

Local Government Funding (Baseline) Review



Submission by:

County Carlow Chamber of Commerce, Industry & Tourism CLG

Gateway Business Centre

Athy Road

Carlow

Contact: Brian O'Farrell, CEO

ceo@carlowchamber.com

Foreword

County Carlow Chamber of Commerce, Industry & Tourism CLG wish to make a submission on the Local Government Funding (Baseline) Review – Methodology for the Allocation of Local Government Funding. The Chamber welcomes this review as we recognise the challenges posed to councils in funding the necessary services due to shortages in funding through the current model.

The Chamber have lobbied for a review and changes to the model for some time, as we have seen first hand the challenges and implications of the current system. While we appreciate the system may work in some areas, we need to ensure a fairer system to address the issues and ensure adequate funding across the country.

This submission discusses Local Government Funding, with a specific focus on County Carlow.

County Carlow

County Carlow while being the 2nd smallest county, is the 14th largest urban area in Ireland. The county has seen a population increase of 4.1% since the 2011 Census and projections would indicate further growth in the county. In the 2016 Census the population of the county stood at 56,875.

The county is home to many indigenous businesses and some FDI, we are also still awaiting IDA Investment in the form of an Advance Site, details are still not yet confirmed.

County Carlow Chamber

The County Carlow Chamber was established over 71 years ago, working on behalf of member businesses to assist in the social and economic development of Carlow. The Chamber has lead on many projects over the years and continues to work on behalf of members on a range of policy priorities.

The County Carlow Chamber currently represents over 175 businesses throughout the County including many of the county's largest employers. In total, Chamber members employ approx. 4500 people across the county operating in a range of sectors including tourism, retail, manufacturing, services and education. Carlow businesses also contribute over €14m annually in commercial rates towards the local economy, that is in addition to the contributions from employment, taxation and significant contributions through community support and sponsorship.

The members of the chamber operate in a range of sectors, these member companies and individuals bringing a wide range of skills and expertise to the organisation which assists in defining the direction and focus of the Chamber.

Carlow for Business

Carlow as a destination for business has changed considerably over the years. Many people recall years ago when larger industries like Braun and the Sugar Factory adorned the landscape of the county, however while they have disappeared the memories remain. The county has worked hard to attract new business, and additionally we have seen many businesses develop in the county, becoming strong forces on the global market.

In relation to Commercial Rates, Carlow has been known traditionally as one of the highest in the country and this has impacted on the county in several ways:

- Its ability to attract new business
- Sustaining the businesses in the county

The rates were increased regularly for many years, to fund the council and the county. It was advised that the level of funding received from central government was not adequate to meet the requirements for running the county on an annual basis and funds needed to be sourced elsewhere.

In relation to the challenges of funding the county, the council and councillors also advised that it was harder to secure extra funding as the county regularly stayed within its budget parameters, or in other words it was being penalised for not overspending on any given year. Had the county over spent on budget then there was a better chance of securing extra funding to meet the needs of running the county.

The County went through the process of revaluation in 2017 and following this process, the county continues to have one of the highest ARV (Annual Rate of Valuation) figures of all counties which have been completed. The ARV for Carlow stands at 0.269 compared to neighbouring counties like Kilkenny at 0.21, Kildare 0.21. We cannot continue to use Commercial Rates to fund shortages in budgets, as the higher levels in the county place businesses and the county at a commercial disadvantage.

Local Government Funding 2016

The below figures relate to the distribution of Local Government Funds to several Councils in 2016.

	Carlow	Kilkenny	Leitrim	Longford	Laois	Sligo
Funding Payment 2016	€2,269,079	€3,511,575	€6,661,579	€6,469,714	€3,799,083	€5,861,427
Population	56,875	99,118	31,972	40,810	80,559	65,357
Per Head	€39.90	€35.42	€208.35	€158.53	€47.15	€89.68
Urban Area	23,030	24,423	3,980	9,601	20,145	19,452
Per Head Urban	€98.52	€143.78	€1673.76	€673.85	€188.58	€301.32
Urban Area Rank	14 th	12 th	98 th	48 th	18 th	24 th

Longford with a population 29% smaller than Carlow, received 52% more funding. Similarly, Leitrim receive 55% more government funding even though they have a population size which equates to 42% less than that of Carlow.

Kilkenny, our neighbour and constituency partner is a county almost twice the km² area received higher funding than Carlow despite the similar sizes of the Urban population in both county towns. Kilkenny also generates almost 100% more revenue in LPT than Carlow.

Laois another neighbour sharing a border with Carlow Town, receives 67% more government funding, however the LPT difference is 24%. A high proportion of the rateable businesses in Laois

also operate within the Carlow Town Environs as they are based in Graiguecullen, which to the unfamiliar could be considered part of Carlow town.

The disparity in government funding has an enormous impact throughout both Carlow town and county and its ability to recover following the recent economic recession. Existing businesses are struggling to cope with exorbitant rates bills and this has led to numerous business closures in recent times. Excessive rates also prohibit new businesses from opening in the town centre and on top of that there seems to be no money in the coffers for the proper upkeep of the public spaces throughout the county including simple things like grass cutting, planting & general maintenance.

Determining LGF

The current model used to determine Local Government Funding is not working, especially not for some counties, as the levels are inadequate to meet budget requirements. In line with finalising the model the calculating funding, it is also imperative that other funding measures are also examined as we cannot allow a new model to adversely affect other funding mechanisms. While the boundaries between counties exist on maps and in how local authorities operate, we cannot allow them to create competitive disadvantage between counties.

It is important to review the demands on resources in each county. We have seen a vast increase in commuter levels across the county, whereby most of the workforce in a company generating the commercial rates, may in fact be living in another county and utilising the services there. The models for calculating LGF need to take this into account and ensure that we are funding where the demand in resources exists and where we see that the demand may be increasing.

The overall size of a county is not a determining factor that should be used alone. While the size of the county may be large, the demands on the resources of the local authority may be considerably less due to the population distribution and density.

Conclusion

The current model used to determine Local Government Funding needs to be changed and we need to ensure that counties do not cover shortfalls through continued increases in other funding mechanisms.

The demands on the resources of a county is one of the best models to determine the requirements, however it is also important to ensure that a needs analysis is completed. In some cases, weaknesses in Local Government in relation to securing funding for specific projects does also impact on the ability of the county to compete. We have seen shortages in the skills needed to secure funding affects the ability of the council to invest fully in infrastructure.