

**NUI Galway researchers use council budgets website
to highlight big and increasing differences in how taxpayers' money is spent locally**

Researchers Gerard Turley and Stephen McNena at the Whitaker Institute in NUI Galway have developed an online platform that allows taxpayers see how their money is spent locally. Initially designed for *PublicPolicy.ie* with funding from Atlantic Philanthropies, the www.localauthorityfinances.com website shows local council revenue incomes and spending divisions. Aimed at improving transparency and accountability but also at informing the public on how local councils raise and spend taxpayers' money, the interactive web application can be used to readily access individual council income and spending budgets, but also cross-council comparisons with a view to identifying best and worst performing councils.

Using local authority budget data from the website, our summary table shows some big differences in the local authorities, in terms of both council spending (and changes over time) but also council income, and, in particular, commercial rates and local property tax (LPT). Among other explanations, differences in local authority spending can be accounted for by variations in expenditure needs, arising from differences in the socio-economic and demographic profile of the area and its population. Of the eight functional areas that local councils provide, four service divisions account for 75 per cent of total current spending. These are housing (€351), roads (€208), environmental services (€152) and recreation & amenities (€102), with the national average spend per person in 2019 for each of these service divisions reported in brackets.

Across the 31 local authorities there are sizeable differences in terms of how much councils spend per person, with the highest and lowest spend per head in Dublin City Council and Meath County Council, at €1,751 and €635 per inhabitant respectively. More specifically, expenditure per person on housing ranges from €686 in Dublin City Council to €86 in Galway County Council. On roads, the range is €396 in Leitrim County Council to €92 in Fingal County Council. For environmental services, including the fire service and street cleaning, Dublin City Council spends €362 per person whereas Meath County Council spends €84 per person. On recreation & amenities, spending per capita ranges from €223 in Galway City Council to €44 in Meath County Council.

As for spending changes over time, in general it is the more urban, eastern local authorities that have witnessed the largest increases in day-to-day spending since the last local elections, with the more rural local authorities experiencing the smallest increases and even some recording reductions in spending since 2014. In contrast, all local authorities experienced reductions in current (and even more so in capital) spending between the local elections of 2009 and 2014, coinciding with the years of austerity. Notwithstanding the recovery in the general economy since the last local elections, the issue of the rural/urban divide remains a serious challenge for our policymakers, both local and national.

Funding sources also differ, reflecting differences in tax bases and economic activity. These revenue income differences are particularly true for rural versus urban councils, with the more urban densely populated councils able to rely more on own-source incomes such as commercial rates, retained LPT and user charges, resulting in a greater degree of fiscal autonomy for these councils, while the rural less populated county councils have to depend more on central government grants to provide local public services.

As most tax revenue for local councils is in the form of commercial rates and not LPT, we report the commercial rate called the Annual Rate on Valuation (ARV), for 2019. For those local councils that have not revalued the commercial rates base recently, the ARV ranges from 79.25 in Kerry County Council to 56.77 in Tipperary County Council. Where local councils have undertaken a recent revaluation of industrial and commercial properties liable for commercial rates, the ARV ranges from 0.2760 in South Dublin County Council to 0.1500 in Fingal County Council. Indeed, of the four Dublin councils, two of them are amongst the councils that levy the highest ARVs in the country, but, on the other hand, the other two Dublin councils have the lowest ARVs nationwide. As for these cross-council differences in the ARV, the ARV in 2019 in any local council is a reflection of that council's ARV levied in the past.

As a tax on business property, commercial rates account for about 30 percent of total revenue income, as against the LPT which accounts for only eight per cent of revenue income. Given the Government's recent and regrettable decision to, yet again, defer the revaluation of residential properties for LPT purposes, this imbalance between business and non-business taxes to fund local public services is an issue that requires more analysis and discussion, with the 2019 local elections an ideal opportunity for voters and policymakers to debate this and other local concerns.

These cross-council differences in budget income and spending are not unexpected, given the variations in the profile, circumstances and choices of the different areas and their constituents. After all, the argument in favour of decentralisation and having local councils (and elections!) is to bring government closer to the people so that citizens get what they want given their differences in preferences and willingness to pay, rather than the uniformity that comes with central government provision.

For more information on this research and the www.localauthorityfinances.com website contact NUI Galway economics lecturers Gerard Turley or Stephen McNena at gerard.turley@nuigalway.ie or stephen.mcmena@nuigalway.ie

Local Council Spending and Income

Spending				Income			
Local Council	Expenditure per person 2019, €	Local Council	% change in expenditure 2014-19	Local Council	ARV 2019	Local Council	ARV 2019
Dublin city	1,751	Laois	34	Kerry	79.25	South Dublin*	0.2760
Cork city	1,328	Dublin city	21	Mayo	75.40	Limerick*	0.2677
Waterford	1,176	Meath	18	Cork city	74.98	Dublin city*	0.2610
Leitrim	1,139	Kerry	16	Cork	74.75	Waterford*	0.2583
Galway city	1,117	South Dublin	12	Wexford*	73.67	Carlow	0.2571
Longford	1,106	Cavan	12	Clare	72.99	Longford*	0.2401
Mayo	1,059	Kilkenny	12	Wicklow	72.04	Sligo	0.2300
Tipperary	1,014	DLR	11	Donegal	71.81	Roscommon	0.2250
Sligo	995	Kildare	11	Meath	69.6245	Kildare	0.2246
Monaghan	990	Fingal	10	Galway city	67.4009	Offaly	0.2198
Clare	990	Galway city	9	Galway	66.59	Leitrim	0.2103
Kerry	975	Clare	8	Laois*	66.57	Kilkenny	0.2000
Donegal	917	Westmeath	7	Cavan	60.87	Westmeath	0.1830
Carlow	885	Leitrim	7	Louth	60.00	DLR*	0.1673
Roscommon	883	Wexford	6	Monaghan	59.04	Fingal*	0.1500
Cavan	879	Cork	6	Tipperary	56.77		
South Dublin	871	Sligo	5				
Westmeath	868	Waterford	4				
Laois	851	Monaghan	3				
DLR	843	Tipperary	2				
Cork	825	Cork city	1				
Louth	823	Longford	1				
Kilkenny	803	Mayo	-1				
Fingal	802	Donegal	-2				
Wexford	781	Offaly	-4				
Offaly	774	Galway	-4				
Wicklow	722	Carlow	-5				
Kildare	678	Roscommon	-6				
Galway	671	Wicklow	-7				
Meath	635	Louth	-9				
All^	1,084						

*The asterisk indicates councils that changed the LPT rate for 2019, with the councils outside the Dublin area opting for a rate increase (+2.5% by Waterford City and County Council; +7.5% by Limerick City and County Council; +10% by Laois County Council and Wexford County Council; + 15% by Longford County Council) compared to the four Dublin councils that all decreased the LPT, and by the full 15% with the exception of Fingal County Council that agreed a 10% reduction.

Source: www.localauthorityfinances.com; Department of Housing, Planning and Local Government's website www.housing.gov.ie

^Expenditure data for Limerick City and County Council are not included as its annual budget is inflated by the spending on the Housing Assistance Payment (HAP) scheme with Limerick City and County Council running the shared services centre on behalf of the 31 local authorities. Similarly, Dublin City Council is the lead local authority in the Dublin region for homeless services (operating a shared service arrangement via the Dublin Region Homeless Executive), and for the fire service. This is important when comparing expenditure data across the four Dublin councils.