

## **KILKENNY COUNTY COUNCIL**

### **LOCAL PROPERTY TAX (LPT) – BUDGET 2017**

In advance of preparing the 2017 budget for Kilkenny County Council the members are required to make a decision before the end of September on the issue of varying the basic rate of LPT up or down by a maximum of +/- 15%, as per Section 20 of the Finance (Local Property Tax) Act 2012 as amended by section 5 of the Finance (Local Property Tax) Act 2013. The statutory deadline for making this decision is September 30<sup>th</sup> 2016 as both the Revenue Commissioners and the DHPCLG have to be notified by that date.

A briefing on this matter was provided to the members at the July Council meeting. In taking a decision to pass a resolution to vary the basic rate, the members must have regard to the following matters:

- Feedback from the public consultation process.
- Estimation of income and expenditure for the period for which the varied rate is to have effect.
- The financial position of the Local Authority.
- The financial effect of the varied rate.

#### **Public Consultation**

The prescribed thirty day public consultation process commenced on July 15<sup>th</sup>. The notice was published in the Kilkenny People newspaper on July 15<sup>th</sup> and was also published on the Council website and on social media. Two submissions were received by the end of the thirty day period. Copies of the submissions received are included in appendix 1 and 2.

#### **Estimate of Income and Expenditure**

A schedule setting out the estimated Income and Expenditure for 2016 and 2017 is set out in Appendix 3. The forecast expenditure for 2016 is now €71.7m compared with the adopted budget estimate of €67.2m. The main reason for this increase over budget is the increased allocation of roads funding amounting to €4.5m.

The preliminary estimate of income and expenditure for 2017 shows a projected spend of €73m. The final projections for 2017 will be known once the detailed budget is completed in the coming weeks.

The Council is faced with a number of significant funding challenges for 2017. Appendix 4 sets out a preliminary list of issues that have been identified to date. The net funding shortfall arising is €1.157m.

Detailed discussions have yet to take place with Irish Water regarding the water services budget for 2017. KCC will seek to maintain the same level of overhead recovery as 2016.

Additional funding will be required for the Town and Village Renewal Scheme (€67k), Medieval Mile Museum (€80k) and the Dog Pound (€30k).

IPB have notified Local Authorities of an increase in insurance premiums for 2017. The increase for Kilkenny is €235k. This matter is being discussed by the CCMA and we plan to have a meeting with IPB in the coming weeks.

The additional payroll costs arising from the national wage agreements amounts to €250k.

The workforce plan for the Council has been prepared and is almost complete. The plan identifies a requirement for additional staffing in a number of service areas. The additional cost associated with the plan is €750k for 2017.

The 2016 budget included additional discretionary allocations amounting to €330k. Some of these allocations will not be required in 2017.

The net increase in expenditure is €1.297m.

The Valuation Office revised the commercial rates valuation on utility companies in late 2015. This resulted in a reduction in rates income for Kilkenny of €260k. Compensation was provided by the DHPCLG for 2016 only to cover this shortfall.

There is an estimated increase in rates income of €400k arising from revisions to the existing rate base and new additions.

There will be a minimal change to the rates income in 2017 arising from the harmonisation of the rate books for the former County & Borough.

The overall net impact of the issues identified is a requirement for additional funding for Budget 2017 of €1.157m

### **The financial position of the Local Authority**

The Financial position of Kilkenny County Council as at 30<sup>th</sup> June 2016 is set out in the attached Appendix 5. The total value of current assets was €19.1m and current liabilities amounted to €20.2m giving a ratio of 0.9.

The total value of loans receivable on mortgage debt was €40.2m compared with a balance payable of €40.5m. The total amount of non mortgage loans outstanding at June 2016 was €0.8m.

### **The Financial Effect of the Varied Rate**

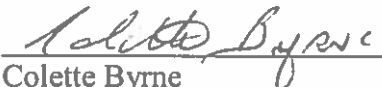
Information on the LPT for Kilkenny is included in Appendix 6. The total number of properties declared to date for Kilkenny is 35,400 with a 96.2% compliance rate for payment. 90% of properties in the county are valued at €200,000 or less. The projected Local Property Tax Income for Kilkenny is €7.418m (assuming no change to the basic rate). 80% of this

will be retained locally amounting to €5.94m. The total distribution to Kilkenny from the equalisation fund is €4.74m which includes €1.32m of compensation for the loss of pension levy income. The impact of the maximum variation of +/- 15% in the Council's finances is +/- €1.1m (Every 1% equates to +/-€74k). In the event of the members passing a resolution to reduce the LPT basic rate by 15% no additional funding will be provided from the Equalisation Fund and expenditure will have to be reduced accordingly to balance the budget. If the members decide to increase the LPT basic rate, 100% of the resultant additional income collected will be retained by Kilkenny County Council.

### Conclusion

The decision Members take on LPT is critical to the 2017 Budget process. In order to achieve a balanced Budget for 2017 there is a requirement for the members to consider an increase of up to 15% in the LPT basic rate to cover the additional funding requirement already identified. In the absence of any additional funding on the LPT/Equalisation fund expenditure reductions will have to be considered.

Signed:

  
\_\_\_\_\_  
Colette Byrne  
Chief Executive  
Kilkenny County Council

Signed

  
\_\_\_\_\_  
Martin Prendiville  
Head of Finance  
Kilkenny County Council

13<sup>th</sup> September 2017

- Appendix 1 - Submission received from RGDATA
- Appendix 2 - Submission received from Kilkenny Sinn Fein
- Appendix 3 - Kilkenny County Council -Estimate of Income and Expenditure 2016 and 2017
- Appendix 4 - Preliminary list of issues for Budget 2017
- Appendix 5 - Kilkenny County Council – Financial Position – June 2016
- Appendix 6 - LPT Information for Kilkenny
- Appendix 7 - Circular Fin 04/2016 dated 27<sup>th</sup> July from DHPCLG setting out the provisional Local Property Tax Allocation for 2017 for Kilkenny County Council.

APP 3/02/16 F



27 July, 2016

Kilkenny County Council  
County Hall  
John Street  
Kilkenny

**Re: Notice of Consideration of Setting a Local Adjustment Factor (Local Property Tax)**

A Chara

RGDATA, the representative association for independent family owned grocery outlets nationwide would like to comment on your notice of consideration of setting a local adjustment factor regarding Local Property Tax.

Business owners paying commercial rates have long been promised that they would get some relief when property tax was introduced.

RGDATA respectfully suggests that if the Council is in a position to agree reductions in the rate of local Property Tax it should first introduce a reduction in Commercial Rates.

This would be very welcome amongst the many business owners and employers that RGDATA represents throughout the county of Kilkenny.

Yours sincerely

A handwritten signature in black ink that reads "Tara Buckley". The signature is fluid and cursive, with a large initial 'T'.

**Tara Buckley**  
**Director General**





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[Log in \(/en/user/login?current=node/1618\)](#)

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**Consultation:**

[Notice of Consideration of Settling a Local Adjustment Factor \(Local Property Tax\) \(/en/consultation/notice-](#)

[consideration-settling-local-adjustment-factor-local-property-](#)

[tax\)](#)

**Submission:**

LPT

**Author:** David Kennedy

**Date Created:** 08.08.2016 - 12:40pm

**Status:** Submitted

**Date Submitted:** 08.08.2016 - 12:46pm

**Unique Reference Number:** CVQ-1618

**No. of documents attached:** 0

**Boundaries Captured on Map:** No

**Observations**



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**Theme:** [Local Authority Services \(/en/themes/local-authority-services\)](/en/themes/local-authority-services)

**Title:** LPT

We Kilkenny Sinn Fein are looking for a 5% reduction in the LPT in Kilkenny.

<https://www.addtoany.com/share?url=https%3A%2F%2Fconsult.kilkenny.ie%2Fsubmission%2FCVQ-1618&title=LPT>



## Discussion

Ask / respond to a question or share information relevant to this submission.

Add new comment

[Privacy Policy \(/en/content/privacy-statement\)](/en/content/privacy-statement)

[Moderation Policy \(/en/content/moderation-policy\)](/en/content/moderation-policy)

<https://consult.kilkenny.ie/en/submission/CVQ-1618>

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[Observations \(/en/node/1609/observations\)](#)

## Notice of Consideration of Setting a Local Adjustment Factor (Local Property Tax) - Submissions

**Y** [Filter](#)

Submission

[LPT \(/en/submission/CVC-1618\)](#)

Submitted by

David Kennedy

Org/Individual

Organisation

Date

03.08.2016 - 12:46pm

[Privacy Policy \(/en/content/privacy-statement\)](#)

[Moderation Policy \(/en/content/moderation-policy\)](#)



## Estimated Income and Expenditure (2016 & 2017)

APPENDIX 3

	2016 Estimated	
	Outturn	2017 Budget
	€m	€m
<b>INCOME</b>		
Commercial Rates	18.9	19.2
Local Property Tax	5.8	5.9
Grants and Subsidies	25.7	26.9
Other Income	21.3	21.0
<b>Total Income</b>	<b>71.7</b>	<b>73.0</b>
<b>EXPENDITURE</b>	€m	€m
Payroll Expenses	31.0	31.9
Loan interest and principal repaid	4.8	5.2
Social benefits (transfer to households)	6.6	6.7
Capital Grants paid.	2.2	2.2
Other Expenditure	27.1	27.0
<b>Total Expenditure</b>	<b>71.7</b>	<b>73.0</b>



**Kilkenny County Council**  
**Budget 2017**  
**Preliminary list of issues for 2017**

**Appendix 4**

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Water Services - Payroll Recoupment	?
Water Services - CMC Recovery	(200)
Town and Village Renewal Scheme - match funding	(67)
Medieval Mile Museum contribution	(80)
Dog Pound Costs	(30)
Income reduction - textile Bring Centres	(15)
Insurance Premiums	(235)
Payroll - Pay Cut reversal national wage agreements	(250)
Payroll - Staffing Levels	(750)
<b>Subtotal</b>	<b>(1,627)</b>
Festivals / Events Support	20
1916 commemoration	50
3 Sisters Bid	80
Waterford Airport	10
Boundary Review	50
War Memorial	20
Waste Prevention Projects - 2016	15
Library Computerisation	15
Library Book Stocks	20
Amenity Grants	50
<b>Subtotal</b>	<b>330</b>
<b>Net Increase in Expenditure</b>	<b>(1,297)</b>
Loss of Rates Income on Utility Companies	(260)
Estimated Additional Rates Income	400
<b>Overall Funding Shortfall</b>	<b>(1,157)</b>





**Kilkenny County Council**  
**Financial Position as at June 2016**

**APPENDIX 5**

<u>Assets</u>	€m
Current Assets (including cash and investments)	19.1
General revenue reserve (if surplus)	0.0
Loans Receivable	43.3
<u>Liabilities</u>	
Current Liabilities (including overdraft)	20.2
General Reserve (if Deficit)	0.0
Loans Payable	
Voluntary housing / mortgage loans	40.5
Non mortgage loans	0.8
<u>Indicators</u>	
Ratio of loans to payable to revenue income	0.6
Ratio of current assets to current liabilities	0.9



Kilkenny County Council Local Property Tax Analysis of properties in each LPT Valuation Band.		Appendix 6					
A		B	C	D	E	F	G
No of Properties	% Properties	Cumulative %	Current LPT €	Annual Impact of change +/- 15% €	Annual Impact of change +/- 10%	Annual Impact of change +/- 5%	
LPT Valuation Band							
0-100,000	10,585	30%	90	13.50	9.00	4.50	
100,001-150,000	12,461	65%	225	33.75	22.50	11.25	
150,000-200,000	8,850	90%	315	47.25	31.50	15.75	
>200,000	3,505	100%					
<b>Total</b>	<b>35,400</b>	<b>100%</b>					
Source: Revenue Commissioners and DHPCLG							
<b>Kilkenny County Council</b>							
<b>2017 LPT Allocation (pending any decision to vary the basic rate).</b>							
LPT - 100%			€m.				
LPT - 20% to the Equalisation Fund			7.42				
General Purpose Grant Allocation 2014.			1.48				
LPT retained locally (80%).			9.36				
2017 Shortfall (LPT retained locally - 2014 GPG Allocation).			5.94				
Distribution of Equalisation Fund			3.42				
+ Pension Levy Compensation			3.42				
Total Distribution from the Equalisation Fund			4.74				
<b>Total LPT funding to be provided in 2017.</b>			<b>10.67</b>				
Value of Potential Increase or Decrease in 2017 LPT allocation if maximum variation of 15% implemented.			1.11				
Source : Circular Fin 04/2016 - DHPCLG							





An Roinn Tithíochta, Pleanála,  
Pobail agus Rialtais Áitiúil  
Department of Housing, Planning,  
Community and Local Government



27 July 2016

**Circular Fin 04/2016**

Chief Executive

cc. Head of Finance

**Provisional Local Property Tax Allocations 2017 – Kilkenny County Council**

A Chara,

I am directed by the Minister for Housing, Planning, Community and Local Government to inform you that the provisional Local Property Tax (LPT) allocations from the Local Government Fund for 2017 have been agreed and your authority's allocation is set out below. LPT Allocations have been calculated using the Revenue Commissioners' projections of net declared liabilities of €447m post variation in 2016 (as set out in Appendix B to this document). On a pre-variation basis, the full 2016 net declared liability amounts to €484m and this is the estimate applied to the provisional LPT allocations process for 2017.

**Local Retention of Local Property Tax**

A new funding model, based on local retention of Local Property Tax, was first introduced in 2015. It aims to benefit local ownership and financial autonomy, achieve improved outcomes and greater engagement between local electors and their local authorities. It is also recognised that local authorities' cost and income bases vary significantly from one another. The ability to raise additional revenue varies considerably among local authorities and some require extra financial support in order to meet the costs of service delivery.

**Revised 2017 LPT Baseline to include Pension Related Deductions**

Since 2015, all authorities' minimum provisional LPT allocations were linked to the former General Purpose Grant (GPG) 2014 baseline level. For 2017, the main

change in the mechanism around LPT allocations will be the inclusion of Pension Related Deductions (PRD) in a revised LPT Baseline. This new LPT baseline (minimum requirement for funding) incorporates PRD equivalent to the levels retained by local authorities in 2014 along with the former GPG 2014 baseline level.

The Government has also agreed that no local authority will be any worse off in their pre-variation LPT discretionary allocation compared to the sum of their 2016 equivalent plus PRD amounts retained by them in 2014. This is to ensure that all authorities retain the full benefit of including PRD in the revised LPT Baseline. PRD deductions currently retained by local authorities as an income stream will, from 2017 on, be remitted directly to the Exchequer. Accordingly there will be no further compensation, similar to that provided in 2016, to assist local authorities to meet the costs arising from changes in PRD under the Lansdowne Road Agreement.

Kilkenny County Council's new LPT Baseline is €10,673,913.

### **Equalisation**

The Government also reaffirmed its intention to continue with 80% retention of all Local Property Tax receipts within the local authority area where the Tax is raised. The remaining 20% of the Tax collected nationally will be re-distributed on an equalised basis to local authorities, within the context of the annual allocations of LPT, to ensure that all authorities receive, at a minimum, an amount equivalent to their revised LPT baseline as set out above. This 20% for equalisation will be based on the total expected level of LPT in each local authority area and will not be adjusted if the basic rate of LPT is varied. Based on its shortfall position when expected 2017 LPT receipts are compared to the 2017 LPT Baseline, Kilkenny County Council will be in receipt of equalisation funding in 2017.

### **Self-Funding**

Some local authorities will receive greater levels of funding in 2017 from the Local Government Fund as a result of local retention of LPT compared to their LPT Baseline. The Government has decided that these local authorities will have the surplus allocated in two ways:

- Part of the surplus up to the equivalent of 20% of total expected LPT income (or the full amount of the surplus if that is less than 20%) can be used as additional discretionary income by local authorities for whatever purposes they wish as part of their normal budgetary process; and
- The remainder of the surplus, if any, will then be available to the local authority to fund specified services in the housing and/or roads areas thereby replacing Central Government funding for some of these services. Authorities are expected to continue providing such services regardless of the changed approach to funding.

Based on its shortfall position when expected 2017 LPT receipts are compared to the 2017 LPT Baseline, Kilkenny County Council will not be required to self-fund services in the Housing and/or Roads areas.

The specific detail of the level of Central Government Voted grants funding to be provided to local authorities is a matter that will be considered, as normal, as part of the Estimates process.

### **Provisional Local Property Tax allocation to Kilkenny County Council in 2017**

The Local Property Tax allocation for Kilkenny County Council for 2017 (pending any decision to locally vary the basic rate) is €10,673,913. As a local authority where 80% of LPT income is less than the 2017 LPT Baseline, this allocation includes €4,739,033 from the Equalisation Fund in order to ensure that the allocation is at least matched to the new LPT Baseline.

### **Variation**

Every local authority has the power, from 1 July 2014, to vary the basic rate of LPT by up to 15%. It should be noted that if Kilkenny County Council decides to vary the LPT basic rate upwards (by up to 15%) in 2017, it will retain 100% of the resultant additional income collected in the local authority area. Similarly, if Kilkenny County Council decides to vary the LPT basic rate downwards (by up to 15%) in 2017, the resultant loss in LPT income will be reflected in reduced LPT funding to the authority. No additional funding from the Equalisation Fund will be provided.

Please refer to the table in **Appendix A**, which sets out the basis for the allocation.

### **2016 Local Property Tax (LPT) Statistics and Property Valuation Bands**

2016 Local Property Tax (LPT) Preliminary Statistics and Property Valuation Bands were provided to this Department by the Revenue Commissioners as at June 2016. This information is being provided for statistical purposes only to assist in the consideration of the local adjustment factor for 2017 LPT, as set out in section 20 of the Finance (Local Property Tax) Act 2012.

LPT statistics set out in Appendix B to this document outline the following:

- 2016 LPT Exempt (additional to declared liabilities)
- 2016 LPT Amounts Declared
- 2016 LPT Amounts Deferred
- 2016 Net LPT Position

**The projected amounts for 2016 LPT reflect any local decision to lower the basic rate by the local adjustment factor in 2016, i.e. data provided is post variation.** This is of course subject to normal fluctuations that may be caused by

transfers in property ownership and the on-going compliance campaign in operation by the Revenue Commissioners.

In accordance with section 152 of the Finance (Local Property Tax) Act 2012, the Department requested information in relation to property valuation bands for each local authority area from the Revenue Commissioners.

The Revenue Commissioners have requested that the following would be clarified in relation to the data set out in the table hereunder:

- The data provided represents valuation bands based on property values as at the 1 May 2013 valuation date;
- Any differences in the percentages are due to rounding; and
- The figures are based on preliminary analysis of returns filed and other Local Property Tax related information; of necessity, a certain amount of estimation has been required.

LPT 2016 Valuation Bands	0-100,000	100,001-150,000	150,001-200,000	200,001-250,000	250,001-300,000	Over 300,000
Kilkenny County Council	29.9%	35.2%	25.0%	5.7%	1.9%	2.2%

Local Authorities will be advised of any further information once it becomes available.

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Rory O'Leary

Assistant Principal

Local Government Finance



**Appendix A**

**Kilkenny County Council - 2017 LPT Allocation (Pending any decision to vary the basic rate)**

	€
LPT 100%	<u>7,418,599</u>
LPT 20% to Equalisation Fund	<u>1,483,720</u>
2017 LPT Baseline	10,673,913
LPT Retained Locally (80%)	<u>5,934,880</u>
2017 Shortfall (LPT Retained Locally – 2017 LPT Baseline)	-4,739,033
<b>Distribution of Equalisation Fund</b>	<b>4,739,033</b>
<b>Total LPT Funding to be provided in 2017</b>	<b><u>10,673,913</u></b>
Value of potential increase or decrease in 2017 LPT Allocation <b><u>for every 1%</u></b> of variation implemented	<b>+/- 74,186</b>

**Appendix B – 2016 LPT Preliminary Statistics, post application of the 2016 Local Adjustment Factor (June 2016) Revenue Commissioners**

Local Authority	LPT 2016 Exempt	LPT 2016 Declared	LPT 2016 Deferred	Net LPT 2016 Post Variation
Carlow County Council	€129,275	€4,019,608	€75,915	€3,943,693
Cavan County Council	€123,345	€4,482,978	€80,910	€4,402,068
Clare County Council	€181,343	€8,642,021	€119,865	€8,522,156
Cork City Council	€303,025	€10,083,478	€195,172	€9,888,306
Cork County Council	€1,056,319	€39,090,672	€504,880	€38,585,792
Donegal County Council	€227,295	€11,018,127	€170,550	€10,847,577
Dublin City Council	€2,333,124	€68,946,818	€1,399,401	€67,547,417
Dún Laoghaire-Rathdown CC	€1,408,979	€44,557,210	€652,957	€43,904,253
Fingal County Council	€939,016	€32,950,805	€550,688	€32,400,117
Galway City Council	€156,225	€8,205,172	€100,350	€8,104,822
Galway County Council	€347,559	€14,735,590	€181,328	€14,554,262
Kerry County Council	€341,100	€14,224,659	€165,308	€14,059,351
Kildare County Council	€503,427	€20,215,058	€315,570	€19,899,488
Kilkenny County Council	€238,667	€7,521,154	€102,555	€7,418,599
Laois County Council	€130,655	€4,983,937	€80,685	€4,903,252
Leitrim County Council	€82,620	€2,146,298	€27,720	€2,118,578
Limerick City and County Council	€413,413	€15,929,374	€261,293	€15,668,081
Longford County Council	€77,653	€2,077,954	€37,289	€2,040,665
Louth County Council	€239,877	€9,496,299	€203,463	€9,292,836
Mayo County Council	€215,550	€10,516,521	€128,880	€10,387,641
Meath County Council	€416,820	€17,770,269	€327,465	€17,442,804
Monaghan County Council	€86,217	€3,562,495	€58,302	€3,504,193
Offaly County Council	€107,865	€4,986,855	€90,450	€4,896,405
Roscommon County Council	€123,825	€4,027,696	€56,138	€3,971,558
Sligo County Council	€185,200	€5,314,813	€70,853	€5,243,960
South Dublin County Council	€616,254	€27,248,698	€569,636	€26,679,062
Tipperary County Council	€329,265	€11,988,117	€182,768	€11,805,349
Waterford City and County Council	€261,513	€9,429,080	€162,653	€9,266,427
Westmeath County Council	€158,929	€6,481,438	€103,208	€6,378,230
Wexford County Council	€301,335	€12,398,422	€242,190	€12,156,232
Wicklow County Council	€466,306	€17,375,433	€319,100	€17,056,333
<b>Totals</b>	<b>€12,501,995</b>	<b>€454,427,043</b>	<b>€7,537,536</b>	<b>€446,889,507</b>

Note 1: This analysis is preliminary; there is a small element of estimation in regard to the distribution of amounts by Local Authority.

Note 2: The LPT Declared amount includes declared amounts from returns filed to date, deferred amounts and amounts due on foot of instructions sent to employers and pension providers to collect LPT by way of mandatory deduction at source.

Note 3: The figures include LPT amounts for properties owned by Local Authorities and Approved Housing Bodies.

Note 4: The exemption amounts set out above are based on claims made and will be subject to certain verification checks. In addition, the full effects of exemptions are not reflected in the statistics as where an exemption was claimed, the property owner was not always required to value their property.