



10<sup>th</sup> September, 2024.

**TO: AN CATHAOIRLEACH  
& EACH MEMBER OF KILKENNY COUNTY COUNCIL**

**RE: LOCAL PROPERTY TAX (LPT) – BUDGET 2025**

Dear Councillor,

The Elected Members will be required to adopt the 2025 Statutory Budget before 6<sup>th</sup> December 2024. In advance of preparing the Budget the Elected Members are required to make a decision on the Local Property Tax as Per Section 20 of the Finance (Local Property Tax) Act 2012 as amended. The decision to vary the basic rate of LPT for 2025 must be taken before 15<sup>th</sup> October, 2024 and the Local Adjustment Factor (LAF) must be notified to Revenue by this date. The decision taken can apply for a period of more than one year.

**Challenges:**

Each year the Council faces numerous challenges in trying to prepare a balanced budget to deliver services for the people of Kilkenny. 2025 will be no different.

Inflation has had a major impact on the cost of services in recent years. Cumulative inflation since the 1<sup>st</sup> of January 2020 is in excess of 20%. This has had a significant impact on all service areas in particular housing and roads maintenance.

The 2024 to 2026 public sector pay agreement will see further wage cost increases. It is assumed that Government will continue to fund the majority of this increased cost.

Compensation for the full amount of the 2024 work place relations commission (WRC) recommendation on retained firefighters has not been confirmed by the department yet. It is critical that full compensation is provided for this additional cost.

Council has had to continue to invest in IT to support all of the services provided by the council to the public. The ongoing cyber threats has also placed increased demands on IT resources.

**Limited Sources of Income:**

LPT and commercial rates account for approximately 32% of the Council's annual income. Since the Local Property Tax was introduced in 2014 there has only been one increase in the baseline funding amounting to €1.5m following a national review of the LPT baseline in 2023. This increase is welcome but equates to an average annual increase of €136k since 2014.

The estimated net increase in commercial rates for 2025 is €350k. This is dependent on the Valuation Office completing new listings applications in a timely manner.

The estimated net shortfall for 2025 is at least €2.3m. This is a preliminary estimate and further detailed work has to be undertaken with all departments within the council to complete the budget.

It is critical that no change is made to the Local Authority Tax base rate adjustment for 2025. The decision made 5 years ago yields an additional €1.18m each year for the Council. Council simply could not sustain this level of income reduction on top of an estimated funding shortfall of €2.3m.

The impact of cuts, if necessary, would be significant on local communities and the wider public, in particular the more vulnerable in our society.

In addition to impact on our own services any loss of income will impact on Kilkenny County Councils discretionary spend. This funding as the Elected Members are aware, supports a huge range of community and voluntary projects including:

- Watergate Theatre,
- Rothe House,
- Drum Youth Centre,
- Kilkenny Tourism,
- Kilkenny Archives,
- Butler Gallery,
- Kilkenny Festivals, the length and breadth of the county including the Arts Festival, Savour Kilkenny, Town of Books in Graiguenamanagh, Kilkenny Animates,
- Keep Kilkenny Beautiful,
- Kilkenny Energy Agency,
- Kilkenny Recreation and Sports Partnership,
- Garda Youth Programme,
- Ossory Youth,
- Rural Transport,
- Dail na Nog,
- Public Partnership Network,
- Local Enterprise Start-up Programme,

The services provided by these organisations are so important for the people of Kilkenny. Many of these organisations/projects will struggle to survive.

The Council also uses its discretionary spend to provide match funding for many national funding streams and assistance for local schemes. These include :

▪ Town & Village Scheme	▪ Anti-Litter & Anti-Graffiti
▪ CLAR	▪ Tidy Towns
▪ LIS	▪ Graveyard Grants
▪ CIR	▪ Estate Management
▪ Outdoor Rural Recreation Grants [ORIS]	▪ Paint Scheme
▪ Rural Regeneration Development Fund	▪ Festival & Events Grants
▪ Heritage Grants	▪ Housing Grant Schemes

As Elected Members you are well placed to understand the importance of these schemes and grants in the delivery of local projects and the importance of these projects in providing hope and sustaining communities in these very challenging times. You will fully appreciate the impact cuts in Kilkenny County Council expenditure will have on the communities you serve.

### **Local Property Tax**

The Local Property Tax allocation for 2025 has been confirmed at €12.174m (*See Appendix 3 attached*).

### **Decision on LPT:**

In taking a decision to pass a resolution to vary the basic rate, the members must have regard to the following matters:

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

1. **Public Consultation**

The prescribed public consultation process commenced on July 23<sup>rd</sup>. The notice was published in the Kilkenny People newspaper and was also published on the Council website and on social media. One submission was received by the end of the consultation period on 2<sup>nd</sup> September 2024 seeking a special rate for old age pensioners.

2. **Estimate Expenditure**

A schedule setting out the estimated Expenditure for 2024 and 2025 is set out in Appendix 1. The forecast expenditure for 2024 is €111.1m.

The preliminary estimate of expenditure for 2025 shows a projected spend of €112m. The final projections for 2025 will be known once the detailed budget is completed in November.

3. **The Financial Position of the Local Authority**

The Financial position of Kilkenny County Council as at 30<sup>th</sup> June 2024 is set out in the attached Appendix 2. The total value of current assets was €53.1m and current liabilities amounted to €20.5m giving a ratio of 2.6. The total value of loans receivable on mortgage debt was €67.0m compared with a balance payable of €37.0m. The total amount of non-mortgage loans outstanding at June 2024 was €13.3m.

4. **The Financial Effect of the Varied Rate**

Information on the LPT for Kilkenny is included in Appendix 3. The projected base Local Property Tax Income for Kilkenny is €7.9m. The total distribution to Kilkenny from the equalisation fund is €4.3m.

The current rates of Local Property Tax applicable to residential properties in the first 3 bands is as follows:

<b>Band - €</b>	<b>% of Properties</b>	<b>Base Rate per €/annum</b>
0-200,000	43.7	90
200,001-262,500	28.6	225
262,501-350,000	17.4	315

89.7% of properties in Kilkenny are valued at €350,000 or less.

**Recommendation:**

Taking account of all the factors, the level of uncertainty facing Kilkenny County Council, and the risk of various income streams we recommend that the Elected Members maintain the LPT at the same level as 2024 and that the Local Adjustment Factor remain the same as that which applied from November 2023 to November 2024 and that it be maintained at this level for next five years covering the term of this council.

Signed:



**Lar Power**  
Chief Executive  
Kilkenny County Council

Signed:



**Martin Prendiville**  
Director of Finance  
Kilkenny County Council

**Kilkenny County Council**  
**Estimated Expenditure (2024 & 2025)**

*Appendix 1*

	<b><u>2024</u></b>	<b><u>2025</u></b>
	<b><u>Estimated</u></b>	<b><u>Budget</u></b>
	<b><u>Outturn</u></b>	<b><u>Budget</u></b>
	<b><u>€m</u></b>	<b><u>€m</u></b>
<b>INCOME</b>		
Commercial Rates	21.3	22.0
Local Property Tax	8.8	8.8
Grants and Subsidies	52.1	52.1
Other Income	28.9	28.9
<b>Total Income</b>	<b>111.1</b>	<b>111.8</b>
<b>EXPENDITURE</b>	<b><u>€m</u></b>	<b><u>€m</u></b>
Payroll Expenses	48.0	49.9
Loan interest and principal repaid	5.2	6.0
Social benefits (transfer to households)	15.1	15.1
Capital Grants paid.	2.3	2.3
Other Expenditure	40.5	38.5
<b>Total Expenditure</b>	<b>111.1</b>	<b>111.8</b>

**Kilkenny County Council**  
**Financial Position as at June 2024**

**APPENDIX 2**

	Jun-24	Jun-23
<b><u>Assets</u></b>	<b>€m</b>	<b>€m</b>
Current Assets (including cash and investments)	53.1	55.3
General revenue reserve (if surplus)	0.0	0
Loans Receivable	67.0	59.5
<b><u>Liabilities</u></b>		
Current Liabilities (including overdraft)	20.5	19.0
General Reserve (if Deficit)	0.0	0
Loans Payable		
Voluntary housing / mortgage loans	37.0	38.3
Non mortgage loans	13.3	13.4
<b><u>Indicators</u></b>		
Ratio of loans to payable to revenue income	0.5	0.6
Ratio of current assets to current liabilities	2.6	2.9

An Roinn Tithíochta,  
Rialtais Áitiúil agus Oidhreacht  
Department of Housing,  
Local Government and Heritage



20 June 2024

**Circular Fin 09/2024**

Chief Executive

cc. Director of Finance

**Provisional Local Property Tax Allocations 2025 – Kilkenny County Council**

A Chara,

I am directed by the Minister for Housing, Local Government and Heritage to inform you that the provisional Local Property Tax (LPT) allocations from the Local Government Fund for 2025 have been agreed and Kilkenny County Council's allocation is set out below and in **Appendix A** to this document. LPT allocations have been calculated based on an estimated yield (pre variation) for the 2025 LPT liability year of €552.6m, based on data regarding 2023 LPT liabilities (including deferrals) as provided by the Revenue Commissioners, adjusted for newly liable properties in 2024 and 2025 (as set out in **Appendix B** to this document).

**LPT Baseline and Distribution Methodology**

Under the current LPT allocation model, every local authority is entitled to receive a minimum amount of funding under the LPT allocation process, known as the Baseline. Following a review of LPT Baselines last year, Local Authority Baselines were increased overall from €353m to €428.4m for 2024 and will remain at this level again in 2025. Accordingly, Kilkenny County Council's Baseline for 2025 is €12,173,913.

LPT allocations for 2025 are set in line with the methodology whereby 100% of the estimated LPT yield is retained locally within the local authority area where it is collected.

**Equalisation.**

As previously, all equalisation funding will be met by the Exchequer, to ensure that all authorities receive, at a minimum, an amount equivalent to their Baseline. The equalisation funding requirement 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 2025 LPT receipts are compared to the 2025 Baseline, Kilkenny County Council will be in receipt of equalisation funding in 2025.

### Self-Funding

As previously, those local authorities with a surplus LPT yield above their baseline, will have that surplus allocated in two ways:

- Part of the surplus, up to the equivalent of 22.5% of total expected LPT income (or the full amount of the surplus if that is less than 22.5%), can be used as additional income by local authorities for the authority's own use 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 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.
- The self-funding requirement will be based on the total expected level of LPT in each local authority area before any application of a local variation decision and will not be adjusted if the basic rate of LPT is varied.

Based on its shortfall position when expected 2025 LPT receipts are compared to the 2025 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 LPT allocation to Kilkenny County Council in 2025

The LPT allocation for Kilkenny County Council for 2025 (**pending any decision to locally vary the basic rate**) is **€12,173,913**. As a local authority where the expected 2025 LPT yield is less than the Baseline, this allocation includes **€4,295,457** equalisation funding in order to ensure that the allocation is at least matched to the Baseline.

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

### **Variation**

Every local authority has the power to vary the basic rate of LPT by up to 15%. It should be noted that if a local authority decides to vary the LPT basic rate upwards in 2025; 100% of the resultant additional income will be available for the authorities' own use. Similarly, if an authority decides to vary the LPT basic rate downwards (by up to 15%) in 2025, the resultant loss in LPT income will be reflected in reduced LPT funding to the authority.

Local authorities are further reminded of their statutory obligations as set out in the Local Property Tax (Local Adjustment Factor) Regulations 2022 (S.I. 358 of 2022) which take account of relevant provisions in the Finance (Local Property Tax) Acts. These regulations provide the updated requirements for local authorities who may wish to vary their local property tax rates for a specified period, in accordance with section 20 of the Act.

Apart from the formal notification to the Minister of the passing of a resolution in accordance with the regulations, local authorities will be requested, as a procedural matter, to confirm with the Department, the local adjustment factor (or the basic rate, as the case may be) that should apply for the 2025 LPT liability year, on or before 15 October 2024.

Previous guidance circular Fin 08/2014 and Fin 06/2022 also refers.

### **LPT Statistics and Property Valuation Bands**

2024 LPT Preliminary Statistics and Property Valuation Bands are available on the Revenue Commissioners website at the following web link:

<https://www.revenue.ie/en/corporate/information-about-revenue/statistics/property-taxes/current-year-stats/index.aspx>


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

- Estimated Net LPT Liabilities for 2025 (before the application of any local adjustment factor variation). These figures (based on current 2023 liability data) include deferrals and, in addition, newly liable properties for 2024 as well as an estimate for 2025 (based on the assumption that buoyancy will remain at 2024 levels).
- Properties Newly Liable in 2024 and 2025 (before local variation). Included in the Estimated Net LPT Liabilities amount.



The projected amounts for 2025 LPT do not reflect any local decision to lower/increase the basic rate by the local adjustment factor in 2025, i.e. data provided is pre-variation.

Is mise, le meas,

A handwritten signature in black ink, appearing to read 'Sinéad O'Gorman', with a long, sweeping flourish extending to the right.

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Sinéad O'Gorman,  
Principal,  
Local Government Finance

**Appendix A****Kilkenny County Council - 2025 LPT Allocation (pending any decision to vary the basic rate)**

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LPT Retained Locally 100%	7,878,456
2025 Baseline	<u>12,173,913</u>
2025 Shortfall (LPT Retained Locally – 2025 Baseline)	<u>-4,295,457</u>
Distribution of equalisation funding	4,295,457
<b>Total LPT Funding to be provided in 2025</b>	<b><u>12,173,913</u></b>
Value of potential increase or decrease in 2025 LPT Allocation <b><u>for every 1%</u></b> of variation implemented	+/- 78,785

**Appendix B – Estimate of LPT yield in respect of the 2025 Liability Year, before the application of any Local Adjustment Factor**

Local Authority	Estimated Net LPT Liabilities for 2025 (before the application of any local adjustment factor variation)*	Newly Liable Properties in 2024 and 2025 (before any local variation). Included in the Net LPT Liabilities column*
<b>Carlow County Council</b>	€4,122,540	€56,592
Cavan County Council	€4,129,985	€32,324
<b>Clare County Council</b>	€9,963,939	€90,478
Cork City Council	€23,280,755	€419,943
<b>Cork County Council</b>	€34,699,877	€817,214
Donegal County Council	€9,333,886	€101,083
<b>Dublin City Council</b>	€100,900,493	€2,686,782
Dún Laoghaire-Rathdown CC	€63,013,543	€2,119,606
<b>Fingal County Council</b>	€45,836,328	€1,564,054
Galway City Council	€9,349,048	€283,309
<b>Galway County Council</b>	€15,806,419	€250,134
Kerry County Council	€13,686,697	€131,281
<b>Kildare County Council</b>	€27,382,910	€1,766,630
Kilkenny County Council	€7,878,456	€149,622
<b>Laois County Council</b>	€5,531,250	€202,307
Leitrim County Council	€1,929,751	€12,245
<b>Limerick City and County Council</b>	€15,676,454	€295,177
Longford County Council	€2,202,856	€17,835
<b>Louth County Council</b>	€10,684,712	€293,689
Mayo County Council	€9,392,210	€92,879
<b>Meath County Council</b>	€21,402,920	€715,033
Monaghan County Council	€3,361,696	€45,036
<b>Offaly County Council</b>	€4,987,624	€91,247
Roscommon County Council	€3,937,151	€32,669
<b>Sligo County Council</b>	€4,902,924	€53,161
South Dublin County Council	€37,049,775	€2,094,391
<b>Tipperary County Council</b>	€11,255,219	€73,319
Waterford City & County Council	€10,288,915	€257,451
<b>Westmeath County Council</b>	€6,866,930	€131,048
Wexford County Council	€12,834,389	€271,165
<b>Wicklow County Council</b>	€20,946,669	€823,420
<b>Total</b>	<b>€552,636,318</b>	<b>€15,971,125</b>

\*Note: The estimated €552.6m (pre-variation) yield for the 2025 LPT liability year is based on the Revenue Commissioners' latest yield estimates of €529.7m (post-variation) for the 2023 liability year, including any deferrals. The 2025 estimated yield includes deferrals (based on 2023 liability data) and, in addition, newly liable properties for 2024 and an estimate for 2025 (based on the assumption that buoyancy will remain at 2024 levels). The effect of the application of any local adjustment factor is excluded in the table above.