**MEETING OF South Dublin COUNTY COUNCIL**

**10th September 2018**

**Consideration of variation of the basic rate of the Local Property Tax**

**Introduction:**

The Local Property Tax (LPT) became effective from 1 July 2013 and is an annual self-assessed tax which is applied to the market value of residential properties. The charge is administered by the Revenue Commissioners and the proceeds are accounted for as exchequer funding in the national Budget. An amount equivalent to annual LPT receipts are assigned to the Local Government Fund by the Minister for Finance and distributed to local authorities by the Minister for Housing, Planning, and Local Government.

**Role of elected members in relation to setting of local adjustment factor:**

Section 20 of the Finance (Local Property Tax) Act 2012 (*as amended by Section 5 of the Finance (Local Property Tax) (Amendment) Act 2013*) provides each Local Authority with the power to vary the basic rate of the Local Property Tax within its administrative area (by a maximum of plus or minus 15% of the basic rate). Section 20 of the 2012 Act was commenced with effect from the 1st of July 2014 by the Finance (Local Property Tax) Act 2012 (Specified Date) Order 2012.

The Local Property Tax (Local Adjustment Factor) Regulations 2014 require that before determining whether or not to pass a resolution to vary the basic rate of local property tax, there are certain matters to which the local authority must have regard including:

1. **Report on Income and Expenditure**
2. **Financial position of the local authority**
3. **Financial effect of variation**
4. **Outcome of public consultation process**

Reports have been prepared for each of these headings**.**

It is important to note that the Member’s decision in this respect, applies for a period of one year from the next local property tax liability date. The 15% reduction to the basic rate of LPT, passed by the Members on 25th September 2017, applied for the period 1st November 2017 (liability date) to 31st October 2018. The rate reverts to the basic rate at the 1st November 2018, i.e. the pre-adjusted rate, and the Elected Members must now consider whether to reduce the basic rate, leave it unaltered or increase it for 2019.

**1. Report on Income and Expenditure:**

* 1. **Local Property Tax Income Allocation 2018**:

In 2018 80% of LPT income collected was retained locally with the remaining 20% paid into an equalisation fund to ensure no local authority was worse off from local retention of LPT in 2018 compared to General Purpose Grant allocations in 2014.

Of the 80% retained locally (€25.2m) an amount of €6.3m was allocated as additional discretionary funding with the proviso that the cost of any local variation of the basic rate of LPT must be funded from this element of the allocation. A decision was taken by the Council to reduce LPT by 15% at a meeting of the Council held on 25th September 2017. The cost of funding this reduction amounted to €4.7m thereby reducing the discretionary element of the allocation to €1.6m.

The LPT baseline allocation for 2018 remained at €3,856,262, which is the same as 2017.

The remainder of the allocation amounting to €15.1m was assigned by the Department of Housing, Planning and Local Government to self-fund some services in housing and roads.

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| **Analysis of Local Property Tax allocation 2018** |
|  |  |
| **Local Property Tax allocation 100%** | **€31,509,341** |
| **Less : 20% Equalisation Fund** | **€6,301,868** |
| **LPT Retained Locally 80%** | **€25,207,473** |
| **Less : LPT surrendered via 15% variation** | **€4,726,401** |
| ***Post variation allocation 2018*** | **€20,481,072** |
|  |  |
| ***Assigned to :*** |  |
| **Discretionary 2018 expenditure (Revenue Budget)\***  | **€5,431,700** |
| **Local roads maintenance and improvement (Revenue Budget)** | **€2,886,900** |
| **Housing Assoc./Vol. Body loan repayments (Revenue Budget)** | **€2,279,500** |
| ***(Total assigned to Revenue Budget)*** | **€10,598,100** |
| **Housing Capital Projects (Capital)** | **€9,882,972** |
| ***Post variation allocation 2018*** | **€20,481,072** |
| **\*€3,856,262 (Baseline) + €1,575,467 (Post variation discretionary Income)** |   |

**1.2 Local Property Tax Income Allocation 2019**:

Department of Housing, Planning and Local Government (DHPCLG) circular Fin 04/2018 dated 19th July 2018 re-affirms the Government’s intention that 80% of LPT income collected will be retained locally and the 20% balance will to be paid into an equalisation fund.

The Council’s LPT allocation for 2019 is €25,289,144 representing 80% of the LPT income of €31,611,431 that it is anticipated will be collected in the South Dublin County administrative area in 2019. The Department has advised that this income will be allocated as follows:

1. An amount of €3,856,262 is allocated as the 2019 Baseline LPT figure and is the same amount as was allocated as the 2018 Baseline figure.
2. 20% of the 2019 LPT income collection amounting to €6,322,286 is provided for allocation at the discretion of the Council. The net proceeds from this allocation is available as discretionary income to fund enhanced or additional services, develop community facilities or to reduce commercial rates. This is the element of LPT income which will reduce or increase if the Council decide to vary the basic rate of the LPT for 2019.
3. The balance of €15,110,596 will be allocated by the DHPLG to fund social housing and roads services.

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| **Analysis of Local Property Tax allocation 2019** |
| **2018 LPT Baseline Allocation**  | **€3,856,262** |
| **Discretionary LPT income (20% of anticipated LPT income) 2018** | **€6,322,286** |
| **To self-fund Housing and Roads transportation services** | **€15,110,596** |
| **Total LPT allocation 2018** | **€25,289,144** |

The following table sets out details of the Council’s LPT allocation 2019 compared with that for 2018 before any decision is taken on the local adjustment factor.

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| --- |
| **South Dublin County Council** |
| **LPT Allocation (Pending and decision to vary the basic rate)** |
|   | 2019 | 2018 |
| Projected Gross LPT Income for County | €31,611,431 | €31,509,341 |
| Less amount allocated to Equalisation Fund – 20% | €6,322,286 | €6,301,868 |
| **LPT retained locally – 80%** | **€25,289,144** | **€25,207,473** |
|   |   |   |
| Allocated as follows: |   |   |
| Assigned for discretionary purposes - including variation of basic rate | €6,322,286 | €6,301,868 |
| Baseline Allocation | €3,856,262 | €3,856,262 |
| Balance to self-fund Housing and Roads Services | €15,110,596 | €15,049,343 |
| **LPT allocation**  | **€25,289,144** | **€25,207,473** |
|   |   |   |
| Cost of Variation if 15% reduction is applied  | €4,741,715 | €4,726,401 |
| Discretionary allocation if 15% reduction is applied | €1,580,572 | €1,575,467 |

**1.3 Cost/Gain from varying the basic rate of the LPT**:

The estimated LPT collection in the South Dublin County administrative area in 2019 is €31,611,431 and the cost of funding or gain from each 1% reduction/increase to the basic rate amounts to €316,114. This will result in a total funding requirement of €4,741,715 if a decision is taken to apply the maximum reduction of 15%.

|  |  |
| --- | --- |
| **Projected South Dublin Co. Co. LPT Income** | **2019** |
| ***Cost or Gain from:*** |
| 1% Variation | €316,114 | 9% Variation | €2,845,029 |
| 2% Variation | €632,229 | 10% Variation | €3,161,143 |
| 3% Variation | €948,343 | 11% Variation | €3,477,257 |
| 4% Variation | €1,264,457 | 12% Variation | €3,793,372 |
| 5% Variation | €1,580,572 | 13% Variation | €4,109,486 |
| 6% Variation | €1,896,686 | 14% Variation | €4,425,600 |
| 7% Variation | €2,212,800 | 15% Variation | €4,741,715 |
| 8% Variation | €2,528,914 |   |   |

A reduction to the basic rate of LPT will be funded through the discretionary element of the LPT allocation e.g. if the maximum reduction is applied, the discretionary element of the LPT funding will reduce from €6,322,286 to €1,580,572. Conversely an increase to the basic rate will be added to the discretionary element of LPT e.g. if the maximum increase is applied, the discretionary element of the LPT funding will increase to €11,064,001.

**1.4 Preparation of Budget 2019:**

The 2019 Budget will be prepared on a phased basis with input from the Corporate Policy Group (CPG), Members and Chief Executive at differing stages of the process. The Local Government (Financial and Audit Procedures) Regulations 2014 and Circular Fin 05/2018 made provision for an outline budget strategy prepared in consultation with the CPG, and submitted to the DHPLG by 14th September 2018.

The CPG discussed the 2019 Budget strategy and the variation of the Local Property Tax (LPT) on 2nd July 2018 and confirmed the basic assumptions and the broad parameters for Budget 2019. Following DHPLG clarification via Circular Fin 04/2018 regarding local retention of LPT and receipt of the details of the LPT Allocation 2019, the CPG met again on 3rd September 2018 to review and agree an overview of Budget 2019. The strategic budgetary decisions were discussed on the basis of information known at the time of these meetings. Further details are awaited about the impact of the national budget on other aspects of the council’s income and expenditure for 2019.

**1.5 Local Property Tax Reviews**:

There are currently two reviews underway in relation to the Local Property Tax.

One review is being undertaken by the Mr. Pascal Donohoe T.D., Minister for Finance and Public Expenditure, which is looking in particular at the impact on LPT liabilities in the context of property price developments in advance of the revaluation date on the 1st November 2019. The purpose of the review is to inform the Minister in relation to any actions he may recommend to Government concerning the overall yield from LPT, its contribution to total tax revenue and the best way of achieving that objective. The review group are expected to report to the Minister before the end of the summer 2018.

The second review is being under taken by Mr. Eoghan Murphy T.D. Minister for Housing, Planning, and Local Government. This review is looking at the methodology used to determine local authority funding baselines to inform the distribution of available funding for general, non-infrastructure (operational) purposes i.e. funding not specifically provided in respect of housing, roads or other local authority infrastructure. The review will, insofar as is possible, develop a methodology for distributing the available funding that brings greater balance and equity of funding outcomes for local authorities. This review is expected to be complete before the autumn 2018.

**1.6 National Budget**:

The Estimated Income and Expenditure for 2019 is based on an assumption that State grants and subsidies will be continued at 2018 levels adjusted by known activity changes in 2019 (e.g. rental accommodation scheme payments etc.). An adjustment has also been made to account for the funding of some housing and road grants from LPT. It should be noted that adjustments could apply to schemes for which grants and subsidies are currently allocated to the Council as “*the specific detail of the level of Central Voted grants funding to be provided to local authorities is a matter that will be considered, as normal, as part of the Estimates process.”* Details of the National Budget 2019 will become available on 9th October 2018.

**1.7 Key dates:**

* The Revenue Commissioners and the Minister for Housing, Planning, and Local Government must be notified by **30 September** **2018** if the council decides to vary the basic rate of the LPT for 2019.
* In addition a preliminary estimation of Revenue and Capital Income and Expenditure 2019 must be submitted to the DHPLG by **14 September** **2018** to meet EU budgetary timelines.
* Consultation with the CPG about the parameters and content of the 2019 Budget will continue as will the group’s input into the budget strategy in the coming weeks.
* The 2019 National Budget will be presented to Dáil Éireann on 9th October and this will be followed by commitments from the DHPLG and other funding bodies to contribute funds for specific operational and capital programmes.
* The 2019 Budget meeting must be scheduled within the prescribed period of 1st to 30th November 2018. Once commenced the meeting can be adjourned for up to 14 days from the date of the initial meeting (hence Budget 2019 must be adopted by 12th December, 2018).
As the South Dublin County Council Budget meeting is scheduled for **Thursday 15th November 2018** the budget must be adopted by Wednesday 28th November 2018 at latest.

**1.8 Basis of preparation of Report on Income and Expenditure:**

As the timing of the preparation of this report predates both the national budget and the preparation of the Council’s draft Budget 2019, the Report on Income and Expenditure (as per table below) is based on the current year’s budget adjusted to take account of changes affecting Local Property Tax income and any other anticipated changes impacting grants, subsidies and activities.

Some preliminary work has also been carried out to project payroll and loan charges for 2019. This work will continue for remaining expenditure and income provisions in the context of the budget strategy during the development of the draft budget in October 2018. This timing also allows for greater certainty in relation to anticipated changes in activity levels and other grant allocations.

The following table sets out the Estimation of Income and Expenditure and is prepared in accordance with the Format prescribed in Schedule 1 of the Local Property Tax (Local Adjustment Factor) Regulations 2014.

**1.9 Estimation of 2019 Income and Expenditure of South Dublin County Council**

It should be noted that the 2019 LPT income is based on the 2018 revenue budget allocation with no reduction in the basic rate. Any decision to vary will be reflected in a corresponding reduction of Other Expenditure.

|  |  |  |
| --- | --- | --- |
|  | **Budget 2018** | **Estimated 2019** |
| **Income** | **€** | **€** |
| Commercial Rates  | 121,699,400 | 121,699,400 |
| LPT  | 10,598,100 | 15,344,948 |
| Grants & Subsidies | 51,487,300 | 54,277,400 |
| Other Income | 48,646,500 | 47,010,400 |
| **Total Income** | **232,431,300** | **238,332,148** |
|  |  |  |
| **Expenditure** |  |  |
| Payroll Expenses | 73,442,200 | 79,001,700 |
| Loan interest & principal repaid | 10,425,200 | 8,873,000 |
| Social Benefits (transfer payments to households) | 33,958,600 | 37,856,800 |
| Capital grants paid | 2,131,100 | 2,191,100 |
| Other expenditure | 112,474,200 | 110,409,548 |
| **Total Expenditure** | **232,431,300** | **238,332,148** |

**2. Report on the Financial Position of South Dublin County Council**

**2.1 Report on the Financial Position of South Dublin County Council**

The table below sets out the financial position of the Council in the format required in the Local Property Tax (Local Adjustment Factor) Regulations 2014 and is based on the financial position as at 30 June 2018.

|  |
| --- |
| **Financial Position of South Dublin County Council** |
|  |
|   | ***at 30/6/2018*** |
| **ASSETS** |  |
| Current Assets | **326,674,000** |
| General revenue reserve | **17,997,660** |
| Loans receivable | **154,491,278** |
|   |  |
| **LIABILITIES** |  |
| Current liabilities | **107,496,781** |
| General revenue reserve |  |
| *Loans Payable* |  |
|  Voluntary housing/mortgage loans | **126,317,346** |
|  Non mortgage loans | **55,783,856** |
|   |  |
| **INDICATORS** |  |
| Ratio of loans payable to revenue income | **79%** |
| Ratio of current assets to current liabilities |  **3:1** |

**2.2 Indicators:**

**Ratio of loans payable to revenue income: 79%**

This ratio otherwise known as the gearing ratio reflects the Council’s ability to repay its loans with its revenue income and falls within the recommended range.

**Ratio of current assets to current liabilities: 3 :1**

This ratio otherwise known as the liquidity ratio reflects the Council’s ability to pay its current liabilities and also falls within the recommended range.

Both indicators reflect that the Council’s financial position is reasonably stable.

**2.3 Current assets:**

|  |  |
| --- | --- |
|  | **Current assets @ 30/6/2018** |
|  |  **€’M** |
| **Trade debtors & prepayments (net of provisions)** | **122.1** |
| **Cash & Bank** | **201.2** |
| **Due within 1 Year** |  **3.3** |
|  |  |
| **Total** | **326.6** |

**2.4 Current liabilities:**

|  |  |
| --- | --- |
|  | **Current liabilities @ 30/6/2018** |
|  |  **€’M** |
| **Creditors & Accruals** | **26.5** |
| **Comm. Rates (2nd Moiety 2018)** | **60.8** |
| **Deferred income** | **11.0** |
| **Due within 1 Year** |  **9.1** |
|  |  |
| **Total** | **107.4** |

**2.5 General Revenue Reserve:**

The general revenue reserve reflects the cumulative revenue account surplus or deficit. South Dublin is presently in surplus from Revenue Account operations over an extended period of time. A deficit on the revenue account balance would indicate that the council had incurred more expenditure than income earned over a previous period - if a deficit is not addressed the council would ultimately encounter cash flow problems, which would hinder future operations.

The council has a general reserve of €17.9M at 30th June 2018, which includes a €5.8 surplus for the period to 30th June 2018 plus the revenue reserve of €12.1M reported in the balance sheet to 31st December 2018. The surplus to 30th June 2018 does not take account of the seasonal nature of operations and services and is not reflective of the likely year end outturn.

Since 2009, in common with all local authorities, the Council has been subject to the provisions of Circular Fin 03/2009 Control and Monitoring of Local Authority Contribution to General Government Balance. This circular requires local authorities to keep their capital, revenue and bank accounts in balance each year and as a result revenue and capital expenditure can only be incurred by local authorities in any financial year to the extent that corresponding income is received.

**3. Impact of variation of Basic Rate of LPT:**

Section 17 of the Finance (Local Property Tax) Act 2012 provides for the calculation of the Local Property Tax charge for liable properties. The charge is calculated by multiplying the mid-point of the valuation band that the property falls into by the basic rate.

**Economic impact of a 5%, 10% or 15% LPT reduction for the property owner**



The following information was provided by the Revenue Commissioners in relation to property valuation bands in the South Dublin administrative area. It is based on property values at the 1 May 2013 valuation date together with returns filed to date. It indicates that 51% of properties registered to the South Dublin administrative are in valuation bands less than €200,000. In 2017 liable persons on average would have paid €267.75 based on the 15% reduction applied (i.e. an annual reduction of €47.25).

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
| **LPT 2017 Valuation Bands**  | **€0 to €100,000**  | **€100,001 to €150,000**  | **€150,001 to €200,000**  | **€200,001 to €250,000**  | **€250,001 to €300,000**  | **Over €300,000**  |
|  |   |   |   |   |   |   |
|  |  |  |  |  |  |  |
| **South Dublin County Council** | **7.3%** | **17.8%** | **26.3%** | **19.1%** | **10.2%** | **19.3%** |
|  |   |   |   |   |   |   |

**Economic impact on South Dublin if the 2019 LPT is varied:**

|  |  |  |
| --- | --- | --- |
|  | **South Dublin County Council** | **Discretionary LPT Allocation 2019** |
|   |   |   |
| **Local Property Tax 2019** | **€31,611,431** |   |
|   |   |   |
| 80% of LPT Retained | €25,289,144 |   |
| Reduction to State funding for Housing & Roads Services | -€15,110,596 |   |
| Baseline allocation | -€3,856,262 |   |
|   |   |  |
| Available for local activities & projects if no change to the local property tax for 2019 | €6,322,286 | €6,322,286 |
|   |   |   |
| Projected cost of a 5% local adjustment factor reduction in 2019 | -€1,580,572 | €4,741,714 |
|   |   |   |
| Projected cost of a 10% local adjustment factor reduction in 2019 | -€3,161,143 | €3,161,143 |
|   |   |   |
| Projected cost of a 15% local adjustment factor reduction in 2019 | -€4,741,715 | €1,580,571 |
|   |   |   |
| Projected additional income from a 5% local adjustment factor increase in 2019 | €1,580,572 | €7,902,858 |
|   |   |   |
| Projected additional income from a 10% local adjustment factor increase in 2019 | €3,161,143 | €9,483,429 |
|   |   |   |
| Projected additional income from a 15% local adjustment factor increase in 2019 | €4,741,715 | €11,064,001 |

A reduction to the basic rate of LPT must be funded from the discretionary element of the LPT allocation. The discretionary element of LPT allocated to South Dublin County Council for 2019 will reduce from €6,322,286 to €1,580,572 if the maximum reduction is applied.

**4. Report on Outcome of Public Consultation Process**

The Local Property Tax (Local Adjustment Factor) Regulations 2014 made provision for a minimum consultation period of 30 days by a local authority with the public in its administrative area. The consultation process was initiated to facilitate members of the public to make known their views about the potential impact of varying the LPT on individuals, businesses and local authority services.

This Council commenced the public consultation process on the 4th July, 2018 by the placing of a notice in the local and national newspapers and on the Council’s website inviting submissions from the public with a closing date of 8th of August, 2018 for receipt of submissions.

An online submissions facility was provided on the Council’s website, and alerts were posted on Twitter and Facebook.

A copy of the notice published is set out below:

**NOTICE OF CONSIDERATION OF SETTING A LOCAL ADJUSTMENT**

**FACTOR**

The Finance (Local Property Tax) Act 2012 (as amended), makes specific provision that elected members of a local authority may pass a formal resolution to vary the basic rate of the Local Property Tax for their administrative area by a percentage known as the local adjustment factor. At the meeting set by South Dublin County Council to consider this matter, the members may set a local adjustment factor within the range of +/- 15% of the basic rate, or, may decide not to adjust the basic rate.

South Dublin County Council will meet in September 2018 to consider the setting of a local adjustment factor.

South Dublin County Council welcomes written submissions from the public on this matter specifically covering the potential effects of varying the basic rate of the Local Property Tax on businesses, individuals and on local authority services.

Submissions must be received by **5 pm** **on 8th August 2018** and be sent to:

**LPT, Finance Department, South Dublin County Council, County Hall, Tallaght, Dublin 24**

**Or** **lpt@sdublincoco.ie**

**Signed: Daniel McLoughlin**

**Chief Executive**

**Dated: 4th July 2018**

**For further information go to www.sdcc.ie**

**Submissions:**

A total of 6 submissions were received by the closing date.

The submissions are summarised as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Ref** | **Received** | **method** | **Location** | **Submission** |
| LPT01 | 4/07/2018 | E-mail | Rathfarnham | Reduction |
| LPT02 | 6/07/2018 | E-mail | Clondalkin | Reduction |
| LPT03 | 17/07/2018 | E-mail | Clondalkin | Reduction |
| LPT04 | 17/07/2018 | Online | Ballycullen | Reduction |
| LPT05 | 27/07/2018 | Online | Lucan | Reduction |
| LPT06 | 08/08/2018 | Written | Lucan | Reduction |

The full text of the submissions are shown below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Ref** | **Date** | **Method** | **Location** | **Submission** | **Text** |
| LPT01 | 4/07/2018 | Online | Rathfarnham | Reduction  | I would like to request that you continue your practice of reducing by 15% the 2014 rate.  Any increase in the rate of LPT will reduce household disposable income and negatively impact quality of life. |
| LPT02 | 6/07/2018 | Online | Clondalkin | Reduction | I am opposed to any increase in the Local Property tax for South Dublin County Council and feel strongly that the tax should remain at the 15% reduction for 2019 i.e. the same as previous years when it was reduced by 15% for 2015, 2016, 2017 and 2018. , In my view the Local Property tax is an unfair and unjust tax.  |
| LPT03 | 17/7/2018 | Online | Clondalkin | Reduction | I would be against raising the LPT charge if its left the same or lowered id be happy enough with that. When people are already struggling week to week and are being asked to fork out more money for LPT its deplorable. People are barely able to afford their mortgage repayments and weekly bills. My charge is currently €190 and ive lived in my house 4 years this October ive not once seen any works being done to improve  my street or surrounding roads or street lighting etc. People already feel robbed living in this country like their own government is ripping them off. There will be a point were people are going to break its too much taxation. |
| LPT04 | 17/7/2018 | Online | Ballycullen | Reduction | -15% - it's costly enough |
| LPT05 | 27/7/2018 | Online | Lucan | Reduction | I would be completely disgusted if the charges go up. Especially for the fact we have extortionate management fees already with little to no service continually. Management companies do nothing and for the most part can do what they like without anyone taking them to hand. (Please do not mention the mud act-useless).On top of that, we have to pay lpt. For what? Our estate doesnt even belong to the council so the roads dont get cleaned and its pitch black with only 2 street lights on either end of the road. If we pay management fees we shouldnt have to pay lpt nevermind increased charges!So, no thanks. Give the public a break for once. Thanks |
| LPT06 | 08/08/2018 | Written | Lucan | Reduction | I would strongly urge you to leave the “Local Property Tax” at its current level of 15% below the set rate, same as the previous 4 years. Whilst most people accept a modest contribution towards the upkeep and maintenance of their area I feel that the charge (on average of €8, €10 or €12 per week) is a fair and reasonable sum and not to be increased, bearing in mind that we have all committed bills to pay on a regular and yearly basis and they are increasing i.e. gas, electricity, motor tax, school bills and school discretionary help, mortgage, life insurance, motor insurance, food, medical costs, clothing, house upkeep, etc, etc.It’s no wonder that young couples are having a struggle and many choose to leave and go abroad.We should also consider what the impact might be of the reckless action that our neighbours/friends have taken by leaving the ‘EU’ next year, this could be very bad for us all and will take at least two to three years to show effect and level out. So I would be prudent and leave well alone and hope that all goes steady as we move forward. |

This report is submitted for consideration by the Members in accordance with Section 20 of the Finance (Local Property) Tax Act 2012 and Paragraph 8, Part 4, of the Local Property Tax (Local Adjustment Factor) Regulations 2014. Under Section 21 of the Act a Local Authority that has varied the basic rate of the LPT must inform the Revenue Commissioners of that decision not later than the 30th of September in the year prior to which the LPT variation takes effect & Article 9, Part 5, of the Local Property Tax (Local Adjustment Factor) Regulations 2014 requires that notification of a variation must also be received by the Minister for Housing, Planning & Local Government not later than that date. To comply with those requirements the adoption of the resolution by a Local Authority varying the basic rate of the LPT must be made prior to that date of 30th September.

As provided for in Article 8 of the Local Property Tax (Local Adjustment Factor)

Regulations 2014, the varied rate of Local Property Tax applies for a period of one year from the next local property tax liability date i.e. from 1/11/2018 to 31/10/2019 after which time the rate of LPT reverts back to the initial (basic) rate as defined in the 2012 Act.

A copy of Circular Fin 04/2018 is attached setting out the LPT allocation for SDCC.

In considering the determination of the local adjustment factor Members are asked to consider the contents of this report, including the public submissions, together with the need to retain and expand current levels of service. Members must also consider the significant increased costs in payroll, insurance, energy, materials and general inflation. In particular members have been advised of significant increased costs in providing for the national pay agreement, the homeless service and the fire service. In recent years organisational efficiencies have accommodated increased investment in front line services without recourse to rate or LPT increases. The continued retention not to mention further expansion of these levels of service is not possible without availing of the potential increased discretionary income available through the non-reduction of LPT. This position is well recognised throughout the local government system with the vast majority of councils adopting a neutral position or increasing LPT. The continued loss of €4.7m per annum together with the annual subvention of €694,000 of LPT on council housing is undermining this council’s capacity to meet increased costs and continued expectation of service expansion and improvements. A full reduction in the local adjustment factor of 15% makes the prospect of producing a balanced budget for 2019 extremely challenging without affecting the current levels of service. In this context I must strongly recommend that members consider a lesser reduction, if any at all.

Daniel McLoughlin

Chief Executive

31/8/2018