**MEETING OF South Dublin COUNTY COUNCIL**

**9th September 2019**

**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 Members’ 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 10th September 2018, applied for the period 1st November 2018 (liability date) to 31st October 2019. The rate reverts to the basic rate at the 1st November 2019, 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 2020.

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

* 1. **Local Property Tax Income Allocation 2019**:

In 2019 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 2019 compared to General Purpose Grant allocations in 2014.

Of the 80% retained locally (€25.3m) 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 10th September 2018. 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 2019 remained at €3,856,262, which is the same as 2018.

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.

|  |  |
| --- | --- |
| **Analysis of Local Property Tax allocation 2019** | |
|  |  |
| **Local Property Tax allocation 100%** | **€31,611,431** |
| **Less : 20% Equalisation Fund** | **€6,322,286** |
| **LPT Retained Locally 80%** | **€25,289,145** |
| **Less : LPT surrendered via 15% variation** | **€4,741,745** |
| ***Post variation allocation 2019*** | **€20,547,400** |
|  |  |
| ***Assigned to :*** |  |
| **Discretionary 2019 expenditure (Revenue Budget)\*** | **€5,436,800** |
| **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)*** | **€10,603,200** |
| **Housing Capital Projects (Capital)** | **€9,944,200** |
| ***Post variation allocation 2019*** | **€20,547,400** |
| **\*€3,856,262 (Baseline) + €1,580,541 (Post variation discretionary Income)** |  |

**1.2 Local Property Tax Income Allocation 2020**:

Department of Housing, Planning and Local Government (DHPCLG) circular Fin 05/2019 dated 31st July 2019 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 2020 is €25,350,447 representing 80% of the LPT income of €31,688,059 that it is anticipated will be collected in the South Dublin County administrative area in 2020. The Department has advised that this income will be allocated as follows:

1. An amount of €3,856,262 is allocated as the 2020 Baseline LPT figure and is the same amount as was allocated as the 2019 Baseline figure.
2. 20% of the 2019 LPT income collection amounting to €6,337,612 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 2020.
3. The balance of €15,156,573 will be allocated by the DHPLG to fund social housing and roads services.

|  |  |
| --- | --- |
| **Analysis of Local Property Tax allocation 2020** | |
| **2020 LPT Baseline Allocation** | **€3,856,262** |
| **Discretionary LPT income (20% of anticipated LPT income) 2020** | **€6,337,612** |
| **To self-fund Housing and Roads transportation services** | **€15,156,573** |
| **Total LPT allocation 2020** | **€25,350,447** |

The following table sets out details of the Council’s LPT allocation 2020 compared with that for 2019 before any decision is taken on the local adjustment factor.

|  |  |  |
| --- | --- | --- |
| **South Dublin County Council Provisional LPT Allocation** | | |
|
|  | 2020 | 2019 |
| Projected Gross LPT Income for County | €31,688,059 | €31,611,431 |
| Less amount allocated to Equalisation Fund – 20% | €6,337,612 | €6,322,286 |
| **LPT retained locally – 80%** | **€25,350,447** | **€25,289,144** |
|  |  |  |
| Allocated as follows: |  |  |
| Assigned for discretionary purposes - including variation of basic rate | €6,337,612 | €6,322,286 |
| Baseline Allocation | €3,856,262 | €3,856,262 |
| Balance to self-fund Housing and Roads Services | €15,156,573 | €15,110,596 |
| **LPT allocation** | **€25,350,447** | **€25,289,144** |
|  |  |  |
| Cost of Variation if 15% reduction is applied | €4,753,215 | €4,741,715 |
| Discretionary alloc. if 15% reduction is applied | €1,584,403 | €1,580,572 |

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

The estimated LPT collection in the South Dublin County administrative area in 2020 is €31,688,059 and the cost of funding or gain from each 1% reduction/increase to the basic rate amounts to €316,881. This will result in a total funding requirement of €4,753,215 if a decision is taken to apply the maximum reduction of 15%.

|  |  |  |  |
| --- | --- | --- | --- |
| **Projected South Dublin Co. Co. LPT Income** | | | **2020** |
| ***Cost or Gain from:*** | | | |
| 1% Variation | €316,881 | 9% Variation | €2,851,925 |
| 2% Variation | €633,761 | 10% Variation | €3,168,806 |
| 3% Variation | €950,642 | 11% Variation | €3,485,686 |
| 4% Variation | €1,267,522 | 12% Variation | €3,802,567 |
| 5% Variation | €1,584,403 | 13% Variation | €4,119,448 |
| 6% Variation | €1,901,284 | 14% Variation | €4,436,328 |
| 7% Variation | €2,218,164 | 15% Variation | €4,753,215 |
| 8% Variation | €2,535,045 |  |  |

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 €6,337,612 to €1,584,403. 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 €11,090,827.

**1.4 Preparation of Budget 2020:**

The 2020 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 07/2019 made provision for an outline budget strategy prepared in consultation with the CPG, and submitted to the DHPLG by 18th September 2019.

The CPG discussed the 2020 Budget strategy and the variation of the Local Property Tax (LPT) on 1st July 2019 and confirmed the basic assumptions and the broad parameters for Budget 2020. Following DHPLG clarification via Circular Fin 05/2019 regarding local retention of LPT and receipt of the details of the LPT Allocation 2020, the CPG met again on 2nd September 2019 to review and agree an overview of Budget 2020. 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 2020.

**1.5 National Budget**:

The Estimated Income and Expenditure for 2020 is based on an assumption that State grants and subsidies will be continued at 2019 levels adjusted by known activity changes in 2020 (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 2020 will become available on 8th October 2019.

**1.6 Key dates:**

* The Revenue Commissioners and the Minister for Housing, Planning, and Local Government must be notified by **30th September** **2019** if the council decides to vary the basic rate of the LPT for 2020.
* In addition a preliminary estimation of Revenue and Capital Income and Expenditure 2020 must be submitted to the DHPLG by **18th September** **2019** to meet EU budgetary timelines.
* Consultation with the CPG about the parameters and content of the 2020 Budget will continue as will the group’s input into the budget strategy in the coming weeks.
* The 2020 National Budget will be presented to Dáil Éireann on 8th 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 2020 Budget meeting must be scheduled within the prescribed period of 1st to 30th November 2019. Once commenced the meeting can be adjourned for up to 14 days from the date of the initial meeting (hence Budget 2020 must be adopted by 12th December, 2019).   
  As the South Dublin County Council Budget meeting is scheduled for **Thursday 14th November 2019** the budget must be adopted by Wednesday 27th November 2019 at latest.

**1.7 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 2020 including changes which are expected but not quantified in relation to Rates payable by Irish Water, 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 2020. 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 September and October 2019. 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.

**1.8 Estimation of 2020 Income and Expenditure of South Dublin County Council**

|  |  |  |
| --- | --- | --- |
| ***Estimation of Income and Expenditure South Dublin County Council - LPT Variation*** | | |
|  |  |  |
|  | **Budget 2019** | **Budget 2020** |
| **Income** |  |  |
| Commercial Rates | -122,914,400 | -127,324,900 |
| Local Property Tax | -10,603,200 | -15,360,274 |
| Grants and Subsidies | -55,583,800 | -63,194,900 |
| Other Income | -53,764,200 | -49,385,300 |
|  |  |  |
| **Total Income** | **-242,865,600** | **-255,265,374** |
|  |  |  |
| **Expenditure** |  |  |
| Payroll Expenses | 75,930,400 | 81,549,700 |
| Loan Interest and Principal Paid | 9,060,700 | 9,047,200 |
| Social benefits (transfer to households) | 36,683,000 | 43,751,000 |
| Capital Grants Paid | 2,191,100 | 3,463,800 |
| Other Expenditure | 119,000,400 | 117,453,674 |
|  |  |  |
| **Total Expenditure** | **242,865,600** | **255,265,374** |
|  |  |  |
| **\* 2020 LPT income based on 2019 Revenue Allocation with no reduction in basic rate for 2020. Any decision to vary will be reflected in a corresponding change in 'Other Expenditure'** | | |

It should be noted that the 2020 LPT income is based on the 2019 revenue budget allocation with no reduction in the basic rate. Any decision to vary will be reflected in a corresponding reduction of Other Expenditure.

**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 2019.

|  |  |
| --- | --- |
|  | |
| **Financial Position of South Dublin County Council** | |
|  | |
|  | ***at 30/6/2019*** |
| **ASSETS** |  |
| Current Assets | **378,407,927** |
| General Revenue Reserve | **18,740,235** |
| Loans Receivable | **176,249,300** |
|  |  |
| **LIABILITIES** |  |
| Current Liabilities | **112,097,920** |
| General Revenue Reserve (if Deficit) |  |
| *Loans Payable* |  |
| Voluntary housing/mortgage loans | **131,042,974** |
| Non mortgage loans | **51,226,848** |
|  |  |
| **INDICATORS** |  |
| Ratio of loans payable to revenue income | **75%** |
| Ratio of current assets to current liabilities | **3.4:1** |

**2.2 Indicators:**

**Ratio of loans payable to revenue income: 75%**

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: 3.4:1**

This ratio also 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 @ 30/6/2019** |
|  | **€’M** |
| **Trade debtors & prepayments(net of provisions)** | **118.5** |
| **Cash & Bank** | **256.8** |
| **Due within 1 Year** | **3.1** |
| **Total** | **378.4** |

**2.4 Current liabilities:**

|  |  |
| --- | --- |
|  | **Current liabilities @ 30/6/2019** |
|  | **€’M** |
| **Creditors & Accruals** | **28.1** |
| **Comm. Rates (2nd Moiety 2019)** | **61.3** |
| **Deferred income** | **13.7** |
| **Due within 1 Year** | **8.9** |
|  |  |
| **Total** | **112** |

**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 €18.7m at 30th June 2019, which includes a €6.5 surplus for the period to 30th June 2019 plus the Revenue Reserve of €12.2m reported in the balance sheet to 31st December 2018. The surplus to 30th June 2019 does not take account of the seasonal nature of operations & 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 58.2% of properties registered to the South Dublin administrative are in valuation bands less than €200,000. In 2019 liable persons on average would have paid €267.75 based on the 15% reduction applied (i.e. an annual reduction of €47.25).

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
| **LPT 2019 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** | **15.1%** | **17.5%** | **25.6%** | **17.0%** | **8.8%** | **15.9%** |
|  |  |  |  |  |  |  |

**Economic impact on South Dublin if the 2020 LPT is varied:**

|  |  |  |
| --- | --- | --- |
|  | **South Dublin County Council** | **Discretionary LPT Allocation 2020** |
|  |  |  |
| **Local Property Tax 2020** | **€31,688,059** |  |
|  |  |  |
| 80% of LPT Retained | €25,350,447 |  |
| Reduction to State funding for Housing & Roads Services | -€15,156,573 |  |
| Baseline allocation | -€3,856,262 |  |
|  |  |  |
| Available for local activities & projects if no change to the local property tax for 2020 | €6,337,612 | €6,337,612 |
|  |  |  |
| Projected cost of a 5% local adjustment factor reduction in 2020 | -€1,584,403 | €4,753,209 |
|  |  |  |
| Projected cost of a 10% local adjustment factor reduction in 2020 | -€3,168,806 | €3,168,806 |
|  |  |  |
| Projected cost of a 15% local adjustment factor reduction in 2020 | -€4,753,210 | €1,584,402 |
|  |  |  |
| Projected additional income from a 5% local adjustment factor increase in 2020 | €1,584,403 | €7,922,015 |
|  |  |  |
| Projected additional income from a 10% local adjustment factor increase in 2020 | €3,168,806 | €9,506,418 |
|  |  |  |
| Projected additional income from a 15% local adjustment factor increase in 2020 | €4,753,210 | €11,090,822 |

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 2020 will reduce from €6,337,612 to €1,584,402 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 3rd July, 2019 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 7th of August, 2019 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 2019 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 7th August 2019** and be sent to:

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

**Or** [**lpt@sdublincoco.ie**](mailto:lpt@sdublincoco.ie)

**Signed: Daniel McLoughlin**

**Chief Executive**

**Dated: 3rd July 2019**

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

**Submissions:**

A total of 14 submissions were received by the closing date.

The submissions are summarised as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Ref** | **Received** | **Method** | **Location** | **Submission** |
| LPT01 | 4/07/2019 | Online | Clondalkin | Reduction |
| LPT02 | 4/07/2019 | Online | Tallaght | No Change |
| LPT03 | 4/07/2019 | Online | Lucan | Reduction |
| LPT04 | 4/07/2019 | Online | Newcastle | Reduction |
| LPT05 | 4/07/2019 | Online | Saggart | Reduction |
| LPT06 | 4/07/2019 | Online | Saggart | Reduction |
| LPT07 | 5/07/2019 | Online | Lucan | No Change |
| LPT08 | 5/07/2019 | Online | Rathfarnham | Reduction |
| LPT09 | 7/07/2019 | Online | Clondalkin | Reduction |
| LPT10 | 7/07/2019 | Online | Clondalkin | Reduction |
| LPT11 | 10/07/2019 | Online | Rathfarnham | Reduction |
| LPT12 | 19/07/2019 | Online | Clondalkin | Reduction |
| LPT13 | 23/07/2019 | Online | Lucan | Reduction |
| LPT14 | 23/07/2019 | Letter | Lucan | No Change |

The full text of the submissions are shown below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Ref** | **Date** | **Method** | **Location** | **Submission** | **Text** |
| LPT01 | 4/07/2019 | Online | Clondalkin | Reduction | I think if your doing anything with it you should lower it or scrap it I pay around €190 a year for nothing. I've lived in my home 5 years this Oct and the council never come around to do maintenance in my area its only the last couple months I’ve actually seen a council worker out cutting the grass on the verges before that the residents would do it. I can't remember the last time I saw a road sweeper going around and I had to report a faulty light outside my residence 3 times over a year and a half the bulb kept going on and off so it would only light sometimes before they finally fixed it as for the footpaths only two were done up the top of my street and then they cleared off yet I have a raised footpath on the pedestrian path outside my home that they just turned a blind eye to which will cause someone an accident one day a child could easily stub their shoe on it and fall face first, the hedging that is owned by the council is growing over my back wall of my garden because it hasn't been trimmed back. So I ask why am I paying LPT when my money was supposed to go towards a collective pot to be able to fix issues like these ??? |
| LPT02 | 4/07/2019 | Online | Tallaght | No Change | It's bad enough paying for it buts we're they goes that's what I would like to know our street lites do not even a lick of paint when they need to be replaced or the grass verges never ger cut so we're dose all money go. |
| LPT03 | 4/07/2019 | Online | Lucan | Reduction | LPT should not be increased above its current level as services outsourced to private sector, e.g. waste collection, are consistently being charged at higher rates. |
| LPT04 | 4/07/2019 | Online | Newcastle | Reduction | The LPT should be based on each property's value. Also as my estate has not been taken over by SDCC and I also pay €1300 in management company fees I do not see why I should have to pay more than the basic LPT rate just to fund a council who, in essence, do nothing to maintain my estate |
| LPT05 | 4/07/2019 | Online | Saggart | Reduction | Local adjustment factor of -15% should be applied to the basic rate. |
| LPT06 | 4/07/2019 | Online | Saggart | Reduction | We suggest -15% of the rate |
| LPT07 | 5/07/2019 | Online | Lucan | No Change | The big question is when the current overinflated property values will be used to calculate LPT instead of historical figures. That in Ireland is the worst benchmark to base property tax on as when the next recession hits SDCC will be impacted with a significant cut in revenue. It doesn't make sense and isn't sustainable. For the purposes of this response I would advocate to keep the tax the same if we're still using historical figures and drop it 15% if we're going to use current property values as the bills will otherwise take a huge leap which must be avoided. I would advocate that money from the property tax is ring fenced for use in the SDCC area, to provide bin services for all, water and sewage, street maintenance and repairs, lighting, parks maintenance and other special projects. Households under a selected wage threshold should be exempt. Households over a selected wage threshold should pay more. |
| LPT08 | 5/07/2019 | Online | Rathfarnham | Reduction | We think that property tax should be a fair system but in reality it is not. The rate should be reduced not increased. We are both on pension but the rate does not take that into account. We resent that the property tax collected in SDCC is sent to rural areas, where people are living in huge houses but paying less than we are. Our house is a very basic 3 bedroomed house, one separate toilet and bathroom, and a tiny kitchen( about 9 feet by 6 feet) We could not afford to extend our kitchen as we suffered severe cuts to pay as public servants. It is galling that €450,000 was spent on the plaza outside St. Enda's Park and €1.1 million was spent on Orlagh Roundabout. Figures on what was spent on the N81 and Balrothery roundabout is not available to me. I would be happy to discuss this with you in person. |
| LPT09 | 7/07/2019 | Online | Clondalkin | Reduction | I wish to lodge an official submission against any increase in the Local Property Tax, in my view the Local Property Tax is an unfair and unjust tax on Peoples home and is a further burden on people's already stretched Income. |
| LPT10 | 7/07/2019 | Online | Clondalkin | Reduction | in my opinion the property tax should be kept at the 15% reduction |
| LPT11 | 10/07/2019 | Online | Rathfarnham | Reduction | I think that with Brexit on the way that the property tax should be reduced by 15 percent |
| LPT12 | 19/07/2019 | Online | Clondalkin | Reduction | I do not wish for the LPT to be increased. I am paying far too much in tax already. I should not have to pay for a house that I have spent 30 years paying off. |
| LPT13 | 23/07/2019 | Online | Lucan | Reduction | Already the current rate has stressed the finance regime of people in Ireland. Not to forget that people have to pay other bills, rates and charges which they are currently struggling with. Adjusting the rate downward would be the sensible thing to do by the South Dublin County Council in my own opinion |
| LPT14 | 23/07/2019 | Letter | Lucan | Reduction | With a thought toward Brexit & all the uncertainty & financial chaos that it will bring (many fearful for their job security & future stability) and being mindful that it will take 2 to 3 years for the real effect to be felt and finally settle out.  Also with consideration to climate change and the government’s wish that we all start to retro fit our homes with energy saving new technology’s (better insulation, the move away from diesel heating and the use of fossil fuels and the first step on the ladder – to triple glaze the home) also the advance of the electric car, which is by no means a fair priced item when compared to its petrol cousin.  All this is loading a huge financial burden on already hard pressed family’s (even with the available grants) it’s no wonder most people find it hard to sleep at night (we will all need to look for that crock of gold at the end of the next rainbow)  So I would advocate a stay on any increase in the ’property tax’ and leave it at its present level, and let sleeping dogs lie and hope that his ship sails steadily for the present, hoping that no unpleasant surprises come upon us.  I thank you for taking the time to read this communication and remain yours sincerely |

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 1/11/2019 to 31/10/2020 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 05/2019 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.

Prior to the July meeting of the Corporate Policy Group (CPG), I advised the Mayor and the members of that group of the difficulties this new council will face in preparing a balanced budget for 2020 and following years. During the lifetime of the previous Council, expenditure rose from €215m to €243m, an increase of €28m or 13%. This increase in expenditure was possible due to increased Rates buoyancy (New Ratepayers), a 1% increase in Rates, increased Housing receipts, increased property rents, additional planning receipts and unexpected NPPR income, in addition to organisational efficiencies, procurement savings and loan redemptions. The prospect of similar income raising opportunities being available to this new council are very unlikely and it will be very difficult to maintain the same level of service without the Council obtaining additional income.

In July I also advised the Mayor and members of the Corporate Policy Group of some of the growing demands that this Council will face. At present no provision has been made for increased costs of Fire Service nor for the ever increasing Homeless service. There will be increased operational costs associated with the running of new facilities currently under construction such as new libraries, Lucan Pool, new parks and additional community facilities including playgrounds and pavilions. The additional costs associated with maintaining our growing Housing stock, mandatory increase in private rented housing inspections, AirBnB inspection and enforcement, increase in HAP/ Leasing, will all necessitate additional funding.

The members of South Dublin County Council recently approved its Climate Change Action Plan which sets out how the local authority will prevent and adapt to the effects of climate change. This plan along with increased national obligations will require additional resources. The demands on the Council for increased services such as Litter Management, Tree Management, Public Realm Improvements Footpath Repair and Community Supports are unrelenting.

In relation to the forgoing, there are a number of vulnerabilities on the income side including:

* The constraint on Exchequer support in a post Brexit scenario.
* The Level of government support for recoupment of any new wage rounds.
* The potential reduction in NPPR receipts.
* The possible reduction in Rates income associated with Rates revaluation appeals.
* The likely reduction in Irish Water Rates grant income with a review of utilities underway.

In the past five years SDCC has reduced LPT by 15% and fully paid for Council Housing Stock with associated costs of €4.7m and €700,000 respectively. Over five years this income foregone of €27m was significant, when you consider that expenditure growth in the same period was €28m. This does not take into account the opportunity of increasing LPT by 15%, which over five years is a further €23.5m. The current situation with LPT across 31 Local Authorities is as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **2019** | **Standard** | **+15%** | **+10%** | **+7.5%** | **+2.5%** | **-10%** | **-15%** |
| 22 | 1 | 2 | 1 | 1 | 1 | 3 |

22 of the 31 Local Authorities have chosen not to change the LPT base rate. There are approximately 98,500 homes returned to Revenue for LPT purposes in South Dublin and the collection rate is 99.4%, above the national average of 98%.

The following points need to be considered:

* Nearly 10% of LPT stock is Council owned and face no liability as it is fully paid by SDCC.
* 75% of stock is valued below €250,000
* In the middle tax bands (€150k-€250k) which represents nearly 45% of houses, a no reduction decision will result in an annual average increase of between €47 and €61.
* In the 2016 Census, average disposable income of South Dublin households was 112% of the national average. Given the growth of the Dublin economy relative to the national position, this will have improved.

In conclusion Members must have regard to the significant increased costs including payroll, insurance, energy, materials and general inflation. The continued retention of the existing levels of service not to mention the further expansion of these levels 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 €700,000 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 2020 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

30/8/2019