



Ms. Sarah Cremin  
Committee Secretariat  
Committee of Public Accounts  
Leinster House  
Dublin 2  
D02 XR20

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26<sup>th</sup> April 2023

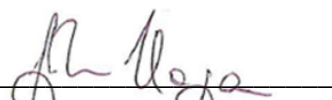
Dear Ms. Cremin,

I refer to your letter dated 12<sup>th</sup> April 2023 regarding my response of 27<sup>th</sup> February 2023 which provided further information on the issues raised by the Committee at our meeting on 17<sup>th</sup> November 2022, and the Committee's request for additional information at its meeting on 23<sup>rd</sup> March.

In relation to the additional information requested by the Committee at its meeting on 23<sup>rd</sup> March, it should be noted that primary responsibility for policy and oversight in relation to Local Authority development levy income rests specifically with the Department of Housing, Local Government and Heritage.

To assist the Committee and respond on the issues raised in your latest letter, I am happy to forward information received from that Department in relation to the additional information sought by the Committee and respectfully suggest that any further requests on detail in relation to this issue required by the Committee are best addressed directly to that Department.

Yours sincerely,



John Hogan  
Secretary General

Development contributions received by local authorities, to include development levy income for 2022 by Local Authority area and the related amount on deposit in each local authority account.

The development levy income figures for 2022 are not yet available. These figures will be available when the Audited Annual Financial Statements for 2022 for all local authorities are completed. The Department of Housing, Local Government and Heritage will provide the 2022 development levy income figures to the Committee once available.

Information on development levy related amounts on deposit in each local authority is not reported in the Annual Financial Statements, and as such this information is not available.

Clarification regarding the restrictions on spending of development levies that were put in place following the financial crisis, including the current status of these restrictions.

The Department of Housing, Local Government and Heritage is responsible for monitoring the local government sector's compliance with fiscal rules set out as part of the management of the Stability and Growth Pact. These include the contribution of the local government sector to the General Government Balance (GGB) and also controls to be exercised under the Expenditure Benchmark requirements.

Arising from the Government's effort to meet commitments in relation to the General Government Deficit limit, local authorities have been directed that, similar to the revenue account activity, capital expenditure should not exceed capital income within the reporting year. The precise manner in which capital and current accounts are managed in order to achieve the overall balance necessary is a matter for individual local authorities themselves. However, within these overall limits, there is additional capacity for the expenditure of built-up capital balances and own resources (funded by development contributions on hand by local authorities) or expenditure supported by borrowing, which must be sanctioned by the Minister with policy responsibility for the specific programme involved. That is to say, both the expenditure of built-up capital balances and own resources, and expenditure supported by borrowing, separately require sanction. In reviewing individual requests for sanction, consideration is given to ensuring that priority infrastructural investment can proceed, that contractual commitments and on-going projects can proceed and that development contributions already collected and aligned to specific capital projects can be utilised efficiently.

The basis for the determination of a development contribution and the expenditure of income from development contributions is set out in a development contribution scheme adopted by the elected members of a local authority, and planning authorities may make one or more schemes in respect of different parts of its functional area. The adoption of these schemes is a reserved function of the locally elected members of each planning

authority, and it is a matter for the members to determine - (i) the level of contribution and the types of development to which they will apply, and (ii) the expenditure of the contributions received within the confines of the scheme conditions.

Development contributions can only be levied in respect of capital funding for public infrastructure and facilities, and as such, cannot be used to cover current expenditure costs. Any development contributions accruing to the local authority under the provisions must be accounted for separately in the Capital account of the local authority. Income from development contributions must be ring-fenced to pay for public infrastructure and facilities servicing new development and it is a matter for each local authority to determine the allocation of those incomes, having regard to the provisions of sections 48 and 49 of the Planning and Development Act 2000, as amended.