

**Public Accounts Committee  
8 March 2018**

**Updating Briefing Paper**

**Department of Housing, Planning and Local Government (DHPLG)**

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**Vote 34: DHPLG 2016, 2017 and 2018**

**Chapter 8: Central Government Funding of Local Authorities/  
Local Government Fund Financial Statements 2016**

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## **Vote 34: DHPLG 2016, 2017 and 2018**

This briefing paper has been prepared to update the Public Accounts Committee and assist in its consideration of the 2016 Appropriation Accounts in respect of Vote 34, Chapter 8 of the C and AG Report for that year and the 2016 Financial Statements for the Local Government Fund.

### **Transfers of Functions**

In 2016, following the reconfiguration of certain Departments, rural affairs and social enterprise functions transferred from DHPLG to the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs; similarly, climate action and environment functions transferred to the new Department of Communications, Climate Action and Environment. In 2017, the remaining elements of community-related programmes transferred to the new Department of Rural and Community Development. From January 2018, responsibility for motor tax transferred to the Department of Transport, Tourism and Sport, with consequential implications for the Local Government Fund.

### **Expenditure Trend**

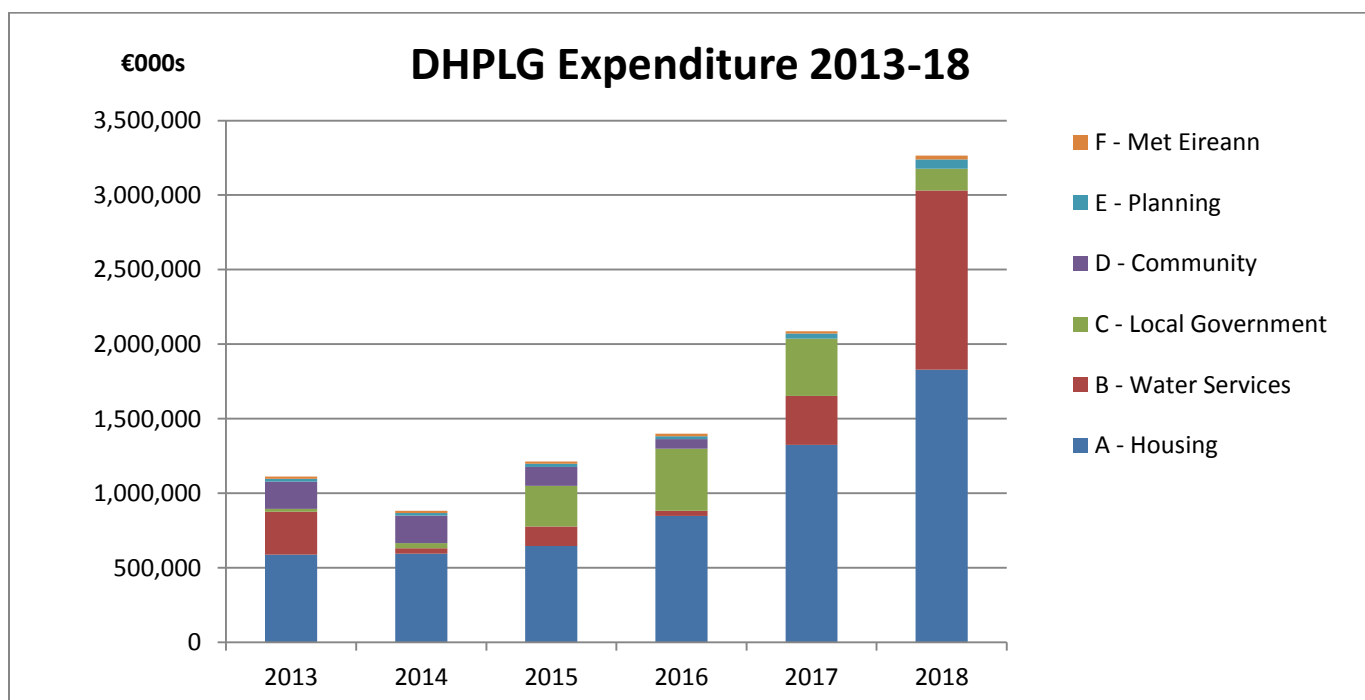
An overview of the trend in DHPLG expenditure 2013-18 is set out below. It shows an aggregate increase in expenditure from 2013 to 2018 of over €2.1bn (180%), driven principally by additional resources allocated to fund the implementation of *Rebuilding Ireland* and, from 2018, Irish Water funding being provided through the Vote.

A more detailed table in respect of 2016–18, broken down at subhead level (both capital and current), is also presented below.

DHPLG's gross expenditure in 2016 was €1.399bn (€903m current, €496m capital). In addition, €107m of Local Property Tax (LPT) was used to self-fund housing programmes by certain local authorities in receipt of surplus LPT i.e. in excess of the funding baseline. These programmes would have otherwise been exchequer-funded.

Gross expenditure in 2017 was €2.087 billion<sup>1</sup> in respect of the Department's Vote, representing an increase of 49% on the outturn for 2016. This is comprised of current expenditure of €1.295bn and capital expenditure of €792m. An additional €92m was available from surplus 2017 LPT receipts to fund housing programmes.

As regards 2018, gross expenditure is estimated to be €3.264bn in respect of the Department's Vote, representing an increase of 56% on the outturn for 2017. This is comprised of current expenditure of €1.633bn and capital expenditure of €1.631bn. An additional €92m is also available from LPT receipts to fund housing programmes, again by certain local authorities in receipt of surplus LPT.



Gross Expenditure (€000s)	2016	2017*	2018
<b>GROSS</b>	<b>Outturn</b>	<b>Outturn</b>	<b>REV</b>
	<b>€1,399,026</b>	<b>€2,087,225</b>	<b>€3,263,884</b>
<i>Current</i>	€902,996	€1,294,935	€1,632,899
<i>Capital</i>	€496,030	€792,290	€1,630,985

\* 2017 figures reflect provisional outturn of Vote 34

<sup>1</sup> Provisional outturn 2017

<b>DHPLG GROSS EXPENDITURE 2016-18 (€000s)</b>	<b>€000s</b>	<b>2016 Outturn</b>	<b>2017 Prov. Outturn</b>	<b>2018 Estimate</b>
	<b>Current</b>	<b>902,996</b>	<b>1,294,935</b>	<b>1,632,899</b>
	<b>Capital</b>	<b>496,030</b>	<b>792,290</b>	<b>1,630,985</b>
	<b>GROSS</b>	<b>1,399,026</b>	<b>2,087,225</b>	<b>3,263,884</b>
A.3 - LOCAL AUTHORITY HOUSING	Current	242,727	379,585	550,260
	Capital	206,310	396,441	561,670
A.4 - VOLUNTARY & CO-OPERATIVE HOUSING	Current	29,579	45,921	54,750
	Capital	71,078	105,231	203,006
A.5 - SOCIAL INCLUSION	Current	91,928	113,470	120,655
	Capital	4,446	4,835	12,000
A.6 - ESTATE REGEN. - SOCIAL HOUSING IMPROVEMENTS	Current	-	-	-
	Capital	112,522	111,094	128,080
A.7 - PRIVATE HOUSING GRANTS	Current	-	-	-
	Capital	32,299	44,537	53,000
A.8 - SUBSIDIES AND ALLOWANCES	Current	1,953	2,969	4,000
	Capital	471	437	600
A.9 - INFRASTRUCTURE FUND	Current	-	-	-
	Capital	-	1,604	75,000
A.10 - OTHER SERVICES	Current	5,944	8,747	16,080
	Capital	36,919	95,364	30,950
B.3 - WATER QUALITY PROGRAMME	Current	8,764	8,528	15,457
	Capital	2,799	3,295	7,000
B.4 - RURAL WATER PROGRAMME	Current	-	-	24,000
	Capital	15,305	15,351	20,000
B.5 - FORESHORE	Current	723	715	4,850
	Capital	-	-	460
B.6- WATER CONSERVATION GRANT 2016	Current	673	-	-
	Capital	-	-	-
B.6- IRISH WATER 2017 & 2018	Current	-	291,535	600,000
	Capital	-	-	500,000
B.7- LOCAL AUTHORITIES	Current	-	-	16,500
	Capital	-	-	-
B.8- LEAD REMEDIATION/ DPI	Current	-	-	-
	Capital	8	132	4,000
B.9- WATER ADVISORY BODY	Current	-	-	420
	Capital	-	-	-
B.10 - OTHER SERVICES	Current	-	426	34
	Capital	-	-	-
C 3 - LOCAL GOVERNMENT FUND	Current	396,555	365,300	124,800
	Capital	-	-	-

C.4 - FIRE AND EMERGENCY SERVICES	Current	774	879	1,050
	Capital	8,728	10,938	9,250
C.5 – FRANCHISE	Current	170	81	1,973
	Capital	-	-	250
C.6 - OTHER SERVICES	Current	687	303	244
	Capital	1,750	-	1
* D.3 - SUPPORTS FOR COMM & VOLUNTARY SECTOR	Current	11,267	-	-
	Capital	-	-	-
*D.4 - SICAP, LOCAL/REGIONAL DEVELOPMENT SUPPORTS	Current	42,224	-	-
	Capital	-	-	-
*D.5– RAPID	Current	-	-	-
	Capital	32	-	-
*D.6 - DORMANT ACCOUNTS MEASURES	Current	803	-	-
	Capital	-	-	-
* D.7 - PROGRAMME FOR PEACE AND RECONCILIATION	Current	-	-	-
	Capital	-	-	-
*D.8 - INTERREG PROGRAMME	Current	-	-	-
	Capital	-	-	-
*D.9- IRISH WATER SAFETY	Current	657	-	-
	Capital	-	-	-
*D.10- LIBRARY DEVELOPMENT AND ARCHIVE SERVICE	Current	1,065	-	-
	Capital	1,670	-	-
*D.11 - OTHER SERVICES	Current	61	-	-
	Capital	-	-	-
E.3 - AN BORD PLEANÁLA	Current	13,833	15,780	16,761
	Capital	500	1,180	483
E.4 - PLANNING TRIBUNAL	Current	3,755	11,444	3,745
	Capital	-	-	-
E.5 - OFFICE OF THE PLANNING REGULATOR	Current	-	-	1,400
	Capital	-	-	-
E.6 - PLANNING POLICY	Current	376	287	360
	Capital	-	-	-
E.7 - FORWARD PLANNING	Current	318	544	250
	Capital	-	-	-
E.8 - MY PLAN	Current	-	141	210
	Capital	-	-	-
E.9 - URBAN RENEWAL/ REGENERATION	Current	-	-	-
	Capital	-	-	10,000
E.10 - DEVELOPMENT CONTRIBUTION REBATE SCHEME	Current	-	-	-
	Capital	-	-	6,000
E.11 - ORDNANCE SURVEY IRELAND (from 2018)	Current	-	-	14,608
	Capital	-	-	985
E.12 - OTHER SERVICES	Current	29	98	110
	Capital	-	-	-
F.3 - SUBS TO INTERNATIONAL METEOROLOGICAL ORG.	Current	-	197	3,000
	Capital	-	-	-
F.4 - FLOOD FORECASTING AND WARNING SERVICE	Current	-	-	125
	Capital	-	-	750
H - APPROPRIATIONS IN AID	Current	19,360	63,229	63,266

	Capital	503	-	-
Administration	Current	48,131	47,985	57,257
	Capital	1,193	1,851	7,500

*\*Transferred to Department of Rural and Community Development in 2017*

## **Chapter 8: Central Government Funding of Local Authorities/ Local Government Fund Financial Statements 2016**

### **Local Government Fund**

The Local Government Fund (LGF) has, until recently, been funded principally by motor taxation and Local Property Tax (LPT), which is collected by the Revenue Commissioners; a payment has also been made to the Fund from the Department's Vote. The main payments from the Fund have been to local authorities, Irish Water, the Department of Transport, Tourism and Sport, as well as the Exchequer.

Following the Report of the Joint Oireachtas Committee on the Future Funding of Domestic Water Services, the Government decided that all State funding to Irish Water in respect of domestic water services would from 2018 be met from the Vote of the Department, rather than from the LGF. This is now reflected in the amount of €1.1 bn (€600 million on the current side and €500 million capital) which is included this year in the DHPLG Estimate for meeting Irish Water costs in respect of domestic water services and providing a capital contribution towards investment.

In tandem with Irish Water funding moving from the LGF to the Vote in 2018 other changes have been made to the Fund which aim to return it more fully to its original purpose of funding local authorities and to end circular flows of funds that had built-up over the years. From 2018:

- motor tax receipts will go directly to the Exchequer;
  - payments in respect of Road and Public Transport Infrastructure, previously met from the LGF, will be met from the Vote of the Department of Transport, Tourism and Sport;
- and

- there will be no further requirement for a payment from the LGF to the Exchequer.

In 2018, after these changes, the position is that the income sources into the Fund are estimated to be LPT of €470 million and a payment from the Exchequer of €124.8 million. DHPLG will make payments estimated at €620.7 million from the Fund in 2018, including LPT allocations to local authorities of €504 million. Income and expenditure details in respect of the Fund for the years 2014-18 are set out below.

<b>LGF Income 2014-18 (€m)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017*</b>	<b>2018**</b>
Motor Tax (net)	1,157.6	1,122.0	1,049.9	1,003.0	-
Exchequer Contribution	-	241.1	396.6	365.3	124.8
Household Charge	0.174	-	-	-	-
Local Property Tax	491.4	469.2	463.4	460.0	470.0
Interest/Other	0.367	0.2	-	-	-
<b>Total</b>	<b>1,649.5</b>	<b>1,832.5</b>	<b>1,909.9</b>	<b>1,828.3</b>	<b>594.8</b>

\* 2017 - Accounts to be finalised \*\*2018 - Estimated Income

<b>LGF Expenditure 2014- 18 (€m)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017*</b>	<b>2018**</b>
General Purpose Grants	281.3	-	-	-	-
Local Property Tax	-	458.9	453.3	500.8	504.1
Road & Public Transport Payments	361.9	355.5	348.7	333.0	-
Payment to Exchequer	520.0	481.0	317.9	230.0	-
Irish Water Subvention	439.1	399.0	652.1	639.0	-
Local Authority Rates Payments	-	46.3	46.0	47.0	47.0
Other Miscellaneous	89.4	62.3	109.8	88.0	69.6
<b>Total</b>	<b>1,691.7</b>	<b>1,803.0</b>	<b>1,927.8</b>	<b>1,837.8</b>	<b>620.7</b>

\* 2017 - Accounts to be finalised \*\*2018 - Estimated Expenditure

### **Local Government Oversight**

A briefing note on the National Oversight and Audit Commission (NOAC), which was prepared by the Commission, was provided to the PAC at its request on 14 February 2018. A briefing note

on local government funding generally and LPT matters (including as regards 2018) was also provided to the Committee.

**DHPLG,  
1 March 2018.**