



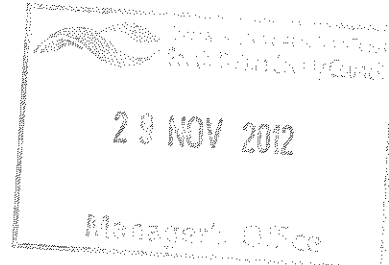
Comhshaol, Pobal agus Rialtas Áitiúil
Environment, Community and Local Government



Oifig an Aire
Office of the Minister

27 November, 2012.

Ms. Emer O'Gorman,
South Dublin County Council,
County Hall,
Tallaght,
Dublin 24



RE: REP6748/PH/12

Dear Ms. O'Gorman,

I have been asked by Mr. Phil Hogan, T.D. Minister for the Environment, Heritage and Local Government, to refer to your recent letter in connection with the Local Government Fund – General Purpose Grant allocation.

General Purpose Grants (GPG) from the Local Government Fund are this Department's contribution to local authorities towards the cost of providing day to day services. Enabling all local authorities to provide a reasonable level of service is one of the stated objectives of the GPG allocation process and this process is structured to ensure that each authority will have sufficient resources, from both central grants and its own local income base to do so. Since the establishment of the Local Government Fund in 1999, very significant levels of funding have been provided to local authorities to improve the quality and range of services being delivered to local communities. In determining these grants a number of factors are taken into account including the overall funding available for this purpose, the estimated cost to each authority of providing a reasonable level of day to day services to their customers, the income each authority could generate from local sources and the necessity to provide each authority with a baseline allocation that will ensure financial stability.

The distribution of GPG funding on a fair basis is, and will remain, a challenging issue and while the Department accepts that there is variation in terms of per capita funding across local authorities, there is also substantial variation in terms of both the costs faced by authorities in providing reasonable levels of service and the level of local income which authorities can feasibly generate to fund those services. Local costs and income levels are affected by a range of factors including population size, density, demographic and geographical distribution and the number of rateable properties and businesses within each authority's boundaries.

Careful consideration is given to the competing demands for resources from all local authorities for the available funding. In this regard, the General-Purpose Grant allocations comprise a flat rate and an element for equalisation. These significant grant payments have reduced the burden that would otherwise have fallen on local charges and commercial rates over this period and have ensured that the funding needs of local authorities have been met in a balanced way.

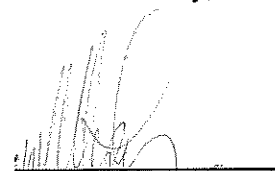


General Purpose Grants are just one of the sources of revenue, and income from sources such as commercial rates, housing rents, environmental and other waste charges and, charges for non-domestic water services provide over half the current funding needs of local authorities. The balance of the funding is provided through specific State Grants. It is a matter for each local authority to determine its own spending priorities in the context of the annual budgetary process having regard to locally identified needs.

It is recognised that the existing revenue base of local authorities is narrow by international standards. This was a consideration in the introduction of the €200 charge on non-principal private residences in 2009. A further broadening of the revenue base for local government was achieved as a result of the introduction of the household charge, as required under the EU/IMF programme of financial support for Ireland. This charge was an interim measure and proposals for a full property tax are being developed. These measures will assist to reduce the costs placed on business.

Given the finite amount of resources available for GPG purposes and the need to ensure that all local authorities are adequately resourced, it is with reference to the overall funding position of each authority, including available local resources, that individual allocations must be calculated. The Minister is satisfied that the level of funding provided to Local Authorities through Local Government Fund General Purpose Grant Payments makes a significant contribution towards enabling the Councils provide a reasonable level of services to the public.

Yours sincerely,


Eddie Kiernan,
Private Secretary