

# Local Government Funding (Baseline) Review – Methodology for the Allocation of Local Government Funding

## Consultation Document

### Overview/Introduction

Central Government has traditionally provided funding to local authorities in the form of an annual contribution towards meeting some of the day to day costs to local authorities of providing a reasonable level of services to their customers. From 2000 to 2007, a Needs and Resource model was used and from 2008 until 2014, General Purpose Grant (GPG) allocations were largely based on the pattern of allocations over preceding years. This approach was subsequently replaced by Local Property Tax (LPT) from 2015, when local retention of LPT began. This review is primarily focussed on local authority funding baselines. Further information on local government funding is available on the Department's website; <http://www.housing.gov.ie/local-government/local-government>

In determining allocations for local government funding a number of specific factors were taken into account, including:

- the overall funding available for this purpose;
- the estimated cost to each authority of providing a reasonable level of services;
- the income each authority should generate from local sources; and
- the necessity to provide each authority with a baseline allocation that supported its financial stability.

### Review Process

The Minister for Housing, Planning and Local Government (DHPLG) has established a review group to consider 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<sup>1</sup>. 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, in the context of the wide range issues they face and the diverse nature of counties across Ireland.

Ultimately, the primary purpose of the review is to inform the Minister for Housing, Planning and Local Government in relation to any actions he may wish to recommend to Government concerning the establishment of local authority funding baselines and the distribution of the general funding that is available. The review group is comprised of representatives of DHPLG and the Local Government Sector. DHPLG will provide the Chair and secretariat to the group. A consultation process is now being launched to help inform this work.

As part of the process, the review group wishes to consult with relevant stakeholders; the purpose of this consultation is to provide those stakeholders with an opportunity to submit their views in relation to the factors and indicators that could be used to determine local

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<sup>1</sup> The funding referred to in this context does not include programme funding or funding for infrastructure i.e. funding allocated to local authorities from central government for specific purposes. Instead, it refers to general funding, the expenditure of which is decided upon by the elected members of local authorities in line with local needs and priorities.

authority funding baselines. The review group will consider submissions received in the context of their deliberations.

### **Focus of the Consultation Process and the Work of the Review Group**

The review group will consider the submissions received in the context of their deliberations.

Stakeholders are invited to make submissions, having particular regard to:

- The broad range of general indicators and data sources that could be applied across the local government sector to review baselines and guide the allocation of non-infrastructure funding;
- The rationale behind these indicators and whether appropriate to the local government sector.

Indicators should be available and applicable across all 31 local authorities. Possible indicators could include;

- Demographics such as population, population change and/or make-up of the population;
- Physical characteristics such as size/area, the physical environment, the rural - urban divide and population density;
- Socio-economic indicators such as deprivation or unemployment rates;
- Income generating capacity such as the commercial rate base or recourse to other charges

The objective of this review is to recommend a set of key indicators which may be used to allocate any available additional funding to local authorities in a fair, equitable and transparent manner.

**The consultation process is open until 3 July 2018. Any submission received after this date may not be considered.** It is intended that the report of the review group will be presented to the Minister for Housing, Planning and Local Government in August 2018 and published in due course.

### **How to get involved?**

Written submissions are requested and should be sent to [LGFinance@housing.gov.ie](mailto:LGFinance@housing.gov.ie)

Alternatively, you can respond by post to:

Local Government Finance  
Department of Housing, Planning and Local Government  
Government Buildings  
Newtown Road  
Wexford  
Y35 AP90

Please include contact details if you are responding by post.

Beidh lán fáilte roimh chomhfhreagras trí Ghaeilge.

Please note that this review process is separate to the review of Local Property Tax (LPT) currently being undertaken by the Department of Finance. The purpose of that review is to inform the Minister for Finance in relation to any actions he may recommend to Government concerning the overall yield from LPT and its contribution to total tax revenue. Further information on that process is available from [www.finance.gov.ie](http://www.finance.gov.ie)

### **Freedom of Information and Access to Information on the Environment**

Responses to this consultation are subject to the provisions of the Freedom of Information and Access to Information on the Environment legislation. The Department may receive requests for any or all information supplied as part of this process. Any information that is considered commercially sensitive should be highlighted as appropriate.