<b>Government Grants/subsidies</b>	2,454	40%	2,764	42%	3,269	45%
<b>Goods / Services</b>	1,537	25%	1,598	24%	1,614	22%
<b>Commercial Rates</b>	1,713	28%	1,768	27%	1,838	25%
<b>Local Property Tax</b>	415	7%	426	6.5%	504	7%

Source – Local Authority Combined Budgets 2024 – gov.ie

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# Local Authority Income

## TOTAL REVENUE INCOME 2024



Source – Local Authority Combined Budgets 2024 – gov.ie

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# Local Authority Income

## Sources of Current Revenue Income/Receipts

### Local Property Tax

- 100% Local Retention of LPT
- +/- 15% Variation of LPT by elected members

### Commercial Rates

### Central Government Grants

- General purpose grants (LPT Baseline top-up)
- 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

# Local Authority Income

## Capital Income/Receipts

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

## Types of Capital Income/Receipts

**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**



# Local Authority Expenditure

Services and therefore LA Expenditure structured on the basis of 8 Divisions/Programmes



**Housing**



**Road Transportation and  
Safety**



**Water Supply and  
Sewerage (Water Services)**



**Planning and Development**



**Environmental Protection**



**Recreation and Amenity**



**Agriculture, Education,  
Health & Welfare**



**Miscellaneous**

# Local Authority Expenditure

## LOCAL AUTHORITY BUDGETS 2024

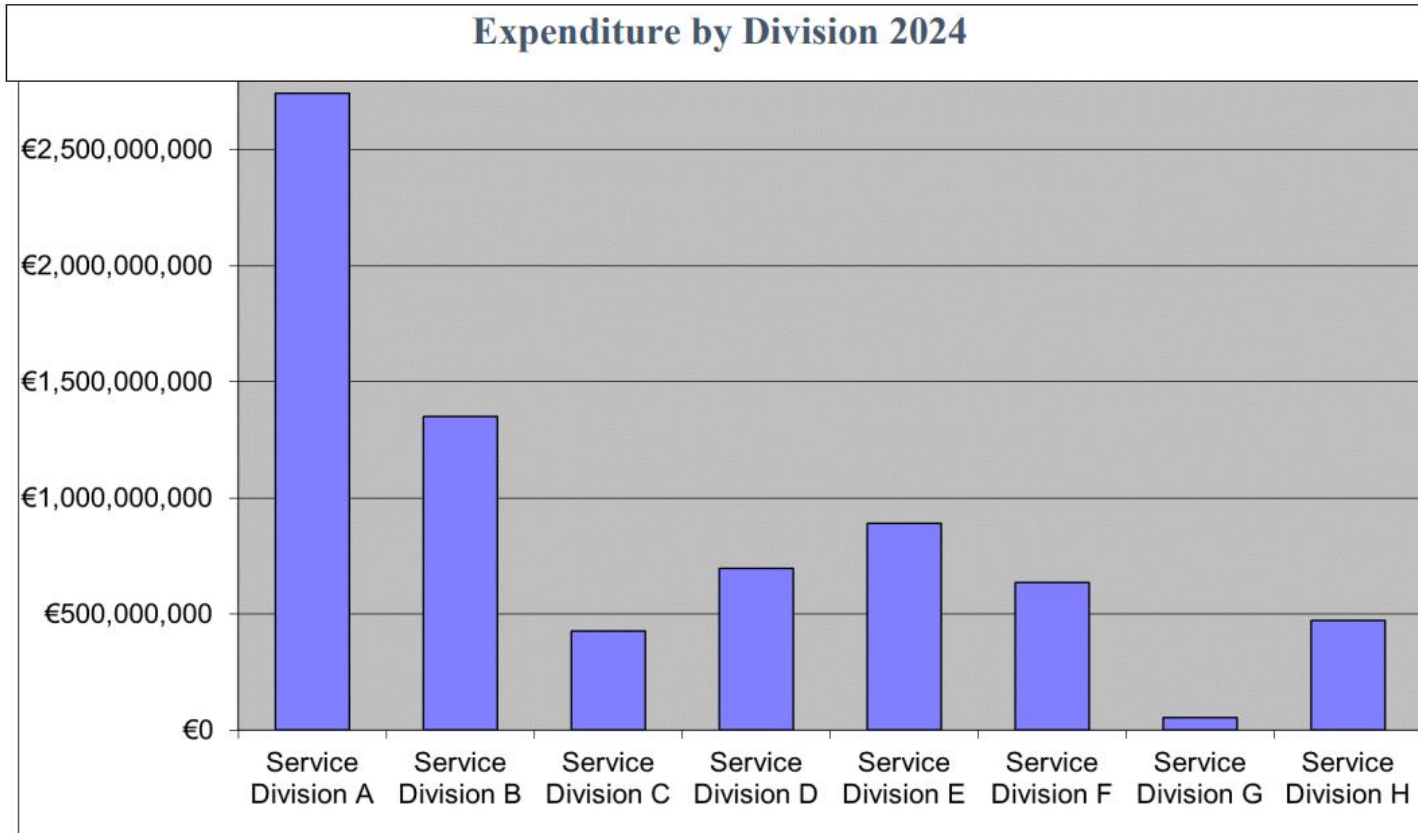
<b>Summary of Current Income and Expenditure by Division 2024</b>		
<b>Division</b>	<b>Expenditure</b>	<b>Income</b>
	<b>€</b>	<b>€</b>
Service Division A - Housing and Building	2,739,973,917	2,570,573,089
Service Division B - Road Transportation & Safety	1,351,552,586	825,948,883
Service Division C - Water Services	424,608,695	371,790,837
Service Division D - Development Management	696,147,342	301,142,072
Service Division E - Environmental Services	889,063,230	234,983,857
Service Division F - Recreation and Amenity	636,498,359	77,836,457
Service Division G - Agriculture, Food and the Marine	55,311,630	24,797,324
Service Division H - Miscellaneous Services	470,591,555	475,506,031
<b>Sub-Total</b>	<b>7,263,747,313</b>	<b>4,882,578,549</b>
Commercial Rates		1,838,424,159
Local Property Tax		503,620,501
Provision for Debit/Credit Balances (1)		-39,124,104
<b>Total</b>	<b>7,263,747,313</b>	<b>7,263,747,313</b>

(1) Debit Balances are shown as plus values and credit balances are shown as minus values

Source – Local Authority Combined Budgets 2024 – gov.ie

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# Local Authority Expenditure



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# Local Authority Expenditure

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

## **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**

# 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

# 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

# Local Authority Income & Expenditure



Capital Income/  
Expenditure



Revenue Income/  
Expenditure

# Local Authority LPT Budget Process – July – Sept 2024

## **Agree budget strategy**

- Departments Heads submit their budgets to Director of Finance
- Director of Finance and Chief Executive will prepare overall draft outline budget
- Chief Executive will commence consultation with CPG
- Consider overall financial position of the local authority
- Consider other financial matters – variation on LPT, Rates on Vacant Buildings/Refunds etc.
- Report on Estimated Income & Expenditure to DHLGH by 30<sup>th</sup> September – EU Rules



# Local Authority LPT Budget Process

## – July – Sept 2024

### Variation on LPT

- Public Consultation on LPT – 30 days
- Reports to Members by CE
- Consider overall financial impact of LPT variation (+/- 15%)
- Consider impact on public & other stakeholders
- Confirm decision on LPT – Reserved function by 30<sup>th</sup> September of each year
- Notification of decision to Revenue Commissioners

# Local Authority LPT Budget Process

## – July – Sept 2024

### Public Consultation on LPT

30-day Period

Report to Members by Chief Executive

Feeds into Budget Strategy

### Meeting on Budgetary Strategy (CPG & Workshops)

Overall Financial Position

Rates on Vacant Premises

Variation on Basic Rate of LPT

Consideration of the GMA

### Decision on LPT Variation

Estimated Income & Expenditure

Financial Position

Estimation of the Financial Effect of the change

Feedback on the Public Consultation

### Report to DHLGH by 30<sup>th</sup> Sept.

Estimated Income & Expenditure Report to DHLGH

Notification to:

- Revenue Commissioner S.
- Minister.
- Public Notice