

# The libraries, open spaces and leisure amenities,

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

Now we will examine the financing of local authorities (with reference to Cavan County Council) and the challenges they face. 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 Tax

Local Property Tax (LPT) charged on all residential properties in the Country came into effect in 2013 and is collected by the Revenue Commissioners. The revenue raised is used to fund the provision of services by local authorities and includes transfers between local authorities. Such services currently include public parks, libraries, open spaces and leisure amenities, planning and development, fire and emergency services, maintenance and cleaning of streets and street lighting. However, only 80% of Local Property Tax is retained locally to fund vital public services. The remaining 20% is deposited into the Central Equalisation Fund which provides additional funding to certain local authorities that have lower property tax bases due to the difference in property values across the Country. The Finance (Local Property Tax) Act 2012, 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 (-/+15%) known as the local adjustment factor.

Cavan County Councillors made no changes in budget 2017 or 2018 to the Local Property Tax. The impact is a loss of income to 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 majority of cases or €33. 75 per annum for those in the second bracket. However, Cavan benefits from the equalisation fund to the tune of €5, 958, 846, which brings us back up to the baseline for 2017 amounting to €9, 480, 501. (See Appendix 1) Local Government Fund and Equalisation Fund The Local Government Fund (LGF) is a special central fund which was established in 1999 under the Local Government Act 1998.

There have been significant changes made to the income and expenditure of the Local Government 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. The Local Property Tax (LPT) accounted for a quarter of the total income of the Local Government Fund (LGF) in 2016, totalling €437. 6m. The largest proportion of the LGF was generated 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 including compensation to local authorities for the loss in income owing to the exemption of Irish Water from rates. It also compensated local authorities €21. 4m resulting from changes under the Lansdowne Road Agreement on public sector pay. (See Appendix 2) The Government decides the expenditure from the Local Government Fund each year as part of the budgetary process.

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Equalisation Fund Each Local Authority directs 20% of its LPT it collects into the Equalisation Fund. It keeps the remaining 80% for local use.

The Equalisation Fund totals over €140 million for 2017. It will support the LPT income in 21 of the 31 Local Authorities. Cavan County Council will receive €5, 958, 864 from the Local Government Fund in 2017 which will bring Cavan's baseline back up to €9, 480, 501.

(See Appendix 2) Commercial Rates Commercial rates are a tax on businesses and other organisations that occupy commercial premises and are payable to the local authority. The charge that you pay depends on the rentable value of your property which is assessed by the Valuation Office. The Valuation Act, 2001 was the first comprehensive review of rating legislation and valuation law in 150 years, and introduced a number of fundamental changes to the previous system, most notably the introduction of a national programme to revalue all commercial property in Ireland. 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 Coveney has secured approval to repeal the legislation governing rates and replace it with 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 health facilities, churches and state buildings and property.

Where payment is not obtained legal proceedings may be taken to recover the outstanding amount with any legal costs being payable by the person prosecuted. Following a court hearing, an instalment order may be sought, or a judgment mortgage obtained and registered against the property. The <https://assignbuster.com/the-libraries-open-spaces-and-leisure-amenities/>

sheriff also has the power to seize goods to cover the value of the amount outstanding. The local authority can offset any monies due to a ratepayer against rates due to the local authority. In 2016 the commercial rates contribution to the total local government budget grew to €1.47 billion or 36%. This represents an almost 10% increase in the commercial rates contribution since 2008.

Cavan County Council rates arrears at the end of 2016 amounted 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 property adjustments 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.

**Service Charges** Local authorities have powers to charge for services which they provide, for example, rents from houses, parking fine/charges, Irish water, planning application fees, emergency services (fire) charges, and library fees. In most cases the charge or fee is set locally although certain charges or fees are fixed at national level. Cavan County Council no longer provide domestic or commercial refuse collections service. Income for services provided by Cavan County Council in 2017 including Irish water was €13,656,873.

**State Grants** There are two categories of government grants which are general grants and specific grants. General grants – General grants are paid to local

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authorities and can be spent at the discretion of the local authority. Specific grants – Specific grants are paid to local authorities in respect of specific services/schemes, for example higher education grants, road maintenance grants, by a number of government departments. Cavan County Council received €21, 523, 314 in funding from government grants in 2017. (See Appendix 4) Pension Related Deductions The FEMPI legislation was a response to the unprecedented economic crisis from which we are now emerging. Financial emergency measures in the public interest legislation in 2009 introduced a number of measures, the principal of which was the introduction of a new deduction from the salaries of pensionable public services, known as the pension-related deduction (PRD).

The levy is deducted at source, and returned to the Exchequer, so is therefore a reduction in gross pay. It was put in place to provide some stability in public finances. To give an idea of its scale, the PRD has yielded savings of over €900m for the Exchequer in each full year since it was introduced. By 2018, a total 65, 000 lower-paid pensioners will be removed from the scope of the pension reduction scheme. The measures will cost about €30 million per year or €90 million over three years to the end of 2018. As the economic recovery proceeds, questions relating to the ongoing justification for the remaining measures will undoubtedly arise. Conclusion Local authorities have a need to generate income to help them meet the needs of the people they serve and have considerable scope to do so. It is important that they identify and make appropriate use of the income generation opportunities available to them.

It is essential that local authorities listen to what customers have to say about the services they provide, about the quality of those services and about the manner in which they are provided. In this way, local authorities can ensure that their services are tailored to the needs of the local community. Cavan County Council has overcome many challenges over the past years with the economic crisis. Throughout these years they have continued to provide new and progressive initiatives in certain areas, such as facilities in their local authority offices which allow better interaction with the customer, online access to services and better access for people with disabilities. Cavan County Council must continue to provide the best service they can to their local County and community.

Cavan County Council – Mission statement “ We will be the best at what we do” In delivering on our mission statement, the Cavan local authorities put the people of the County first by providing excellent service in the spirit of partnership. Continuously promoting a sustainable approach in the attainment of an ever improving quality of life for the citizens of the County.