

**Chapter 20 Department of the Environment,
Heritage and Local Government**

Central Government Funding of Local Authorities

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20.1 Local authorities receive substantial direct annual funding from a number of central government sources including the votes of a number of departments, the Local Government Fund and the Environment Fund. These moneys form part of the income of local authorities and expenditure sourced from them is included in their financial statements which are audited by the Local Government Audit Service.

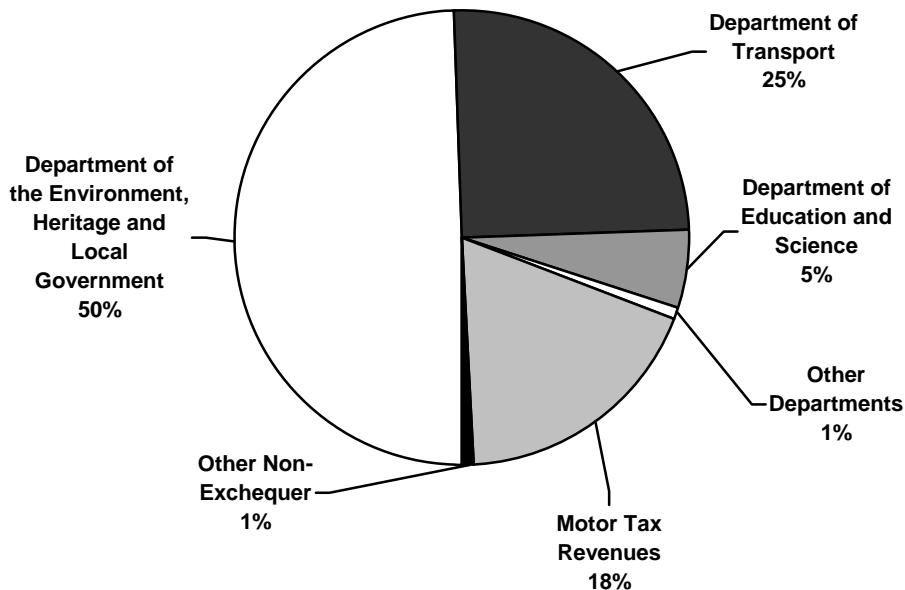
Audit Focus

The objective of this Chapter is to provide an overview of funds flowing from and through central Government sources to local authorities, and of the purposes for which the funds have been provided.

Sources of Central Government Transfers

20.2 Transfers of funding from central Government sources to local authorities in 2008 totalled around €5.7 billion. Around 80% of this originated as Exchequer funding provided through government departments. Most of the remainder was raised through motor taxation (18% of the total) and other levies and charges. See Figure 77.

Figure 77 Sources of Central Government Financing for Local Authorities, 2008



20.3 Motor tax revenues are initially collected by local authorities and paid into the Local Government Fund. They are then redistributed, along with Exchequer-sourced funds, as part of the allocations from the Fund to local authorities.

20.4 Non-Exchequer revenues received into the Environment Fund are redistributed in a similar way. The Plastic Bag Levy is collected from retailers by the Revenue Commissioners and paid by

them into the Fund. Landfill operators pay landfill levies to local authorities that in turn pay these into the Environment Fund.

20.5 Figure 78 sets out the sources of funding for expenditures from central government sources to local authorities for 2007 and 2008.

Figure 78 Sources of Central Government Financing for Local Authorities, 2007 and 2008

Source of Funds	2007		2008	
	€m	€m	€m	€m
Voted Funds				
Vote 25 - Environment, Heritage and Local Government	2,584		2,804	
Vote 26 - Education and Science	272		301	
Vote 27 - Community, Rural and Gaeltacht Affairs	15		19	
Vote 32 - Transport	1,476		1,428	
Vote 35 - Arts, Sport and Tourism	32	4,379	26	4,578
Other Funds				
Motor Tax Revenue	957		1,041	
Plastic Bag Levy	16		15	
Landfill Levy	22		23	
Interest on Investments	6	1,001	8	1,087
Funding from all Sources		5,380		5,665

Application of Funding

20.6 Most of the funding provided to local authorities must be used by them for specific local authority services. These can be grouped into six broad programme categories.

- ***Housing and Urban Regeneration***

The bulk of funding for housing and urban regeneration is provided directly to local authorities by the Department of the Environment, Heritage and Local Government. The funding is used by local authorities for the provision of local authority housing, regeneration and remedial work, traveller accommodation, voluntary and cooperative housing, the Rental Accommodation Scheme, housing adaptation grants, and accommodation for homeless people.

- ***Environmental Services***

Around 90% of the central funding provided to local authorities in support of environmental services is directed towards investment in water services and is directly funded by the Department of the Environment, Heritage and Local Government. The remaining funding comes from the Environment Fund, which was established to support environmentally orientated initiatives, campaigns and programmes organised at local or regional level under the auspices of local authorities.

- ***Road Improvement and Maintenance***

Improvement and maintenance of the national roads is the responsibility of the National Roads Authority, which operates under the aegis of the Department of Transport. In carrying out its projects, the Authority normally uses local authorities as its agents, and channels its expenditure through them.

Responsibility for the improvement and maintenance of non-national roads passed from the Department of the Environment, Heritage and Local Government to the Department of Transport with effect from 1 January 2008. While the latter Department funds some road improvement and maintenance works from its own resources, most funding for the up-keep of non-national roads comes from the proceeds of motor taxation revenue through the Local Government Fund.

- ***Education Related Payments***

The Department of Education and Science reimburses the cost of higher education grants awarded by local authorities. The Department also reimburses local authorities the costs of providing superannuation benefits for retired staff of Vocational Education Committees and Institutes of Technology who are members of the Vocational Teachers' Superannuation Scheme or the Education Sector Superannuation Scheme respectively.

- ***Recreation and Other Local Services***

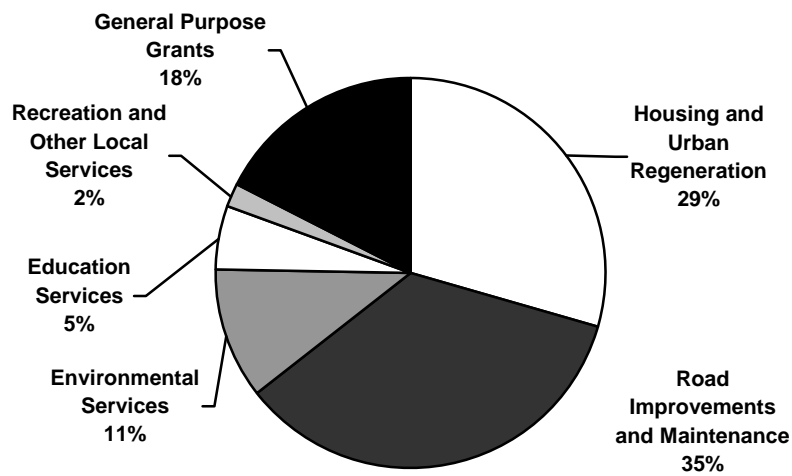
This comprises central government funding for local authority services such as library and archive services, swimming pool construction and maintenance and other public amenity and cultural projects, as well as fire and emergency services and services for the disabled.

- ***General Purposes Grants***

Through the Local Government Fund, the Department of the Environment, Heritage and Local Government provides top-up funding to local authorities to assist them bridge the gap between their other income sources and the cost of the services they provide, including the local authorities own administration costs.

20.7 Figure 79 presents a breakdown of the central Government transfers to local authorities in 2008 by programme area. This indicates that just over one third of the total provision was in respect of road improvements and maintenance work. Just under one third was provided for housing and urban regeneration programmes. General purposes funding accounted for 18% of the total amount provided.

Figure 79 Application of Central Government Financing for Local Authorities, 2008



20.8 Figure 80 presents a more detailed breakdown of the fund transfers to local authorities for 2007 and 2008, showing the programmes and the schemes being supported.

Figure 80 Central Government Transfers to Local Authorities, by Expenditure Programme, 2007 and 2008

Expenditure Category	2007		2008	
	€m	€m	€m	€m
Housing and Urban Regeneration				
Social Housing Provision	1,382		1,571	
Affordable Housing, etc.	64		89	
Other Housing Supports	6		6	
Urban Regeneration	20	1,472	5	1,671
Environmental Services				
Water and Sanitary Services	529		544	
Waste Management	28		27	
Recycling	12		22	
Other Environmental Measures	11	580	14	607
Road Improvement and Maintenance				
National Roads	1,476		1,374	
Non-National Roads	526	2,002	610	1,984
Education Services				
Higher Education Grants	126		137	
Superannuation of Retired Teaching Staff	146	272	164	301
Recreation and Other Local Services				
Swimming Pools	25		20	
Library Service	17		15	
Sports Grants, Playgrounds and Cultural Projects	8		7	
Fire and Emergency Services	24		24	
Heritage Services (Architectural Heritage)	7		8	
Disability Services	15		15	
Miscellaneous Services	10	106	14	103
General Purpose Grants		948		999
Total Funding Provided to Local Authorities		5,380		5,665

