



27 July 2016

Circular Fin 04/2016

Chief Executive

cc. Head of Finance

**Provisional Local Property Tax Allocations 2017 – South Dublin County
Council**

A Chara,

I am directed by the Minister for Housing, Planning, Community and Local Government to inform you that the provisional Local Property Tax (LPT) allocations from the Local Government Fund for 2017 have been agreed and your authority's allocation is set out below. LPT Allocations have been calculated using the Revenue Commissioners' projections of net declared liabilities of €447m post variation in 2016 (as set out in Appendix B to this document). On a pre-variation basis, the full 2016 net declared liability amounts to €484m and this is the estimate applied to the provisional LPT allocations process for 2017.

Local Retention of Local Property Tax

A new funding model, based on local retention of Local Property Tax, was first introduced in 2015. It aims to benefit local ownership and financial autonomy, achieve improved outcomes and greater engagement between local electors and their local authorities. It is also recognised that local authorities' cost and income bases vary significantly from one another. The ability to raise additional revenue varies considerably among local authorities and some require extra financial support in order to meet the costs of service delivery.

Revised 2017 LPT Baseline to include Pension Related Deductions

Since 2015, all authorities' minimum provisional LPT allocations were linked to the former General Purpose Grant (GPG) 2014 baseline level. For 2017, the main change in the mechanism around LPT allocations will be the inclusion of Pension Related Deductions (PRD) in a revised LPT Baseline. This new LPT baseline (minimum requirement for funding) incorporates PRD equivalent to the levels retained by local authorities in 2014 along with the former GPG 2014 baseline level.

The Government has also agreed that no local authority will be any worse off in their pre-variation LPT discretionary allocation compared to the sum of their 2016 equivalent plus PRD amounts retained by them in 2014. This is to ensure that all authorities retain the full benefit of including PRD in the revised LPT Baseline. PRD deductions currently retained by local authorities as an income stream will, from 2017 on, be remitted directly to the Exchequer. Accordingly, there will be no further compensation, similar to that provided in 2016, to assist local authorities to meet the costs arising from changes in PRD under the Lansdowne Road Agreement.

South Dublin County Council's new LPT Baseline is €3,856,262.

Equalisation

The Government also reaffirmed its intention to continue with 80% retention of all Local Property Tax receipts within the local authority area where the Tax is raised. The remaining 20% of the Tax collected nationally will be re-distributed on an equalised basis to local authorities, within the context of the annual allocations of LPT, to ensure that all authorities receive, at a minimum, an amount equivalent to their revised LPT baseline as set out above. This 20% for equalisation will be based on the total expected level of LPT in each local authority area and will not be adjusted if the basic rate of LPT is varied. Based on its surplus position when expected 2017 LPT receipts are compared to the 2017 LPT Baseline, South Dublin County Council will not be in receipt of equalisation funding in 2017.

Self-Funding

Some local authorities will receive greater levels of funding in 2017 from the Local Government Fund as a result of local retention of LPT compared to their LPT Baseline. The Government has decided that these local authorities will have the surplus allocated in two ways:

- Part of the surplus up to the equivalent of 20% of total expected LPT income (or the full amount of the surplus if that is less than 20%) can be used as additional discretionary income by local authorities for whatever purposes they wish as part of their normal budgetary process; and

- The remainder of the surplus, if any, will then be available to the local authority to fund services in the housing and/or roads areas thereby replacing Central Government funding for some of these services. Authorities are expected to continue providing such services regardless of the changed approach to funding.

Based on its surplus position when expected 2017 LPT receipts are compared to the 2017 LPT Baseline, South Dublin County Council will be required to self-fund services in the Housing and Roads areas.

The specific detail of the level of Central Government Voted grants funding to be provided to local authorities is a matter that will be considered, as normal, as part of the Estimates process.

Provisional Local Property Tax allocation to South Dublin County Council in 2017

The Local Property Tax allocation for South Dublin County Council for 2017 **(pending any decision to locally vary the basic rate)** is **€25,109,705**. As a local authority that will be in receipt of 2017 LPT income in excess of the LPT Baseline, South Dublin County Council will be entitled to retain an amount of this surplus funding equivalent to 20% of the total expected LPT yield or €6,277,426 for their own discretionary purposes, e.g. to fund additional budget items, reduce borrowing, etc. South Dublin County Council will be required to use the remainder of the surplus to self-fund some specified services in Housing and Roads areas to the value of €14,976,017. Details of the self-funding breakdown between Housing and Roads, capital and revenue will issue in a separate circular.

Variation

Every local authority has the power, from 1 July 2014, to vary the basic rate of LPT by up to 15%. It should be noted that if South Dublin County Council decides to vary the LPT basic rate upwards (by up to 15%) in 2017, it will retain 100% of the resultant additional income collected in the local authority area. Similarly, if South Dublin County Council decides to vary the LPT basic rate downwards (by up to 15%) in 2017, the resultant loss in LPT income will be reflected in reduced LPT funding to the authority.

Please refer to the table in **Appendix A**, which sets out the basis for the allocation.

2016 Local Property Tax (LPT) Statistics and Property Valuation Bands

2016 Local Property Tax (LPT) Preliminary Statistics and Property Valuation Bands were provided to this Department by the Revenue Commissioners as at June 2016. This information is being provided for statistical purposes only to assist in the

consideration of the local adjustment factor for 2017 LPT, as set out in section 20 of the Finance (Local Property Tax) Act 2012.

LPT statistics set out in Appendix B to this document outline the following:

- 2016 LPT Exempt (additional to declared liabilities)
- 2016 LPT Amounts Declared
- 2016 LPT Amounts Deferred
- 2016 Net LPT Position

The projected amounts for 2016 LPT reflect any local decision to lower the basic rate by the local adjustment factor in 2016, i.e. data provided is post variation. This is of course subject to normal fluctuations that may be caused by transfers in property ownership and the on-going compliance campaign in operation by the Revenue Commissioners.

In accordance with section 152 of the Finance (Local Property Tax) Act 2012, the Department requested information in relation to property valuation bands for each local authority area from the Revenue Commissioners.

The Revenue Commissioners have requested that the following would be clarified in relation to the data set out in the table hereunder:

- The data provided represents valuation bands based on property values as at the 1 May 2013 valuation date;
- Any differences in the percentages are due to rounding; and
- The figures are based on preliminary analysis of returns filed and other Local Property Tax related information; of necessity, a certain amount of estimation has been required.

LPT 2016 Valuation Bands	0-100,000	100,001- 150,000	150,001- 200,000	200,001- 250,000	250,001- 300,000	Over 300,000
South Dublin County Council	6.9%	18.1%	27.2%	19.3%	10.3%	18.1%

Local Authorities will be advised of any further information once it becomes available.

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Rory O'Leary

Assistant Principal

Local Government Finance

Appendix A

South Dublin County Council - 2017 LPT Allocation (Pending any decision to vary the basic rate)

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LPT 100%	<u>31,387,132</u>
LPT 20% to Equalisation Fund	<u>6,277,426</u>
LPT Retained Locally (80%)	25,109,705
2017 LPT Baseline	<u>3,856,262</u>
2017 Surplus (LPT Retained Locally – 2017 LPT Baseline)	<u>21,253,443</u>

Amount of Surplus to be retained for Discretionary

Purposes (20% of basic rate of LPT income)	6,277,426
Balance of Surplus to Self-Fund Housing and Roads Services	<u>14,976,017</u>
	<u>21,253,443</u>

Total LPT Funding to be provided in 2017 **€25,109,705**

Value of potential increase or decrease in 2017 LPT Allocation

for every 1% of variation implemented +/- 313,871

Appendix B – 2016 LPT Preliminary Statistics, post application of the 2016 Local Adjustment Factor (June 2016) Revenue Commissioners

Local Authority	LPT 2016 Exempt	LPT 2016 Declared	LPT 2016 Deferred	Net LPT 2016 Post Variation
Carlow County Council	€129,275	€4,019,608	€75,915	€3,943,693
Cavan County Council	€123,345	€4,482,978	€80,910	€4,402,068
Clare County Council	€181,343	€8,642,021	€119,865	€8,522,156
Cork City Council	€303,025	€10,083,478	€195,172	€9,888,306
Cork County Council	€1,056,319	€39,090,672	€504,880	€38,585,792
Donegal County Council	€227,295	€11,018,127	€170,550	€10,847,577
Dublin City Council	€2,333,124	€68,946,818	€1,399,401	€67,547,417
Dún Laoghaire-Rathdown CC	€1,408,979	€44,557,210	€652,957	€43,904,253
South Dublin County Council	€939,016	€32,950,805	€550,688	€32,400,117
Galway City Council	€156,225	€8,205,172	€100,350	€8,104,822
Galway County Council	€347,559	€14,735,590	€181,328	€14,554,262
Kerry County Council	€341,100	€14,224,659	€165,308	€14,059,351
Kildare County Council	€503,427	€20,215,058	€315,570	€19,899,488
Kilkenny County Council	€238,667	€7,521,154	€102,555	€7,418,599
Laois County Council	€130,655	€4,983,937	€80,685	€4,903,252
Leitrim County Council	€82,620	€2,146,298	€27,720	€2,118,578
Limerick City and County Council	€413,413	€15,929,374	€261,293	€15,668,081
Longford County Council	€77,653	€2,077,954	€37,289	€2,040,665
Louth County Council	€239,877	€9,496,299	€203,463	€9,292,836
Mayo County Council	€215,550	€10,516,521	€128,880	€10,387,641
Meath County Council	€416,820	€17,770,269	€327,465	€17,442,804
Monaghan County Council	€86,217	€3,562,495	€58,302	€3,504,193
Offaly County Council	€107,865	€4,986,855	€90,450	€4,896,405
Roscommon County Council	€123,825	€4,027,696	€56,138	€3,971,558
Sligo County Council	€185,200	€5,314,813	€70,853	€5,243,960
South Dublin County Council	€616,254	€27,248,698	€569,636	€26,679,062
Tipperary County Council	€329,265	€11,988,117	€182,768	€11,805,349
Waterford City and County Council	€261,513	€9,429,080	€162,653	€9,266,427
Westmeath County Council	€158,929	€6,481,438	€103,208	€6,378,230
Wexford County Council	€301,335	€12,398,422	€242,190	€12,156,232
Wicklow County Council	€466,306	€17,375,433	€319,100	€17,056,333
Totals	€12,501,995	€454,427,043	€7,537,536	€446,889,507

Note 1: This analysis is preliminary; there is a small element of estimation in regard to the distribution of amounts by Local Authority.

Note 2: The LPT Declared amount includes declared amounts from returns filed to date, deferred amounts and amounts due on foot of instructions sent to employers and pension providers to collect LPT by way of mandatory deduction at source.

Note 3: The figures include LPT amounts for properties owned by Local Authorities and Approved Housing Bodies.

Note 4: The exemption amounts set out above are based on claims made and will be subject to certain verification checks. In addition, the full effects of exemptions are not reflected in the statistics as where an exemption was claimed, the property owner was not always required to value their property.