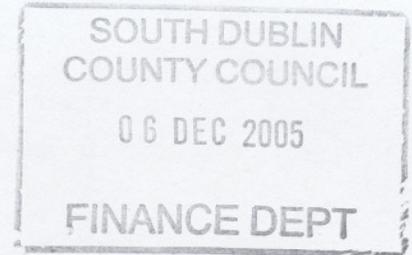


5 December, 2005

Fin 20/2005

Head of Finance
South Dublin County Council



LGF General Purpose Allocations 2006

A Chara,

I am directed by the Minister for the Environment, Heritage and Local Government to inform you that the general-purpose allocation from the Local Government Fund for South Dublin County Council for the year 2006 is €24,638,923. Details of the basis for the calculation of your grant are set out below.

Details of the Allocation

Subject to the paragraph below on global valuations, your 2006 general-purpose allocation comprises the following elements:

- An across-the-board increase of 5% on your authority's 2005 final allocation. This amounts to €1,172,103.
- A sum of €24,757 via the Needs and Resources Model. The model continues to be used to effect equalisation between authorities on a phased basis.

Global Valuations for 2006

The Valuation Act, 2001 provides for the "global valuation" of public utilities and the apportionment of this global valuation between rating authorities on a basis determined by the Minister for Finance. The valuation office has carried out during 2005 a global valuation of telecommunications companies (ESAT BT, Vodafone, O2, Meteor and Eircom) and Bord Gáis and this will be the basis for levying rates in 2006 on these companies.

As was the case with the ESB global valuation last year, the Minister is anxious to ensure that no local authority loses as a direct result of the most recent global valuation. To that end, it has been decided that those authorities which would experience a shortfall in 2006 rates income as a direct result of these new



global valuations will have their general purpose grant increased by the level of shortfall. This will be financed by downward adjustments in the general purpose allocations of local authorities that will gain rates income from the Global Valuation. Those authorities whose general purpose grant is adjusted downwards will still gain significantly more than the adjustment from increased rates income.

An indication of the 2006 gain/loss to your authority in terms of rates income and the level of upward/downward adjustment in your authority's general purpose grant arising from the Global Valuation are as follows:

Gain/(Loss) in Rates income 2006: € 1,615,717

Upward/(Downward) Adjustment in General Purpose Grant: -€282,277

These are indicative estimates only and are based on (1) valuation data supplied by the Valuation Office and (2) individual 2005 Annual Rates on Valuation (ARV) adjusted upwards by 3%. The actual adjustment to be made to your 2006 allocation will be calculated and notified to you following the adoption of all local authority Budgets for 2006 and the determination of 2006 ARVs.

The Valuation Office has also just completed a global valuation of the property of Iarnród Éireann. At this time however, the Valuation Office is unable to provide the Department with details of the effects of this exercise on individual local authorities and as such the Department is not in a position to make adjustments similar to those for the other global valuations discussed above. It is likely that there will be differences, either upwards or downwards, in the rates income of individual authorities as a result of the Iarnród Éireann global valuation. If the outcome of this global valuation, taken together with the effect of the global valuation of the telecommunications companies and Bord Gáis (taking account of any general purpose grant adjustment), results in a net loss to a local authority, the Department will address the issue in the context of a revision of the authority's general purpose grant in due course.

Development Contributions

While development contributions are levied by local authorities to finance the cost of capital works as opposed to current expenditure, the Minister wishes to emphasise the importance of providing detailed information on development levies to the Council in the context of the local authority budgetary process. This will ensure that the budget is not being considered in a vacuum and enables the council to take a wider, more comprehensive, view of the council's financial position and spending plans. In particular, local authorities are requested to provide to the elected members of the council, in the context of the budget meeting:

- an estimate of the amount of development levies that will be collected in 2005,
- an up-to-date statement of the total balance of development levy income on hands, and
- an indicative statement of the council's proposals to utilise this balance.

Needs and Resources Model

The Department has, for the 2006 allocations, again refined parameters/targets/weightings in the Needs and Resources Model.

With a view to enhancing the level of information and understanding of the Model, the Department has developed, and will provide to all local authorities, a suite of reports from the model on the 2006 allocations. As you know, the Department held seminars for local authorities on the new reports during the year. The new reports are:

An Adjustment Report which is an expanded and revised version of the "Appendix 11" report which issued hitherto. This will allow local authorities to check the statistical details they entered as well as showing how the model treated each service and will identify potential areas for generating efficiencies in either expenditure or income.

An "Allocation by Priority" report which will show how funding is allocated by programme group and

A report showing the adjustments to allocations between Stage 1 and the Final allocation stage.

These reports will be circulated shortly and will be accompanied by a detailed note on each, as well as details of the target values used for 2006. These reports will complement the comprehensive documentation outlining how the model operates and how allocations are calculated which was circulated earlier this year. The model will, of course, continue to be the subject of continuing

review and the views of local authorities in this regard will be welcome.

The allocation of the equalisation element of the grant through the model (€16.3m for 2006) was based on data submitted by you. These data are subject to audit. In the event that incorrect data were supplied which led to a greater than warranted allocation, the allocation may be adjusted downwards.

Rates and Local Charges

The allocations now being notified represent a significant contribution towards the current expenditure needs of your authority. These increases especially when taken in the context of increases in general purpose grants over recent years, far outpace the rate of inflation and provide local authorities with a significant contribution towards their current expenditure needs for 2006. In that context, the Minister has specifically requested that in order to support competitiveness in the economy and to protect the interests of communities, local authorities should to the greatest extent possible ensure that they exercise restraint in setting any increases in commercial rates and local charges for 2006.

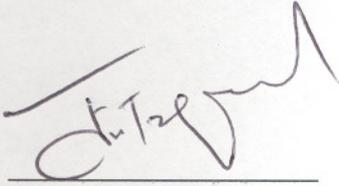
Value for Money

In determining these allocations, the Minister has taken into account the wide range of increasing costs which will arise for local authorities in 2006 including, for example, pay costs. The Minister is aware that local authorities have taken steps to enhance the efficiency of their operations and to deliver value for money. He wishes to encourage all local authorities to continue this process and to widen and deepen their examination of the scope for efficiencies and rationalisation of expenditure arrangements in all service areas in 2006. One area which authorities are encouraged to examine is the potential for alternative service delivery arrangements including the potential, where appropriate, of contracting-out services and of sharing services between local authorities. In addition, local authorities are asked to re-evaluate their operations against the Value for Money Studies which have been completed by the Value for Money Unit of the Department over the years.

Queries on Allocations/Needs & Resources

Queries in relation to this circular may be made to the relevant personnel set out in the Appendix attached.

Mise le meas,

A handwritten signature in black ink, appearing to read 'John Fitzgerald', written over a horizontal line.

John Fitzgerald,
Principal Officer,
Local Government Finance Section.

To:
Heads of Finance in County and City Councils
Town Clerks in Town and Borough Councils

Local Authority Area	Executive Officer	Higher Executive Officer
Carlow	Paul Furey	Brendan Buggy
Cavan	Paul Furey	Paschal Stephens
Clare	Sarah Heneghan	Catriona o'Grady
Cork	Sarah Heneghan	Catriona o'Grady
Donegal	Paul Furey	Brendan Buggy
Dublin City	Colin Hehir	Mary Quinn
Dun Laoghaire/ Rathdown	Paul Furey	Paschal Stephens
Fingal	Paul Furey	Paschal Stephens
Galway	Paul Furey	Brendan Buggy
Kerry	Breda Vaughan	Paschal Stephens
Kildare	Paul Furey	Brendan Buggy
Kilkenny	Paul Furey	Brendan Buggy
Laois	Paul Furey	Brendan Buggy
Leitrim	Paul Furey	Brendan Buggy
Limerick	Breda Vaughan	Paschal Stephens
Longford	Paul Furey	Brendan Buggy
Louth	Paul Furey	Brendan Buggy
Mayo	Paul Furey	Brendan Buggy
Meath	Paul Furey	Brendan Buggy
Monaghan	Paul Furey	Brendan Buggy
Offaly	Paul Furey	Brendan Buggy
Roscommon	Paul Furey	Brendan Buggy
Sligo	Paul Furey	Brendan Buggy
South Dublin	Paul Furey	Paschal Stephens
Tipperary N.R.	Sarah Heneghan	Catriona o'Grady
Tipperary S.R.	Sarah Heneghan	Catriona o'Grady
Waterford	Sarah Heneghan	Catriona o'Grady
Westmeath	Paul Furey	Brendan Buggy
Wexford	Colin Hehir	Mary Quinn
Wicklow	Paul Furey	Brendan Buggy
Staff member	Contact details	
	Phone No.:	E-mail address:
Brendan Buggy	01 8882476	brendan_buggy@environ.ie
Paschal Stephens	01 8882799	paschal_stephens@environ.ie
Paul Furey	01 8882460	paul_furey@environ.ie
Colin Hehir	01 8882464	colin_hehir@environ.ie
Catriona o'Grady	01 8882463	catriona_o'grady@environ.ie
Sarah Heneghan	01 8882602	sarah_heneghan@environ.ie
Breda Vaughan	01 8882462	breda_vaughan@environ.ie
Mary Quinn	01 8882459	mary_quinn@environ.ie
Noel O'Reilly	01 8882482	noel_o'reilly@environ.ie