

# [The libraries, open spaces and leisure amenities,](https://assignbuster.com/the-libraries-open-spaces-and-leisure-amenities/)

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The Annual Budget outlines the budgeted expenditure and income forlocal authorities in the coming year. It identifies the amount each local authoritymay spend and also the amount of income which must be achieved.

Now we will examine the financing of localauthorities (with reference to Cavan County Council) and the challenges theface. We will look at the income and expenditure in the following areas. ·        Local Property Tax·        The Local Government Fund and Equalisation Fund·        Commercial Rates·        Service Charges·        State Grants·        Pension Related Deductions Local Property TaxLocal Property Tax (LPT) charged on allresidential properties in the Country came into effect in 2013 and is collectedby the Revenue Commissioners. The revenue raised is used to fund the provisionof services by local authorities and includes transfers between localauthorities. Such services currently include public parks, libraries, openspaces and leisure amenities, planning and development, fire and emergencyservices, maintenance and cleaning of streets and street lighting. However, only 80% of Local Property Tax isretained locally to fund vital public services. The remaining 20% is depositedinto the Central Equalisation Fund which provides additional funding to certainlocal authorities that have lower property tax bases due to the difference inproperty values across the Country. The Finance (Local Property Tax) Act 2012, makes specific provision that elected members of a local authority may pass aformal resolution to vary the basic rate of the Local Property Tax for theiradministrative area by a percentage (-/+15%) known as the local adjustmentfactor.

Cavan County Councillors made no changes inbudget 2017 or 2018 to the Local Property Tax. The impact is a loss of incometo Cavan County Council in the sum of €660, 315 in 2017. Consequentially, a 15%reduction would only have generated savings of €13. 50 per year in the majorityof cases or €33. 75 per annum for those in the second bracket. However, Cavanbenefits from the equalisation fund to the tune of €5, 958, 846, which brings usback up to the baseline for 2017 amounting to €9, 480, 501. (See Appendix 1)LocalGovernment Fund and Equalisation FundThe Local Government Fund (LGF) is a special central fundwhich was established in 1999 under the Local Government Act 1998.

There havebeen significant changes made to the income and expenditure of the LocalGovernment Fund in recent years. This fund is made up of income from motor tax, income from the Exchequer and finally income from the Local property Tax. TheLocal Property Tax (LPT) accounted for a quarter of the total income of the LocalGovernment Fund (LGF) in 2016, totalling €437. 6m.  The largest proportion of the LGF wasgenerated by motor tax receipts, at 60 per cent. The Exchequer contributed€286. 6m towards the Fund in 2016 (16% of the total).

This was broken down into€149. 4m in respect of LPT, €116m relating to water charges includingcompensation to local authorities for the loss in income owing to the exemptionof Irish Water from rates. It also compensated local authorities €21. 4mresulting from changes under the Lansdowne Road Agreement on public sector pay.(See Appendix 2) The Government decides the expenditure from the LocalGovernment Fund each year as part of the budgetary process.

EqualisationFundEach Local Authority directs 20% of its LPT it collectsinto the Equalisation Fund. It keeps the remaining 80% for local use. TheEqualisation Fund totals over €140 million for 2017. It will support the LPTincome in 21 of the 31 Local Authorities. Cavan County Council will receive €5, 958, 864 form the LocalGovernment Fund in 2017 which will bring Cavan’s baseline back up to€9, 480, 501.

(See Appendix 2) CommercialRatesCommercial rates are a tax on businesses and otherorganisations that occupy commercial premises and are payable to the localauthority. The charge that you pay depends on the rentable value of yourproperty which is assessed by the Valuation Office.  The Valuation Act, 2001 was the firstcomprehensive review of rating legislation and valuation law in 150 years, andintroduced a number of fundamental changes to the previous system, most notablythe introduction of a national programme to revalue all commercial property inIreland. The Act has since been amended by the Valuation (Amendment) Act, 2015, which further refines the revaluation and appeal process.  However, Minister for Housing Simon Coveneyhas secured approval to repeal the legislation governing rates and replace itwith a more modern system. (See Appendix 3)Properties liable for rates are commercial properties /buildings and lands for construction purposes. Exemptions from commercial rates are schools, state funded healthfacilities, churches and state buildings and property.

Where payment is not obtained legal proceedings may betaken to recover the outstanding amount with any legal costs being payable bythe person prosecuted.  Following a courthearing, an instalment order may be sought, or a judgment mortgage obtained andregistered against the property. The sheriff also has the power to seize goodsto cover the value of the amount outstanding. The local authority can offsetany monies due to a ratepayer against rates due to the local authority. In 2016 the commercial rates contribution to the totallocal government budget grew to €1. 47 billion or 36%. This represents an almost10% increase in the commercial rates contribution since 2008.

Cavan County Council rates arrears at the end of 2016amounted to €3. 602m (€3. 907m in 2015). Write offs of rates balances reduced to€627k in 2016 (€877k in 2015), a reduction of €249k.

Vacant propertyadjustments also reduced to €1. 467m in 2016 (€1. 728m in 2015), a decrease of€261k. The annual rate of valuation was €56. 85 and has been increased by 1. 5% to€57. 70 in the annual budget after an 11 hour debate with the elected members. This is the first increase since 2008 for Cavan County Council.

ServiceChargesLocal authorities have powers to charge for serviceswhich they provide, for example, rents from houses, parking fine/charges, Irishwater, planning application fees, emergency services (fire) charges, andlibrary fees. In most cases the charge or fee is set locally although certaincharges or fees are fixed at national level. Cavan County Council no longerprovide domestic or commercial refuse collections service. Income for servicesprovided by Cavan County Council in 2017 including Irish water was €13, 656, 873.

StateGrantsThere are two categories of government grants which aregeneral grants and specific grants. General grants – General grants are paid to local authoritiesand can be spent at the discretion of the local authority. Specific grants – Specific grants are paid to localauthorities in respect of specific services/schemes, for example highereducation grants, road maintenance grants,  by a number of government departments. Cavan County Council received €21, 523, 314 in funding fromgovernment grants in 2017. (See Appendix 4) PensionRelated DeductionsThe FEMPI legislation was a response to the unprecedentedeconomic crisis from which we are now emerging. Financial emergency measures in the public interest legislation in 2009introduced a number of measures, the principal of which was the introduction ofa new deduction from the salaries of pensionable public services, known as thepension-related deduction (PRD).

The levy is deducted at source, and returnedto the Exchequer, so is therefore a reduction in gross pay.  It was put in place to provide some stabilityin public finances.  To give an idea ofits scale, the PRD has yielded savings of over €900m for the Exchequer in eachfull year since it was introduced. By 2018, a total 65, 000 lower-paid pensioners will beremoved from the scope of the pension reduction scheme. The measures will costabout €30 million per year or €90 million over three years to the end of 2018. Asthe economic recovery proceeds, questions relating to the ongoing justifi­cationfor the remaining measures will undoubtedly arise. ConclusionLocal authorities have a need to generate income to helpthem meet the needs of the people they serve and have considerable scope to doso. It is important that they identify and make appropriate use of the incomegeneration opportunities available to them.

It is essential that localauthorities listen to what customers have to say about the services theyprovide, about the quality of those services and about the manner in which theyare provided. In this way, local authorities can ensure that their services aretailored to the needs of the local community. CavanCounty Council has overcome many challenges over the past years with theeconomic crisis. Throughout these years they have continued to provide new andprogressive initiatives in certain areas, such as facilities in their localauthority offices which allow better interaction with the customer, onlineaccess to services and better access for people with disabilities. Cavan CountyCouncil must continue to provide the best service the can to their local Countyand community.

CavanCounty Council – Mission statement “ Wewill be the best at what we do” Indelivering on our mission statement, the Cavan local authorities put the peopleof the County first by providing excellent service in the spirit of partnership. Continuously promoting a sustainable approach in the attainment of an everimproving quality of life for the citizens of the County.