

## Local Authority Finance: *Income and Expenditure Trends*

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### Key Point:

In 2018, the total revenue of Local Authorities (LAs) amounted to €4.7 billion. This represented an increase of over €400 million, or 10%, compared to 2017. Total expenditure by LAs increased by 12% from €4.2 billion to €4.7 billion between 2014 and 2018. The service division which experienced the greatest increase in LA expenditure was 'Housing and Building', with an increase of €600 million between the years 2014. If we combine the expenditure on Housing and Building by all LAs in County Dublin, this region spent the highest amount on Housing and Building: €500 million in 2018. Limerick City and Council spent over €432 million in 2018. Despite the high population density of counties Cork and Galway, these LAs spent considerably less than was allocated by Limerick City and County Council. Cork allocated €100 million and Galway €35 million (combining both city and county councils in each) to Housing and Building in 2018. LA expenditure fell by €330 million in the service areas of Water Services (- €330,000) and by €70,000 in Agriculture, Education and Welfare. This reflected the declining role of LAs in these sectors.

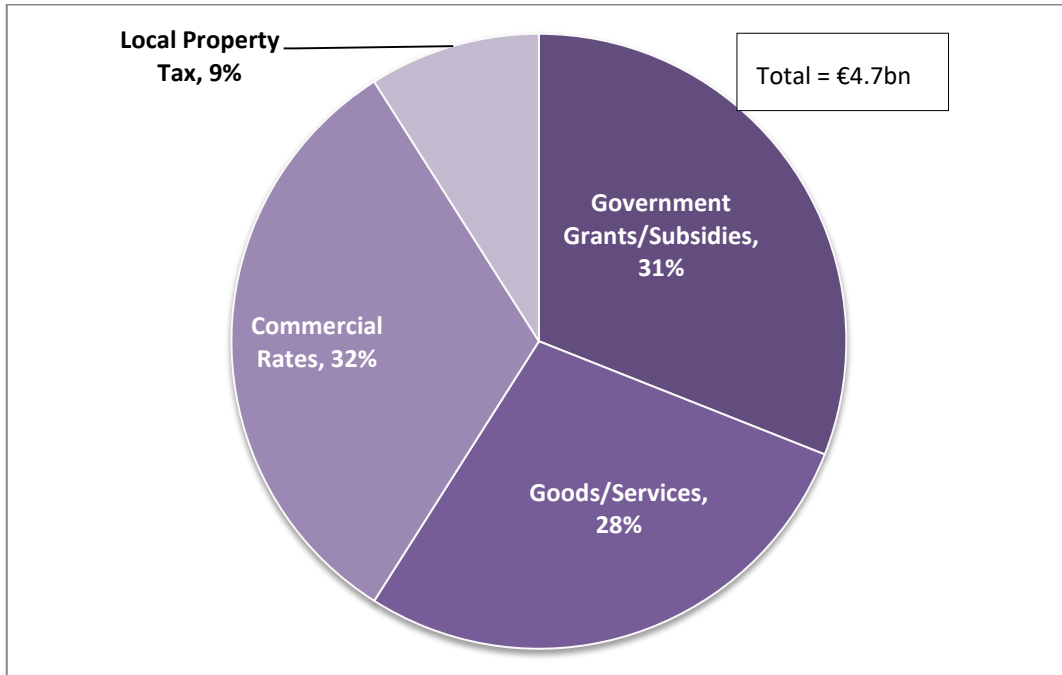
### Overview: *Sources of Local Authority Revenue and Expenditure*

Figure 1 shows LA revenue sources in 2018. LAs generate revenue from a variety of sources which include:

- **Government Grants and Subsidies (31%)** – are paid to LAs by various Government Departments for certain services and schemes (e.g. housing and road maintenance).
- **Charges for goods and services (28%)** – are fees charged for services directly provided by LAs (e.g. housing rents, waste charges, parking charges and planning application fees).
- **Commercial Rates (32%)** – are levies charged by LAs on properties used for commercial purposes. The commercial rate levied is determined by: multiplying 'rateable valuation' (valuation of property decided by the Commissioner of Valuation and set out in the valuation list) by 'Annual Rate on Valuation' (rate decided by elected representatives in each LA at their annual budget meeting).
- **Local Property Tax (9%)** – is an annual tax charged on the market value of all residential properties in Ireland. The LPT came into operation in 2013 and is collected by the Revenue Commissioners. 80% of the LPT collected is retained locally to fund vital public services, while the remaining 20% is used to help fund

other LAs that do not have a sufficient property tax base to meet their funding requirements.

**Figure 1: Local Authority Revenue Sources in 2018**

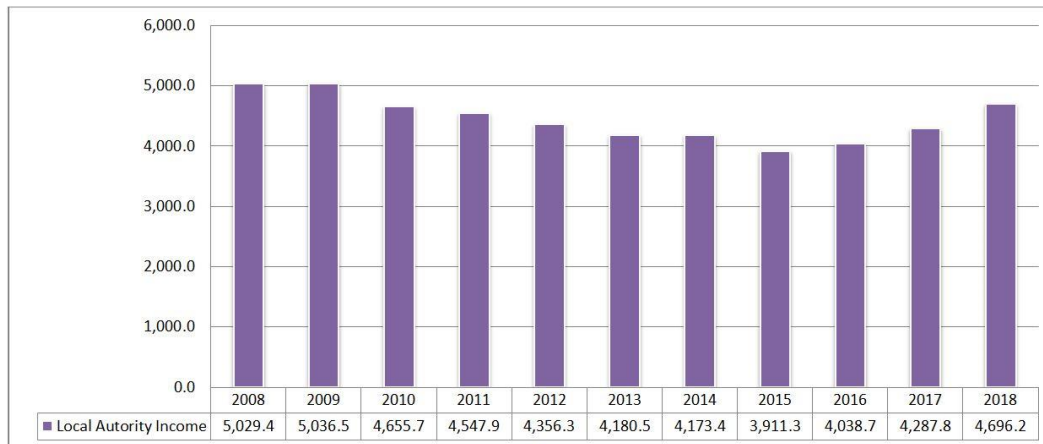


Source: Department of Housing Planning and Local Government (2018)

### Trends in Local Authority Income and Expenditure 2006-2018

Figure 2 shows trends in LA income between the years 2008-2018. During the Great Recession and its aftermath, LA income decreased steadily from €5bn in 2008 to under €4bn in 2015. However, since 2016 there has been a gradual rise in LA income, increasing to €4.7bn in 2018.

**Figure 2: Local Authority Income 2008-2018 (Millions)**



Source: Department of Housing Planning and Local Government (2008-2018)

Figure 3 shows changes in LA expenditure (by areas of LA spending) between the respective years 2014 and 2018. Total expenditure by LAs increased from €4.2bn in 2014 to €4.7bn in 2018. LA expenditure occurs under five headings:

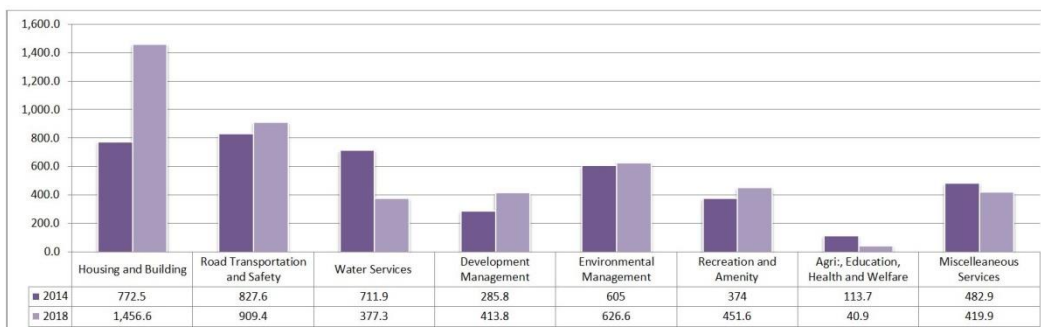
- **Housing and Building** – (e.g. Maintenance/Improvement of LA Housing Units; Housing Assessment, Allocation and Transfer; Housing Rent and Tenant Purchase Administration; Administration of Homeless Support; Support to Housing Capital Prog. RAS Programme; Housing Loans and Grants; RAS and HAP Programmes etc.).
- **Roads and Transportation** – (e.g. Road Maintenance and Improvements; Public Lighting; Traffic Management Improvement; Road Safety; Car Parking and Support to Roads Capital Programme etc.).
- **Water Services** – (e.g. Water Supply; Waste Water Treatment; Public Conveniences; Administration of Group and Private Installation and Support to Water Capital Programme etc.).
- **Developmental Management** – (e.g. Foward Planning; Development Manangement; Enforcement; Industrial and Commercial Facilities; Tourism Development and Promotion; Community and Enterprise Function etc.).
- **Environmental Management** – (e.g. Landfill Operation and Aftercare; Recovery & Recycling Facilities Operations; Waste to Energy Facilities Operations; Operation of Fire Service; Water Quality, Air and Noise Pollution; and Climate Change and Flooding etc.)
- **Recreation and Amenity** – (e.g. Leisure Facilities Operations; Operation of Library and Archival Service; Outdoor Leisure Areas Operations; Community Sport and Recreational Development and Operation of Arts Programme).
- **Agriculture, Education, Health and Welfare** – (e.g. Land and Drainage Costs; Operation and Maintenance of Piers and Harbours; Coastal Protection; Vetinary Services and Educational Support Services etc.)

- **Miscellaneous Services** – (e.g. Administration of Rates; Operation of Morgue and Coroner Expenses; Operation of Markets and Casual Trading; Local Representation/Civic Leadership and Motor Taxation etc.)

In 2014, the highest level of LA expenditure was on Road and Transportation Safety (€830m). Other high spending areas included: Housing and Building (€770m), Water Services (€710m); Environmental Management (€605m) and Miscellaneous Services (€480m). The lowest level of LA spending was in the areas of Recreation and Amenities and Agriculture, Education and Welfare (€110m).

There was a dramatic increase in spending on Housing and Building, from €773m in 2014 to €1.46bn in 2018. Increases in LA expenditure were also evident in the areas of road transportation and safety (+€170,000), Development and Management (+€130,000), recreation and activities (+€80,000) and environmental management (+€20,000). A decrease in LA spend was evident in the areas of Water Services (- €330,000) and Agri, Education and Welfare (- €70,000), reflecting a decreased remit of responsibility for LAs in these sectors.

**Figure 3: LA Expenditure by Service Division 2014 and 2018 (Millions)**

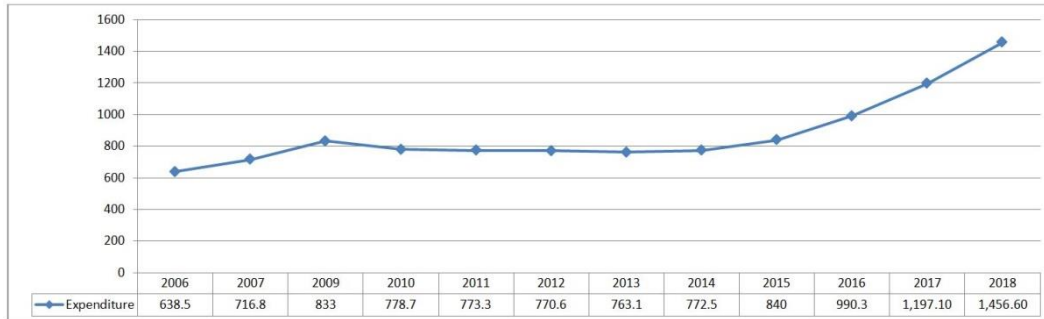


Source: Department of Housing Planning and Local Government (2014 and 2018)

### Local Authority Finance: *Housing Expenditure per Local Authority*

Figure 4 shows trends in LA expenditure on the ‘Housing and Building’ service division between the years 2006 and 2018. While there was an increase in LA expenditure on housing and building between the years 2006 and 2009, spending in this sector fell during recessionary times and its aftermath: decreasing from €830m in 2009 to €770m in 2014. The increased demand for social housing in recent years is reflected in the steady rise in LA expenditure on housing and building, with total LA spending increasing to €1.46bn in 2018.

**Figure 4: LA expenditure on ‘Housing and Building’ service division 2006-2018 (Millions)<sup>1</sup>**



Source: Department of Housing Planning and Local Government (2006-2018)

Table 1 shows LA expenditure on Housing and Building. On a national basis, Limerick City and County Council spent the largest amount on Housing and Building: allocating €430m to this service area in 2018. Other LAs with high levels of expenditure allocated to this service area include: Dublin City Council (€350m), South Dublin County Council (€70m); Fingal County Council (€60m); and Cork County Council (€50m). When combining the expenditure spent by all LAs in County Dublin, this region spent the largest amount on ‘Housing and Building’: allocating €520m to this service division in 2018. Despite the high population density in counties Cork and Galway (City and County areas combined), expenditure in these LAs (€100m and €35m respectively) was far less than the LA spend in Limerick City and County Council.

LAs with the lowest spend on Housing and Building included: Leitrim County Council (€4m); Roscommon County Council (€6m); Monaghan County Council (€8m); Longford County Council (€8m) and Cavan County Council (€8m).

<sup>1</sup> Breakdown of figures for 2008 on this service division are not available.

**Table 1: Local Authority Spend on Housing and Building Nationally 2018**

County-City Councils	Expenditure (€million)
1. Limerick City and County Council	432,170,921
2. Dublin City Council	349,460,428
3. South Dublin County Council	70,793,800
4. Fingal County Council	61,107,170
5. Cork County Council	52,082,434
6. Cork City Council	46,576,000
7. Dun Laoghaire Rathdown County Council	42,299,698
8. Kildare County Council	36,858,985
9. Tipperary County Council	29,247,504
10. Kerry County Council	26,706,510
11. Waterford City and County Council	25,728,776
12. Wexford County Council	23,601,943
13. Louth County Council	23,072,404
14. Meath County Council	21,744,853
15. Galway City Council	21,040,531
16. Wicklow County Council	20,701,027
17. Donegal County Council	18,486,067
18. Mayo County Council	17,953,556
19. Clare County Council	16,758,531
20. Westmeath County Council	15,908,548
21. Kilkenny County Council	15,863,935
22. Galway County Council	13,541,145
23. Sligo County Council	13,145,666
24. Laois County Council	11,538,798
25. Offaly County Council	11,538,752
26. Carlow County Council	11,473,543
27. Cavan County Council	8,592,960
28. Longford County Council	8,588,157
29. Monaghan County Council	7,770,809
30. Roscommon County Council	6,409,640
31. Leitrim County Council	4,355,372

Source: Department of Housing Planning and Local Government (2018)

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