**MEETING OF South Dublin COUNTY COUNCIL**

**14th September 2020**

**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 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 9th September 2019, applied for the period 1st November 2019 (liability date) to 31st October 2020. The rate reverts to the basic rate at the 1st November 2020, 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 2021.

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

* 1. **Local Property Tax Income Allocation 2020**:

In 2020 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 2020 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 9th September 2019. 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 2020 remained at €3,856,262, which is the same as 2019.

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 2020** |
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| **Local Property Tax allocation 100%** | **€31,688,059** |
| **Less: 20% Equalisation Fund** | **€6,337,612** |
| **LPT Retained Locally 80%** | **€25,350,447** |
| **Less: LPT surrendered via 15% variation** | **€4,753,147** |
| ***Post variation allocation 2020*** | **€20,597,300** |
|  |  |
| ***Assigned to:*** |  |
| **Discretionary 2020 expenditure (Revenue Budget) \***  | **€5,440,700** |
| **Local roads maintenance and improvement (Revenue Budget)** | **€2,886,900** |
| **Housing Assoc./Vol. Body loan repayments (Revenue Budget)** | **€2,200,000** |
| ***(Total assigned to Revenue Budget)*** | **€10,527,600** |
| **Housing Capital Projects (Capital)** | **€10,069,700** |
| ***Post variation allocation 2020*** | **€20,597,300** |
| **\*€3,856,262 (Baseline) + €1,584,438 (Post variation discretionary Income)** |   |

**1.2 Local Property Tax Income Allocation 2021**:

Department of Housing, Planning and Local Government (DHPCLG) circular Fin 12/2020 dated 28th July 2020 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 2021 is €25,494,534 representing 80% of the LPT income of €31,868,167 that it is anticipated will be collected in the South Dublin County administrative area in 2021. The Department has advised that this income will be allocated as follows:

1. An amount of €3,856,262 is allocated as the 2021 Baseline LPT figure and is the same amount as was allocated as the 2020 Baseline figure.
2. 20% of the 2019 LPT income collection amounting to €6,373,633 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 2021.
3. The balance of €15,264,639 will be allocated by the DHPLG to fund social housing and roads services.



The following table sets out details of the Council’s LPT allocation 2021 compared with that for 2020 before any decision is taken on the local adjustment factor.



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

The estimated LPT collection in the South Dublin County administrative area in 2021 is €31,868,167 and the cost of funding or gain from each 1% reduction/increase to the basic rate amounts to €318,682. This will result in a total funding requirement of €4,780,225 if a decision is taken to apply the maximum reduction of 15%.



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 €6,373,633 to €1,593,408. 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 €11,153,858.

**1.4 Preparation of Budget 2021:**

The 2021 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 14/2020 made provision for an outline budget strategy prepared in consultation with the CPG and submitted to the DHPLG by 18th September 2020.

The CPG discussed the 2021 Budget strategy and the variation of the Local Property Tax (LPT) on 6th July 2020 and confirmed the basic assumptions and the broad parameters for Budget 2021. Following DHPLG clarification via Circular Fin 12/2020 regarding local retention of LPT and receipt of the details of the LPT Allocation 2021, the CPG met again on 7th September 2020 to review and agree an overview of Budget 2021. 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 2021.

**1.5 National Budget**:

The Estimated Income and Expenditure for 2021 is based on an assumption that State grants and subsidies will be continued at 2020 levels adjusted by known activity changes in 2021 (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 2021 will become available on 13th October 2020.

**1.6 Key dates:**

* The Revenue Commissioners and the Minister for Housing, Planning, and Local Government must be notified by **30th September** **2020** if the council decides to vary the basic rate of the LPT for 2021.
* In addition, a preliminary estimation of Revenue and Capital Income and Expenditure 2021 must be submitted to the DHPLG by **18th September** **2020** to meet EU budgetary timelines.
* Consultation with the CPG about the parameters and content of the 2021 Budget will continue as will the group’s input into the budget strategy in the coming weeks.
* The 2021 National Budget will be presented to Dáil Éireann on 13th 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 2021 Budget meeting must be scheduled within the prescribed period of 2nd to 30th November 2020. Once commenced the meeting can be adjourned for up to 14 days from the date of the initial meeting (hence Budget 2021 must be adopted by 13th December 2020).
As the South Dublin County Council Budget meeting is scheduled for **Thursday 19th November 2020** the budget must be adopted by Wednesday 2nd December 2020 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 2021 including changes which are expected but not quantified including:

1. The cost of Fire Service 2021
2. The cost towards the provision of Homeless Services
3. Costs associated with any new national pay agreement
4. Implications from National Budget 2021
5. Costs and impacts of Covid-19 as set out below

The Report on Income and Expenditure 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 2021. 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 2020. This timing also allows for greater certainty in relation to anticipated changes in activity levels and other grant allocations.

**1.8 Impact of Covid-19**

COVID-19 is having a severe impact on the economy. Economic activity and employment have dropped significantly, and this is likely to continue for some time. The presence of Covid-19 creates a considerable element of uncertainty in the preparation of the budget for 2021. However, as we focus on managing the immediate disruption we also must plan and aim to exit the crisis in a position that allows us to recover as rapidly and as strongly as possible. The Government have implemented a range of measures to contain the depth and duration of the downturn. The fiscal measures implemented by the government include additional healthcare spending, income support measures and support for businesses.

South Dublin County Council has received several grants to assist businesses restart their operations including €18.9m in the “Restart” grant and “Restart Plus” grant. Government has also introduced a six-month rates waiver scheme which will be applied to all businesses with a small number of categories excepted. It is estimated that the cost to the exchequer of the waiver for the six months for eligible businesses in South Dublin impacted by the Covid-19 pandemic will be circa €35m.

While these supports will assist small business restart their businesses there remain many uncertainties impacting on the preparation of the Budget 2021, particularly in the area of revenue collection. The Council continues to experience challenges in the collection of its commercial rates, housing rents, and income generally. The Council will continue to monitor closely the impact of Covid-19 on its anticipated Income & Expenditure and in particular will review the collection of its income over the coming months while the budget for 2021 is being finalised.

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 2021 Income and Expenditure of South Dublin County Council**



It should be noted that the 2021 LPT income is based on the 2020 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 2020.

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| --- |
| **Financial Position of South Dublin County Council** |
|  |
|   | ***at 30/6/2020*** |
| **ASSETS** |  |
| Current Assets | **429,173,945** |
| General Revenue Reserve | **19,646,786** |
| Loans receivable | **182,925,634** |
|   |  |
| **LIABILITIES** |  |
| Current Liabilities | **127,490,197** |
| General Revenue Reserve (if Deficit) |  |
| *Loans Payable* |  |
|  Voluntary housing/mortgage loans | **131,608,912** |
|  Non mortgage loans | **49,702,395** |
|   |  |
| **INDICATORS** |  |
| Ratio of loans payable to revenue income | **72%** |
| Ratio of current assets to current liabilities |  **3.4:1** |

**2.2 Indicators:**

**Ratio of loans payable to revenue income: 72%**

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 falls within the recommended range.

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

**2.3 Current assets:**



**2.4 Current liabilities:**



 **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 €19.6m at 30th June 2020, which includes a €7.4m surplus for the period to 30th June 2020 plus the Revenue Reserve of €12.2m reported in the balance sheet to 31st December 2019. The surplus to 30th June 2020 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 58.8% of properties registered to the South Dublin administrative are in valuation bands less than €200,000. In 2020 liable persons on average would have paid €267.75 based on the 15% reduction applied (i.e. an annual reduction of €47.25).

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| **LPT 2020 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** | **16.3%** | **17.3%** | **25.2%** | **16.8%** | **8.7%** | **15.7%** |
|  |   |   |   |   |   |   |

**Economic impact on South Dublin if the 2021 LPT is varied:**



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 2021 will reduce from €6,373,634 to €1,593,409 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 8th July 2020 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 11th of August 2020 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:



**Submissions:**

A total of 18 submissions were received by the closing date.

The submissions are summarised as follows:

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| **Ref** | **Received** | **Method** | **Location** | **Submission** |
| LPT01 | 14/07/2020 | Online |  | Reduction |
| LPT02 | 14/07/2020 | Online |  | No Change |
| LPT03 | 14/07/2020 | Online | Palmerstown | Reduction |
| LPT04 | 19/07/2020 | Online | Lucan  | No Comment |
| LPT05 | 19/07/2020 | Online | Lucan | Reduction |
| LPT06 | 19/07/2020 | Online | Lucan | No Increase |
| LPT07 | 19/07/2020 | Online | Lucan  | No Increase |
| LPT08 | 27/07/2020 | Online | Lucan  | No Change |
| LPT09 | 8/08/2020 | Online | Lucan | No Change |
| LPT10 | 9/08/2020 | Online | Lucan | Reduction |
| LPT11 | 9/08/2020 | Online | Lucan  | Reduction |
| LPT12 | 18/07/2020 | LPT Email Address |  | Reduction |
| LPT13 | 20/07/2020 | LPT Email Address | Clondalkin | Reduction |
| LPT14 | 31/07/2020 | LPT Email Address |  | No Change  |
| LPT15 | 04/08/2020 | LPT Email Address |  | No Change |
| LPT16 | 07/08/2020 | LPT Email Address | Clondalkin | Reduction |
| LPT17 | 10/08/2020 | LPT Email Address | Tallaght | Reduction |
| LPT18 | 11/02/2020 | Letter | Tallaght | Reduction |

The full text of the submissions are shown below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Ref** | **Date** | **Method** | **Location** | **Submission** | **Text** |
| LPT01 | 14/07/2020 | Online | Not Specified | Reduction | I feel after the year we've all had so far we need to reduce this by as much as possible .people need a break  |
| LPT02 | 14/07/2020 | Online | Not Specified | No Change  | leave it as it is |
| LPT03 | 14/07/2020 | Online | Palmerstown | Reduction | I feel the Property Tax, should be definitely decreased .Having bought 3 houses separately over my lifetime, and now settled in Palmerstown. I feel we have paid enough stamp duty on these homes, and when living on a daily basis to get bye I feel this charge is outrageous for our own homes. Thankyou for your time, |
| LPT04 | 19/07/2020 | Online | Lucan | No Comment Submitted | No Comment Submitted |
| LPT05 | 19/07/2020 | Online | Lucan | Reduction | Dear SDCC. I am not in favour of any LPT increase and am seeking a reduction if nothing else as we all have taken pay cuts due to COVID-19 this year and with the lockdown were on social welfare effectively. Rents are being capped and of course the property home owners must now it seems shoulder the burden yet again. This is unfair and unjust. I therefore am seeking a 15% cut in the local property tax rate going forward.  |
| LPT06 | 19/07/2020 | Online | Lucan | No increase | Hi I do not think under the current circumstances and conditions that people have to pay additional taxes with so many people out of work and on reduced hoursNow is not the time to ask people for money which they do not have |
| **Ref** | **Date** | **Method** | **Location** | **Submission** | **Text** |
| LPT07 | 19/07/2020 | Online | Lucan | No increase | An increase of LPT would be the final nail in many homes coffins this year. We have all Ben hit financially by the Covid-19 pandemic. If anything, a 12 month pause in LPT payments should be considered so those of us struggling have one less worry. |
| LPT08 | 27/07/2020 | Online | Lucan | No Change  | No decrease in property tax for 2021 as the Local Authority would lose over €4m income. There are many demands on the Council and an extra €4m would go a long way towards the running of the county. Its only a small amount extra per annum per house |
| LPT09 | 08/08/2019 | Online | Lucan | No increase | i cannot afford another increase in taxes, please rethink this as its another burden added to an already overloaded working class  |
| LPT10& LPT11Duplicate | 9/08/2020 | Online | Lucan | Reduction | In this extraordinarily difficult time with Covid and people losing their jobs or having their hours cut of which I am one I am finding it extremely difficult to pay my LPT. It should be reduced at the least. |
| LPT12 | 18/07/2020 | Email | Not Specified | Reduction | Hi LPT should be decreased. We had lovely playgrounds and parks before 2014 the property tax should be done away with. Also with the current crisi people are struggling to keep their kons and homes the government needs to step in and help |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Ref** | **Date** | **Method** | **Location** | **Submission** | **Text** |
| LPT13 | 20/07/2020 | Email | Clondalkin | Reduction | I wish to make a submission against the raising of the Local Property Tax, I continue to maintain that this is an unfair and unjust Tax and again I lobby and campaign that this unfair tax is kept at the 15% reduction allowed to elected representatives, we cannot again hit people that are struggling to live and meet the increasing demands of trying to meet the ever rising cost of living in Dublin especially in light of Covid19 |
| LPT14 | 31/07/2020 | Email | Not Specified | No Change | My Submission on the Local Property Tax. I am against the raising of the Local Property Tax. This is an unjust Tax, predominantly it will affect people that are already struggling to meet the rising costs of living in Dublin especially in light of Covid19. It is also unfair that elected representatives can avail of a 15% reduction in the same property Tax. |
| LPT15 | 04/08/2020 | Email | Not Specified | No Change | With reference to South Dublin County Council 'Notice of Consideration of Setting a Local Adjustment Factor' which appeared in the Echo on 9th July 2020, I strongly urge that South Dublin County Council makes no change to the present rate of Local Property Tax. People have been through difficult times since the arrival of Covid 19 in Ireland. Increasing Property Tax will only add to stress of many, especially those like myself on a Pension. |
| LPT16 | 07/08/2020 | Email | Clondalkin | Reduction | I think it's a mistake to even consider highering the LPT rate, I believe it should either rain the same or decrease, I've been paying my LPT the last five years the only time I've see my LPT benefiting me and my family was recently when the path outside my garden was repaved. I've been reporting the light outside my own house to the fix my street app for about the last three years now and it still hasn't been fixed. The light keeps turning itself off and the next one down on the block is the same making the estate look pitch dark. The hedging at the back of my property that faces out onto the main which was planted by yourselves is growing over my back wall. In the last six winters I've been in my house I can only remember the hedges been cut maybe three times. I think it's astounding that paying 191 euro over the last five years which is almost a grand for a bit of cement and the odd hedge trim is ridiculous. The roads are a mess with litter as you come into Ronanstown I think you would be better taking back over the rubbish collections the litter wasn't half as bad back then before it was privatised, only then would you have my attention of LPT increase. Sdcc will do what they want to anyway so why even ask people's opinion, the state this country is in and the government are still trying to take and take |
| LPT17 | 10/08/2020 | Email | Tallaght | Reduction | Dear all, With regard to setting the local adjustment factor Re property tax.With so many people in the area losing their jobs recently due to Covid-19 might I suggest you increase the adjustment from 15% to 20% for the next couple of years until things return to normal and certainly not to bring it below its present 15% rate. Also seeing that SDCC are in a very good financial position Re some projects you are funding.  |
| LPT18 | 11/08/2020 | Letter | Tallaght | Reduction | I am glad South Dublin Council have given the public the opportunity of making their individual recommendations and comments on the subject of Local Property Tax.The council in offering to consider individual comments on the Local Property Tax demonstrated it realizes the negative effect the COVID 10 PANDEMIC has had and still has on personal incomes of very many people.Some of whom have lost their jobs. Others are on Government schemes such as the COVID 19 Pandemic unemployment payment (PUP) Scheme. As a consequence their earning are only a fraction of the monies they would normally earn.Pensioners who also property tax have not had an increase in their Pension and still await a promised 5% increase.Add to the decline in income the increase in the cost of living due to increase in food prices and other necessary goods. Some of these increase are due to Retailers are having to employ extra staff, sanatizers and equipment and masks for their workers and customers.Their suppliers and distributors/delivery companies are also involved in extra costs due to Covid 19In addition there are those people with mortgage / bank, Covid19 related problems.For all of the above reasons I suggest the rate should be left at 2019 level and the discount for the property tax to be increased from 15% to 22.5% to show the Council appreciate the financial difficulties facing individuals paying for their HOMES.EXPENDITURE OF €29MILLION on proposed Hellfire Club and new STAND at Rovers Ground could be moved down the list of Council priorities together with some other priority proposals that can wait for better times |

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 1/11/2020 to 31/10/2021 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 12/2020 is attached setting out the LPT allocation for SDCC.

While the recently released public finances show a deficit of €9.35bn at the end of August, the deterioration is largely due to increased spending in the departments of Health, Employment Affairs and Social Protection. But tax Revenues continue to come in better than expected. The severity of the shock of Covid-19 is on-going but there are signs that businesses are beginning to start operations, workers will regain their incomes, households and firms will be able to begin spending and investing again and our economy can return to a positive place.

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 2021 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 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 several vulnerabilities on the income side including:

* The uncertainties created due to Covid-19
* 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.

In ordinary circumstances I would strongly advocate the maximum LPT increase available to consolidate gains made in service provision and to pay for the obvious increased costs that will apply in 2021.However, in circumstances where the extent of the financial challenge is not yet fully comprehended I consider it imprudent to seek to address this challenge through LPT increases. In the coming weeks prior to budget finalisation we will further evaluate potential financial scenarios for the year ahead. In this context and working with the corporate policy group I hope to present a budget that mitigates where possible the short term impacts of COVID -19 through budgetary adjustments but is sufficiently flexible to allow onward adjustment should circumstances not improve over the later part of 2021.

Daniel Mc Loughlin

Chief Executive

4/09/2020