Local Government Reorganisation
and
Reform
Local Government Reorganisation and Reform

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Dr. Donal De Buitleir
Mary Doyle

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Report on the Role of Central Grants in Local Finance in the Republic of Ireland prepared by the Institute for Fiscal Studies.*

*This Report was received following completion of the report of the Advisory Expert Committee - see page 38.
Preliminary

Advisory Expert Committee

Establishment, Terms of Reference, Membership, etc.

On 5th April, 1990, the Government announced its commitment to a major reorganisation of the local government system. A Cabinet Sub Committee chaired by the Minister for the Environment was appointed to make recommendations and the Advisory Expert Committee was established by June, 1990 to advise the Cabinet Sub-Committee. The stated aim of the reorganisation programme is to strengthen local democracy in Ireland and to devolve additional functions to local authorities where practicable.

The terms of reference were as follows:

1. To make recommendations on the structures and functions of local government, including regional, county and sub-county structures; and the rationalisation of the regional structures and authorities for planning, economic development, tourism, fisheries, health care, etc.

2. To make recommendations on the criteria on which the contribution from central funds to local authorities should be made on a statutory basis.

3. To consider such other matters regarding local government as are considered relevant, including the general powers of local authorities, a review of the reserved/managerial functions, local authority boundaries and the operation of certain aspects of the Planning Acts including "Section 4".

The following persons were appointed to the Advisory Expert Committee:

Chairman: Mr Tom Barrington, Former Director, Institute of Public Administration.

Dr. Donal De Buitleir, Head of Group Taxation, A.I.B. Group.

Mr Paddy Donnelly, County Manager, Kilkenny.

Ms Mary Doyle, Architect, Scott, Tallon, Walker, Architects.

Professor Patrick Geary, Department of Economics, Maynooth.

Mr Richard Haslam, U.C.C., (Public Administration) and ex Limerick County Manager.

Professor Kieran Kennedy, Director, E.S.R.I.

Ms Madeline McCarthy, Local Government and Public Services Union.

Ms Mary Walsh, Partner, Coopers and Lybrand, Chartered Accountants.
We were originally asked to report by September, 1990 but due to the complexity of the matters under consideration and the intervening Summer holiday period the Cabinet Sub-Committee subsequently decided to extend the period by which we were required to report until mid December, 1990.

We held our first meeting on 12th June, 1990 and in all we held 22 ordinary meetings, two joint meetings with the Cabinet Sub Committee and also attended a seminar organised by Community Groups to discuss reorganisation.

Acknowledgements

Arising from our first meeting, we invited written submissions from interested individuals and organisations in relation to our terms of reference. The closing date for receipt of submissions was Tuesday, 31st July, 1990. Many submissions were in fact received after this date (due mainly to the Summer holiday period) and, in practice, all submissions received were considered; in all a total of 197 written submissions. We would like to express our appreciation and gratitude to the many people who were involved in the preparation of these submissions which were of great assistance to us.

We held meetings with a small but representative selection of the bodies who made written submissions, and had discussions - at Secretary level - with representatives of relevant Government Departments regarding devolution of functions to local authorities. Here again we express our thanks to all concerned. Owing to the tight time schedule we were not in a position to hold further meetings with Departments or to meet with other persons who made submissions.

Appendix 1 lists the persons and organisations by whom submissions were made and the organisations and Departments whom we met.

We established a sub-group to advise on boundaries. The membership of the sub group was:

  Mr. S. Dooley, Asst. Co. Manager, Wexford Co. Council (Chairman),
  Mr. R. Stringer, Deputy Chief Adviser (Housing and Planning), Department of the Environment,
  Mr. E. Marnane, County Secretary, Cork County Council.

Full responsibility for the recommendations in the report in relation to boundaries belongs, however, with the Committee. We would like to record our thanks to the sub group for their work and commitment. We would also like to record our thanks to Mr. W.J. Smyth, Professor of Geography, UCC for his valuable suggestions in relation to regional areas.

We also commissioned an independent study in relation to our terms of reference in the Finance area. This matter is referred to further in Chapter 6.
We would wish to place on record our special appreciation of the work of our secretariat under Peter McEvoy and Kevin Cullen. They have had to carry an unusually heavy burden because of (a) the severe time pressures on us, (b) the complexity of the subject, and (c) the considerable public interest in our deliberations as represented, amongst other things, in the great volume of submissions, written and oral, made to us. Notwithstanding these pressures they at all times kept their heads cheerfully above water, organising meetings and discussions, feeding us with papers and reports, all with complete calm and competence.

We are very grateful to them for their sterling assistance, and grateful, too, to the Minister for the Environment, Mr. Padraig Flynn, T.D., for making available to us so effective an underpinning for our work. It made our whole task a pleasure.
Summary of Main Recommendations

1. **Broad Strategy (Chapter 3)**
   Because of the need to develop the democratic system, the problems associated with
centralised government, the need or regional, local and community development and the
need to make the best use of resources, a reform of local government is necessary (see
Chapter 1). Local government should be recognised as a valid partner in the process of
government and its role expanded with appropriate links with community groups. Central
government should be willing to 'let go' and devolve functions. To underpin the new local
government role:

   - Ireland, as part of the reorganization programme, should ratify the European
     Charter of Local Self Government.
   - There should be statutory recognition of local authorities as local democratic fora
     and of their general representational role.
   - The next appropriate opportunity should be availed of to give constitutional
     recognition to local government. (Para 3.6)

2. **Functions (Chapter 4)**
   A major programme of devolution of functions from the centre to a new revitalised local
government system is recommended. The principle of subsidiarity (i.e. that public services
should be devolved to the lowest practicable level at which they can be discharged
efficiently and effectively) should form the basis of this programme. The devolution
process would take a number of years to complete and would have the following elements:

   - Matters which should be devolved from the centre and administered directly by
     local government. These would include: individual housing grants, group water
     schemes and driver testing; foreshore licences and non commercial small harbours;
     non national (heritage) parks, protection of historical and archaeological sites and
     a role in the maintenance of public buildings; standards and controls for safety at
     work (para 4.6).

   - Matters which should be related to (though not necessarily integrated in) the local
government system i.e. aspects of: Education; Health; Social Welfare; Transport
and Traffic; Heritage and Amenity; Tourism; Police and Courts; Consumer
Protection; Social Employment Schemes. There also appears to be scope for
devolution in areas such as agriculture and industry. A local authority information
service in relation to public service activities should also be developed. The
Implementation Commission (see para 11.3) will pursue the question of devolution,
using as its yardstick the principle of subsidiarity. (Paras. 4.8 to 4.19).
A local government system based on three levels is recommended i.e. regional, county and sub-county levels. (Para. 5.1.1).

Regions

There should be eight standard regions for all public sector bodies made up of groups of entire counties. Statutory regional authorities should be established for the regions proposed. It would be a function of the authority to promote public service coordination at the regional level in the interests of better overall performance. The members of the regional authority to be nominated by the constituent county and city councils. This position to be reviewed after 5 years: the possibility of direct elections to be considered at that stage together with an expanded role. The membership of an authority should not exceed about 30. The executive of the regional authority should comprise a board headed by the director and including the managers of regional agencies and of local authorities. The board would draw up a programme of action for approval by the authority and would oversee its implementation. There should be appropriate linkage with the social partners. (Para 5.1.8)

The structure of the regional authorities of the two border regions should be drawn widely enough to encompass representation by nominated elected members from Northern Ireland. (Para 5.1.3A).

County and City

Counties should be the executing authorities for the major capital works programmes and for services which need a county scale. They should also be responsible for all staffing. (Para 5.2.1).

Other separate services - for example second level education - should, as part of the devolution programme, be directly linked to the county council system and the county council would have a right of input. At the administrative level there should be an executive board coordinating public services in the county. (Para 5.2.2).

Outside of Dublin, existing county and county borough boundaries should remain largely unchanged; however, consideration should be given to the suggested Limerick City boundary change.

In dealing with the question of boundary change, it is accepted as a basic principle that, generally, urban centres should not be divided by county boundaries. It is recommended that:

1. A boundary review group should be established to consider further changes. This review should give adequate emphasis to effective administration as well as to historical and other factors. There should be consultation with the local authorities concerned; the review group should be independent and the recommendations should be published.
2. The law relating to boundary change should be repealed and replaced by a modern statutory framework. (Para 5.2.3)

Dublin County and City
- The city to be retained with its existing boundaries. The Borough of Dun Laoghaire should be extended to the newly aligned main Wexford Road (N11) and it should be upgraded to city status. The balance of the county area should be divided in two along the line of the Liffey to give a Dublin-North county and a Dublin-South county. The location of the future council headquarters in these counties should be designated (the Dublin South county headquarters being in Tallaght) and temporary public offices should be opened. Dublin City and each of these authorities should have their own city or county manager. (Para 5.2.5)

- Consideration should be given to setting up a temporary development authority for Tallaght with membership drawn from all relevant public agencies. (Para 5.2.6A).

- The membership of the proposed Dublin-South County Council should be set at a level to take account of its large population and considerations of operational efficiency.

The present overly large membership of Dublin County Council should be remedied in the context of whatever proposals the Government decide on for Dublin. (Para 5.2.7)

Sub-County/City Structures
There are serious defects in the current sub-county arrangements and they are in need of a fundamental overhaul. (Para 5.3.2). However there were different views as to possible new sub-county arrangements and no agreement was reached in this area. Two different models are put forward for consideration:

1. Directly elected district councils, and
2. District committees of the county council meeting locally.

Both options would replace the present town-only authorities with town hinterland (district) areas the sum of which would make up the entire county or city; both would also involve transferring the major infrastructural services to the county. (Para. 5.3.3).

4. Implementation (Chapter 11)
- There should be a policy statement by Government as to the future role of local government and its future development. (Para. 11.1).

- An ongoing phased programme of devolution and widening of the role of local government should be got underway. A special Implementation Commission should be established part of whose brief would be to oversee devolution. It should be headed by a person of proven ability and stature - possibly a high court judge - and
include representatives from central and local government and independent members and it should report annually to the Oireachtas. Responsibility for the devolution programme should be under the aegis of the Department of the Taoiseach to highlight the priority attached to the task.

Nominated regional authorities should be established on the basis proposed following the next local elections. Existing statutory bodies should be obliged to adjust their structures so as to conform with the proposed regions. The implementation commission would oversee this.

At the county/city level consideration should be given to the suggested Limerick City boundary change. In the longer term the proposed boundary review group should consider the question of urban areas divided by county boundaries. The new Dublin authorities (Dublin-North; Dublin-South; and Dun Laoghaire) should be established. The necessary preparatory arrangements should commence immediately. The Dublin-South membership should be revised prior to the next elections.

If either of the options at sub-county level is to be pursued (i.e. establishment of directly elected district councils or district committees of the county council), local elections should not be held in June to the existing sub-county authorities: they should be continued in existence, however, until such time as the necessary reorganisation legislation has been prepared and enacted.

If the Government decides to proceed with the option of directly elected district councils, this would be dependent on necessary preparatory arrangements and the emergence of a basic level of functions which could then be progressively built on. In this connection, a possible approach would be to consider the deferral, for a fixed period, of the election of the existing urban authorities, and the holding of district council elections on the expiration of that period.

Irrespective of which option is adopted at the sub-county level, there is no reason why elections to county and county borough councils could not take place next June as scheduled. (Para. 11.3).

The various changes recommended to widen the remit of local government (see below) should be included in the first piece of reform legislation. This legislation should set out the broad local government framework and allow for necessary consequential changes to be implemented by way of statutory order. (Para. 11.4).

Further legislation should cover any remaining matters and also deal with other issues which may arise. The Implementation Commission should draw up a tentative legislative programme and timetable for consideration by Government. (Para. 11.5).
5. Finance (Chapter 6)

- The system of financing local authorities should conform to the following principles:

1. There must be a link between spending and raising money in order to promote responsibility and accountability.

2. Local authorities should raise a significant proportion of their revenue from non-central sources.

3. Liability should be dispersed widely among the electorate and not confined to any one sector. (Para. 6.1)

- The following principles should underpin the distribution of central funds to local authorities and local authority funding generally:

1. As far as possible central government grants should be consolidated into a single general equalisation grant which should be distributed to local authorities in a manner which takes account of needs and resources.

2. Maximum discretion should be given to local authorities insofar as local spending priorities are concerned.

3. Local authorities should have a meaningful input into the annual budgetary process which determines the amount of central funding which will be available for distribution to local authorities.

4. The distribution of central funds to local authorities should be capable of adjustment to take account of future devolution of functions.

5. Specific purpose grants should, insofar as practicable, be confined to situations where the benefits flowing from the expenditure accrue substantially to people outside of the area of the local authority.

6. The transition to an equalisation system will have to be phased in over a period of years. (para. 6.3).

- If the present rating system is to be retained, a general revaluation is recommended in relation to commercial property. Such valuations should be reviewed at regular intervals.

The payments made by Department of the Marine to local authorities arising from the abolished fishery rates should be merged with the new general purpose grant.

The separate areas of charge which exist for former town commissioners long since dissolved should cease. (Para. 6.4).
Local government elections should not be capable of postponement by central government by order save in a state of emergency. Local elections should be held on a fixed date. (Para. 7.1).

There should be a statutory prohibition on members of the Oireachtas and on MEPs from simultaneous membership of local authorities. (Para. 7.2).

Local authority members should consider setting up a single body representing local government or a federation of representative bodies. (Para. 7.3).

Local Government should be given a voice in relation to the local government dimension of such matters as the preparation of national economic programmes. The proposed local government body should, as of right, be consulted in the process leading up to budgetary determination by national government in regard to matters affecting local government. (Para. 7.4).

The school syllabus should cover local government with appropriate references in various subject areas. (Para. 7.5).

The mayor/county chairperson should be appointed by the council. The term of office should be three years but this should be capable of renewal for the remaining two year life of the council (Para. 7.7).

The title of mayor should apply to the chairperson of all county district authorities, if directly elected district councils are established.

The chairperson of the county council should be titled the "County Chairman".

The mayor and county chairman should be paid an allowance fixed by the local authority towards expenses arising in relation to his/her position.

There should be provision for the mayor and county chairman to nominate a deputy for any specific occasion. (Para. 7.8).

There should be a general provision to allow city and county councils to confer civic honours on distinguished persons. (Para. 7.9).

The present payments system to councillors which covers travel and subsistence should be revised. In lieu of this, a fixed flat rate annual allowance should be introduced; the rate of allowance to be banded relating to distance from council headquarters. An element for telephone and postage should be included in the allowance. (Para. 7.10).
- The attendance of councillors at conferences in Ireland should be a matter for the council to determine. Relevant details of conferences attended should be included in the annual report of each local authority. (Para. 7.11).

- Insofar as conferences abroad are concerned it should be a matter for the proposed local government body (see para 7.3) to determine the overall level of national attendance at such conferences, including the extent to which individual authorities should be represented. Relevant details regarding conferences attended should be included in that body's annual report. (Para. 7.12).

- Information services for councillors should be improved. Relevant public bodies should work out a programme of action. (Para. 7.13).

- Formal recognition of town twinning arrangements should be provided. (Para. 7.14).

- Structured arrangements to facilitate contact between local authorities and community groups should be devised by each local authority. There should also be a designated local authority contact officer. (Para. 7.15).

- The existing reserved/executive framework is essentially correct but certain modifications in the operation of the management system are needed. (Para. 7.16).

- More attention should be paid to the policy role vested in the elected members. The role of councillors should be built on by vesting, in respect of new functions devolved to local authorities, the relevant policy matters in councillors as reserved functions within the current framework. Managers should facilitate an increasing role for councillors in policy determination. (Para. 7.17).

- The views of councillors should be heard and policy and operation adapted as and where necessary. (Para. 7.18).

- There would seem to be a need for more consultation by managers with councillors in relation to the exercise of both reserved and executive functions. In some cases the use of a special committee may be appropriate. (Para 7.19).

- Councillors should consider the use of advisory committees. (Para. 7.20).

- In future, managers should hold office for a period of ten years (subject to the normal retirement age). It should be open to a manager to apply for a managerial position in a different local authority within or after this period by way of open Local Appointments Commission competition. The necessary financial adjustments should be made to facilitate this. (Para 7.22).
7. Local Authorities: General Powers and Local Government Law (Chapter 8).
   - The ultra vires doctrine should be relaxed substantially (Para. 8.1).
   - A general competence should be statutorily conferred on local authorities to act in the interests of their areas. (Para. 8.2).
   - A modernisation of the general law relating to local authorities should be undertaken (Para. 8.3).
   - This should include the constitution of all local authorities on a uniform and modern basis; the removal of unnecessary legislative controls, with the maximum discretion left to the local authority; the modernisation of outdated and confusing terminology; the updating of the law relating to such matters as meetings, procedures, membership etc; the repeal of nineteenth century legislation; provision for updating fines.

   Depending on the action taken on local authority finance, the local government financial code and the valuation code should each be modernised, consolidated and kept up to date. (Para. 8.4).

8. Planning (Chapter 9)
   - The law should be amended so that 'section 4' will cease to apply in relation to decisions on planning applications.

   More systematic arrangements for consultation with councillors suitable to local circumstances should apply in relation to planning matters. All applications for major developments should be brought to the specific attention of the Council. (Para. 9.5).

   - Specific changes are recommended in relation to the making of development plans and of variations to development plans. (Para. 9.7).

   - The public notice requirements for planning applications should be revised. (Para. 9.8).

   - Development by State Authorities should be subject to the normal planning controls. Planning Authorities should be required to give public notice of development which they propose to carry out and there should be provision for appeal to An Bord Pleanala in the event of objection. (Para. 9.9).

   - Matters of national significance should be subject to clear national guidance. (Para. 9.11).
An Bord Pleanala should be required to determine planning appeals within a period of not longer than 4 months from the date of receipt of the relevant documentation. (Para. 9.12).

9. Operational Aspects of Local Authorities and Miscellaneous (Chapter 10)

- There is a need for local authorities to become more responsive in dealing with the public (Para. 10.1).

- Staff training should be more fully developed. There should be an ongoing programme of staff exchange by central Departments and state sponsored bodies with local authorities. (Para. 10.2).

- Each local authority should publish an annual report within 6 months of the end of the financial year and include an audited statement of the accounts. (Para. 10.4).

- Local authorities should be free to appoint a firm of commercial auditors approved under the Companies Acts to audit their accounts annually within standard commercial deadlines. The present statutory surcharge arrangements should be repealed. (Para. 10.5).

- A specialised unit for local government research and information should be established within an appropriate existing agency. Within the Department of the Environment, the focus on the overall local government system should be strengthened and a separate unit with special responsibility for the reform programme and links with the proposed Implementation Commission should be set up. (Para 10.6)

- The Efficiency Audit Group should be used to review the performance of individual local authorities.

In major expenditure areas special studies should be undertaken to establish comparative unit costs with a view to ensuring greater efficiency in the use of public monies. (Para. 10.7).

- Consideration should be given to allowing local authorities the facility to supplement the financial resources which are within their own discretion to spend, from EC structural funds (Para. 10.8).

- The anomaly whereby local authorities are liable for a higher rate of VAT compared with other bodies on items such as materials for road works should be examined. Local authorities should be exempted by statute from stamp duty. (Para. 10.9).

- Drainage committees and burial boards should be merged with the relevant county council, or district council, if established. (Para. 10.10).
Consideration should be given as to whether the maritime boundary of all local authorities could be generally fixed at low water mark. (Para. 10.11).

The procedures for the making of bye-laws should be reviewed and the need for Ministerial sanction removed where possible.

Local authorities should be given a broad power to make bye-laws regulating any matter which the local authority considers necessary in the interests of the common good. (Para. 10.12).

The press and public should have a statutory right to attend local authority meetings subject to reasonable safeguards provided for in the councils standing orders and the availability of accommodation. (Para. 10.13).
CHAPTER 1

Why Local Government Reform?

1.1 There are four basic reasons for local government reform in Ireland. These are:

(a) the need to develop the democratic system;
(b) problems associated with centralised government;
(c) the needs of regional, local and community development and
(d) the need to make best use of resources.

1.2 Democratic Development and Institutional Reform

Over the past 20 to 30 years, most West European governments have been updating their local democratic systems, especially in relation to regional and local government. Ireland has been unusual in not following this trend. The recent upsurge of democracies in Eastern Europe; the widespread demands for participation and community involvement in the process of government; the determination of the people to control their own affairs as far as possible; to be regarded by governments as subjects not objects and to play an active part at every level of government - these have led governments to reorganise their democratic institutions. This process has not happened in Ireland and we lag behind with overly centralised institutions of Government. While there have been changes in individual services, no action to reform local government as a system has, in a generation or more, been implemented in this country.

1.3 An indication of the relative position of Irish local government within the overall system of government is that our local government expenditure accounts for just under 5% of GDP and 11.3% of overall public expenditure. In European terms this is comparatively small and reflects the very limited functional range of our local government system. Table I (page 86), indicates the range of functions for which local government elsewhere in Europe has responsibility.

1.4 Problems Associated with Centralised Government

There is a need to tackle the problems posed by what can best be described as the congestion of central government. This stems from the vast growth of detailed day-to-day business of the governmental system as a whole. This clogs the centre of decision with a great mass of detail which it is ill equipped to deal with. While the system gets busier and busier it is more and more deflected from the really important national issues.

If the size of government is measured by the proportion of GDP that is handled by public institutions, Irish government is, relatively, one of the biggest in the OECD. In terms of economic growth, providing for our population, and social equity, however, Ireland has performed relatively badly in comparison with most other Western countries.

The poor performance is not because Ireland is comparatively small or peripheral: other small countries, small in population or area or both, are amongst the most successful -
Denmark, Austria, Switzerland, Norway, Sweden, Finland. Of all the other small West European countries Ireland in terms of growth is among the poorest performers. The other more successful small countries have governmental institutions far less centralised than Ireland's.

An element of the Irish problem would seem to concern the neglect of our democratic and administrative institutions and the high degree of centralisation which obtains here. These factors may have a bearing on the country's overall performance by not stimulating and harnessing local initiative and energy and lacking necessary flexibility to adapt readily to changing economic and social circumstances. This also tends to foster a dependency culture where the centre is expected to respond to issues at local level where a more effective approach may be one based on local initiatives, local communities and local decision. A further aspect of the problem is the degree of rigid uniformity, which tends to limit the options for choice. A decentralised system has greater potential for local choice, innovation and initiative.

1.5 Regional, Local and Community Development

There is also a need to spread the benefits of development throughout Irish society as a whole. One result of a centralised system of Government is the stifling of local initiative in both rural and urban areas; international and domestic experience tends to support this view.

A further problem resulting from centralisation is the fragmentation of inter-related services and decision centres and the absence of regional, local and community "exchanges" where services can be brought together and integration secured. This is one of the major strengths of regional, local and community government as provided for in other European countries. Insofar as development is seen as a pervasive force at all levels, it requires structures that will facilitate it and will build on the sense of community at the local level and on locally based social and economic initiatives. The development of an area-based focus with a coherent attempt to integrate the various inter related economic, social, educational and other public services has been advocated by previous studies, most recently in the NESC report - A Strategy for the Nineties: Economic Stability and Structural Change:-

"..... the potential role of area-based strategies in social policy should be actively explored. ..... Currently, social policies and services operate on a 'functional' or 'departmental' basis (Health, Social Welfare and others) without any coherent attempt to integrate services at local levels. ..... The scope for area 'renewal' and community based co-ordination must therefore be considerable. ..... Furthermore, the more closely involved are local communities in the planning and delivery of area based projects, the more they will reflect local needs and priorities".

A programme of "public empowerment" therefore is required. Local communities need to be more involved in the development process and a flexible and adaptable local government system can provide a significant measure of support to release and develop local potential. This strategy also accords with the approach of the European Commission.
Finally, democracy rests on the dissemination throughout society of a sense of responsibility and of the opportunities to exercise it. That is the difference between genuine democracy and bureaucratic centralism. By comparison with other democracies, Ireland has limited scope for public involvement, limited arrangements for community participation and also relatively few elected bodies and councillors.

1.6 Need to Make Best Use of Resources
The operation of the system of public administration, of which local government is a component part, should give value for money and provide an effective service.

Local government and the services which are delivered locally, but outside of the local government system, require to be planned, coordinated and operated in a meaningful and responsive way to meet the needs of the people they are designed to serve. One of the questions which arises therefore is, does the current distribution of functions as between local government and other central public agencies give the best use of public resources and level of service, taking account of cost, social and other relevant factors? Or would alternative arrangements provide for an improved overall performance? In this context, it is not clear that cost considerations inevitably lead to centralised administration. That this is so can be seen from some of the more successful European countries where public services operate effectively on a far more decentralised basis. (see page 86). The organization of public business, therefore, needs to be structured in a pragmatic way that will address real problems and potentialities. Should this indicate a far less centralised system, that can be implemented without increased cost, then, this will allow for the best use of public resources. It is the operation of the overall system of public administration, as financed by the people, which needs to be looked at in examining the arrangements for the most effective way of meeting the actual problems which require to be addressed. In this regard we are persuaded that with proper management and planning it should be possible to implement necessary change with limited cost increase and in the long term give better performance and value for money.
CHAPTER 2

Main Problem Areas

2.1 It is clear that among the major features affecting government in Ireland is the degree of centralisation of administration; this matter was referred to in many of the submissions made to us. This is combined with poorly developed local democratic institutions.

2.2 More specifically, however, the following problems can be identified at the sub national level:

1. There is a lack of integration of services at the sub national level (regional, county and district), particularly in the area of personal and social services but in many other areas as well. This militates against efficiency and effectiveness in the delivery of public services to individuals and groups and hinders a coherent response to real problems. This fragmentation of inter related services leads to individual symptoms of common problems being addressed by individual agencies in a compartmentalised fashion so inhibiting an overall appreciation of the underlying problem that would provide a more comprehensive - and realistic - approach.

2. Irish local authorities have a narrow range of functions compared with their counterparts in other Western European countries. They have either no involvement at all, or only minimal involvement, in areas such as social welfare, health, education, policing, transport, consumer protection, economic development, etc.

3. Following from 2, Ireland has few local authorities (113) by comparison with other small European Countries (Denmark has 289 authorities, Austria C. 2375, Belgium 644 and Holland C. 762) and also few local authority public contact points. Ireland also has comparatively few councillors (1641). There is no regional tier of government and only a patchy sub-county tier confined solely to urban areas and to only some of these. The scope for public involvement is therefore limited.

4. Because of the degree of central control and financing in Ireland, together with the absence of a significant local taxation system, local authorities have severely restricted local discretion and finances. This tends to weaken a system already debilitated and lacking in vigour.

5. In sum, restricted functions, lack of autonomous funding and the level of central controls, inhibit local stimulation of social, economic and cultural development. This can result in a combination of frustration at local level and passive dependence on the centre.
6. In the light of the foregoing, meaningful links have not developed to any great extent between community groups and the local government system. The present situation could not be considered satisfactory insofar as harnessing local energies and ideas for the benefit of local communities is concerned. Local government appears not to have adapted or displayed the necessary flexibility and innovation in coming to terms with the potential of community development of various sorts.

7. Arising from all of this, the role of the elected member is far from satisfactory. This has led to apathy and disillusionment on the part of many councillors. Another aspect of this problem is the fact that many otherwise suitable public-spirited people seem not to be interested in becoming, or continuing as, councillors, given their limited role and the frustrations inherent in the present system.
CHAPTER 3

Broad Strategy

3.1 Introduction

There are local government structures in all democracies and these form part of the overall system of government. What needs to be considered are the roles and functions to be allocated to national and to local government respectively. On the one hand, it is clear that certain matters are intrinsically a function of central government e.g. foreign affairs and defence. However, beyond that, there is a wide range of possibility as to the division of functions between central and local government. From the experience of other countries, the role of local government can be far greater than in Ireland. Furthermore, an element of any governmental system should be a capacity to adapt readily to changing circumstances so as to remain relevant to the issues which have to be tackled. One of the strengths of local government is its potential for innovation in relation to local problems and opportunities, to adapt and to respond in a relevant and effective way. The possibility of individual public services being operated by differing agencies in remote, rigid or fragmented ways, which are removed from the real problems and opportunities, is thus lessened. It is important therefore that the respective roles of both central and local government are assessed and adapted as necessary.

3.2 If a directly elected local government system is to remain and to be developed, it needs to be fully recognised as an essential and integral part of the overall system of public service. Proposals for change need to be viewed in this light. Where appropriate, central government must be willing to 'let go', allow for devolution and create the conditions for local government to grow and evolve; to adapt to a new role, so as to be in a position to meet the needs of local communities and areas.

3.3 Aim

To move away from our centralised system of Government towards more self reliant, local, self governing communities implies a central government system basically stripped of local functions and issues. If this is to happen, the crucial factor will be political commitment. Without this political commitment to change, the local government system is unlikely to develop. The first step, therefore, in the implementation of a programme of reform should be a clear statement by Government as to the role it sees for local government - its vision of the future. Such a clear message is essential if action is to be promoted and implemented by a coherent and consistent strategy across a whole range of public services.

3.4 Local Government as a Partner in Government

A reformed local government system should be seen as a valid partner in the process of government and be accorded a status commensurate with its new role.

The recommendations in this report are made to ensure a more relevant, responsive and effective system of local government. They will take time to implement, but a
decision in principle to devolve as many functions as possible from central Government should now be taken, if the role of local government as a valid partner in government is to be developed. Central government has already given a commitment to devolve functions to local government where practicable. If implemented, this will shift the present balance between local and central government. At the national level this must involve a willingness by Ministers and civil servants to develop new attitudes to local government and in particular to allow local representatives the freedom to make choices.

3.5 The thrust of this approach corresponds with the concept of "Partnership" introduced by the EC in the reform of the Structural Funds which now requires the close involvement of regional and local bodies with national authorities and the European Commission in planning and implementing development measures in their areas. A reformed local government system will be in a better position to act as a real partner.

3.6 To underpin the role envisaged for local government as a partner in the overall system of government, we recommend the following changes:

- Ireland, as part of the local government reorganization programme, should ratify the European Charter of Local Self Government which is a Council of Europe convention aimed at protecting and strengthening local autonomy.

- There should be statutory recognition of local authorities as local democratic fora and of their general representational role.

- The next appropriate opportunity should be availed of to give constitutional recognition to local government.

3.7 Broad Strategy for Reorganisation

In this report we have tried to address the major deficiencies identified in the previous Chapter. However, given the size and scale of the task, and the time available to us to complete our deliberations, we have seen our role in the following terms: initiate a process of reform, identify the approach (or principles) to be followed (including phasing) and propose a mechanism to see the reform process through. This is as much as we can hope, in the time available, to achieve. Full implementation of reform (particularly in relation to devolution) will, as experience in other countries has shown, take a number of years to complete as local government grows to fulfill its new role. It would, of course, be dependent on a necessary level of sustained political commitment.

Our approach to reorganisation can be summarised as follows:

1. The role of local government should be expanded and developed. This will involve significant additional functions being devolved on a gradual basis from the centre to a new revitalised local government system.
2. Appropriate local authority structures should be established to carry through the role envisaged for the new local government system. These structures should be at the regional, county and sub-county (district) level.

3. Opportunities for local people to become more involved and to have control over matters affecting them should be enlarged. This will mean effective, and locally relevant, organizational structures at the sub-county level. Depending on the model adopted, there may be either a significant increase or decrease in the number of directly elected councillors.

4. The role of the councillor should be enhanced by making it more attractive and meaningful.

5. Appropriate linkages should be encouraged between the local government system and community groups; this would allow local resources and abilities to be harnessed and used to maximum advantage.

6. The general powers of local authorities should be broadened significantly to include local economic, social and cultural development and a general freedom to tackle issues of local concern.

7. Central government controls on local authorities (be they financial, statutory or administrative) should be reduced or eliminated if possible.

8. Greater integration of public services should be achieved and appropriate mechanisms put in place to achieve this.

9. The implementation of the reform programme should be phased over a period of years.

10. A special mechanism should be established to promote and oversee implementation of reform and to prevent a loss of momentum.

3.8 The core of what is set out above can be summarised by the principle of subsidiarity i.e. the principle that public services should be devolved to the lowest practicable level at which they can be discharged efficiently and effectively. This should ensure that the citizen will enjoy greater access to meaningful local government. This should also result in a better public service at the local level and improve performance at the national level by enabling central government to concentrate on the matters appropriate to that level rather than getting bogged down in detailed matters which should be settled locally. The overall quality of public administration should improve as a result. This principle should be applied to all public services; all proposals for change in existing public services and agencies should be considered in this light.
CHAPTER 4
FUNCTIONS

This Chapter considers how the current range of local authority functions might be expanded.

4.1 The foregoing Chapters have set out the need for reform, the problem areas and the broad strategy. Fundamental to all of this is the realisation that it is not sufficient to consider local government simply by reference to the existing very narrow range of Irish local government services. Over the years the potential of the multi-functional nature of local government, which is capable of providing a foundation for the discharge of functions vested in various central agencies, has not been realised. In fact the strengths of this multi-functional characteristic have not been built upon as various services such as health, education, training and manpower, agriculture and industry, evolved each in its own way, separate from local government. If local government is to develop, rather than be relegated mainly to the provision of a narrow range of utility and regulatory services, all public services which can be administered locally should, as far as possible, be considered as candidates for devolution and this challenge will have to be faced up to. Services need not necessarily be absorbed by the local government system but there should be interaction, co-ordination and democratic input so as to allow the general public interest to be brought to the fore. The reform process should, over time, reflect a continuing move in this direction.

4.2 Local government representatives must be seen as advocates of the local community, who aim to meet local needs where these fall within the direct, but expanded, remit of the local authority, and also have a meaningful input where they are outside of this direct remit but are matters of concern to local communities. The tasks of most significance often cannot be tackled by local government on its own; but local government must have the scope to initiate action and have a role in influencing the operation of other agencies.

4.3 This requires an authority which is locally relevant, flexible and innovative in its approach. The removal of current legal constraints, such as the excessively restrictive interpretation of the doctrine of ultra vires and the conferring of a general competence on local government to take action in the interests of local communities (see para. 8.2), along with the introduction of a general block grant system, opens the way for a new local government role. Such a new situation will allow local authorities the freedom to provide services themselves; to do so in combination with commercial, community and voluntary bodies; to draw together the various agencies operating in the area; to identify problems facing the district, county or region and to attempt to tackle these so as to obtain the best all round results. Such a system of local government offers the hope of some move in this direction which is in line with community perception and provides opportunity for local people to play an active part in deciding on affairs affecting them.
This will mean a major devolution of functions from the centre and also calls for a review of the central/local division of functions (see paras 3.7/8) whenever proposals for change in any particular service or agency are under consideration. We recommend the devolution of functions in the following areas:

- First there is a range of matters administered centrally which would seem to be appropriate to administration directly by local government, even within the very restrictive Irish functional range e.g. housing grants, foreshore licences.

- Secondly there is a range of activity - e.g. health, policing, education, welfare, heritage - in which a substantial local government role should be developed.

- Thirdly, there is a range of services carried out locally by national agencies which need to be linked at suitable cross over points with the reformed local government system.

In the case of the latter two categories, a range of discretion and autonomy ought to be given at the appropriate local level and within this range there should be clear responsibility. It may be difficult to define clearly the limits for each agency in accordance with agreed general principles. However it will be necessary if services are to cohere and if the democratic system is to have meaningful impact at the local level.

The detailed arrangements for the devolution of specific functions will, of course, have to involve consultation with the relevant interests and take account of the specific requirements in each case. The Implementation Commission should have a key role here (see para 11.3). However, devolution must follow a strategic decision by Government to develop local government (see para 11.1). The following paragraphs set out a number of areas in which there is, in our opinion, scope for devolution. This is not an exhaustive list of all possibilities but sets out various proposals which, taken together, would amount to a very significant shift from the central level. The Implementation Commission will, no doubt, add to the list of functions identified here as being suitable for devolution, using as its yardstick the principle of subsidiarity.

Among the first category, as mentioned in para 4.4 above, for which local government could assume direct responsibility, are matters like individual housing grants, group water schemes and driver testing, currently administered by the Department of the Environment; foreshore licences and non commercial small harbours which are the responsibility of the Department of the Marine; non national (heritage) parks, protection of historical and archaeological sites and a role in the maintenance of public buildings for which OPW is responsible (see para 4.12); standards and controls for safety at work which are administered by the Department of Labour and the National Authority for Occupational Safety and Health.

The above are functions which might be regarded as proper to even the very restricted functional range which now applies to Irish local government. However, beyond this are the local matters of real concern which are outside of local government: personal services
like education, youth training, social welfare, health, local policing and law enforcement and tourism. In each case it will be necessary, within the broad general principles already defined, to work out the detailed arrangements for involvement with the local democratic system. Furthermore, an essential part of the exercise is to ensure that a reasonable degree of discretion in decision making in each service will rest at the appropriate level, to allow it to be responsive and to adapt and relate to the public it serves in the general interest. We recommend therefore, that the following matters be related to (though not necessarily integrated in) the local government structures which are proposed.

4.8 Education

Education is an area where there has been and will be continuing change with alterations in pupil numbers and changes in school numbers and in school status. The functions now discharged by the Department of Education, which are essentially outside of broad planning and policy and relate to local matters, should be devolved. There is already a local authority involvement in the vocational sector. However, what is required is something to oversee the educational system generally at the local level which will allow for necessary local input and decision. Education is without doubt a service in which local people have a genuine and direct interest. Obviously the basic component will be the individual school. Co-ordination through a locally representative body which would include educational and community representatives is needed. A local education committee linked to local government (similar to VEC arrangements) should be considered, covering the education system at primary and second level and at pre school level. It could also co-ordinate matters such as youth training; adult education; optimum use of school premises; school maintenance; and in general have a role in the planning and operation of the educational system at the local level. This would take some time to establish and consultation with all relevant interests would be necessary; it may be that action at second level would represent the first step. Proposals for local education arrangements should be brought forward as part of the implementation programme. (see Chapter 11).

4.9 Health

There are currently eight regional health boards. The present health regions coincide with the regions proposed at paragraph 5.1.3 except in relation to one county (Meath); the necessary adjustment should be made in this case. The institutional arrangements for health administration generally are currently under review by Government.

The regional health boards or whatever new structures may emerge should allow for adequate input by the local democratic system and be linked to the regional authorities proposed in this report. This applies particularly to the general hospital services; however modern health thinking places increasing emphasis on the development of community care programmes.

The present community care programme should also be linked with local government at the district level and integrated with the social welfare system; the aim should be to move to a geographic base in the delivery and planning of personal services which draw together the various public support services and the voluntary bodies. The possibility of the actual
transfer to local authorities of responsibility for many of the services which come under the title community care should be examined.

4.10 Social Welfare
This service needs to be co-ordinated closely with the community care aspect of health administration to provide a broad personal social service focused at the district level on care for the individual and for the community. The aim should be to combine these services with housing, education, probation, etc and voluntary support services in a comprehensive community care programme compared with the limited nature of the present community care service.

4.11 Transport and Traffic
In many countries local authorities are major providers of public transport. While this might not be appropriate in the Irish context there are elements in the general area of public transport where a local authority role is appropriate in Ireland. Local authorities already have a limited role in some areas in relation to the licensing of taxis.

(a) At present a whole range of road passenger transport, or potential passenger transport, exists in many areas provided by public and private bus companies; by taxis and buses operating for health boards; by school buses and by the postal service. It should be possible to use this transport to far greater public advantage through the co-ordination of the various services. Local authorities might, therefore, be given a role in this area, not necessarily insofar as scheduled services are concerned but in relation to feeder and local services. This may not mean that local authorities would provide services (though this would not be precluded) but that they would see if it were possible to improve current arrangements to suit local needs, especially in those extensive rural areas where only limited public transport is available to the general public.

(b) In the largest cities and surrounding areas where land use planning, public transport, road construction, parking and general traffic management and control need to be carefully balanced and co-ordinated there is a need for a far greater local authority role. As a minimum, there should be clearly defined accountability so that one identifiable unit is actually responsible for overall transport and traffic management. This could involve an expansion of the local authority role. Alternatively there might be a joint committee of the various transport and traffic agencies charged with clear responsibility for the efficiency of the transport system. This committee could report to the local authority.

(c) Local authorities should be allowed to enforce traffic control measures through clamping and vehicle removal. The local authority should have the option to enter into arrangements with private companies for such enforcement. This should operate on a commercial basis with the income generated going towards traffic safety measures.
The present statutory provisions which relate to local matters like parking prohibitions; speed limits and road signs and involve the local authority getting the sanction of the Minister for the Environment, of the Garda Commissioner or both, should be matters for the local authority only, in consultation with local Gardai where necessary. The present law should be amended accordingly.

4.12 Heritage and Amenity
A number of different bodies are involved in the areas of heritage and amenity. At present the Office of Public Works is responsible for various parks and historical sites and buildings. There is also an emerging system of long distance walks in which local authorities are involved under the aegis of Cospoir and there are picnic sites, walks and other visitor facilities in many state forests. Tourism is generally the responsibility of the Regional Tourism Organisations. Local authorities are responsible for amenity development and protection; urban renewal and improvement; environmental protection, litter control and other related matters. They have begun to play a small but increasing role in support of the arts and other cultural activities. These are all matters in which local voluntary, local commercial and other groups have interest and all of these are linked to the tourism area as it is comprehensive action in these fields which presents an attractive tourism product.

Local authorities should, therefore, be given prime responsibility in the general amenity and heritage area. This complements our proposal for a much increased local authority role in tourism. Accordingly OPW non-national parks, historic sites and buildings should become the responsibility of local government; the question of forest picnic sites etc. should also be looked at. The local authority is in the best position to interact with local groups for amenity preservation and development and to encourage and assist local enterprise and initiative in these areas and generally to provide a flexible response to local developments.

4.13 Tourism
Regional tourism organisations now include representatives of the various tourism interests including local authorities. The tourism regions should be revised to correspond with the proposed regions (see para 5.1.3). These organisations should be linked to the proposed regional authorities and thus brought within an expanded system of local government. The question of local authority involvement in inspection and regulation of tourist accommodation and of tourism facilities should be considered. Local authorities are in a good position to bring about more interest and involvement in local tourism promotion. National tourism promotion should be the responsibility of Bord Failte. The new local authority role links directly with their general amenity development and protection role and with the new heritage role proposed at para 4.12. Local authorities have the ability to interact with and assist local development groups and to highlight local tourism potential. Local tourism offices should be brought within the local authority framework and local authorities be given a role in the promotion and development of local tourism.
4.14 Police, Courts and Justice area
Local Authorities already have links with the police in a whole range of areas such as: traffic control; the enforcement of various legal controls; dealing with emergency situations and with major events and public safety. Clearly the policing of local areas is a matter of major concern to local people. What is required, therefore, is an input from local people to the police system which allows their views to be heard and for police operations to be adapted as necessary and as possible to take account of real local needs emerging from such consultation; this will help build on the initiative of the community and ensure good relationships. Neighbourhood watch and other schemes are already a move in this direction. We therefore recommend that councils should meet for discussion with the local police management who should be required to produce an annual report of local operations. At official level, there should be liaison by way of a co-ordinating committee headed by the county manager and senior county police officer.

4.15 There are other services and controls which are operated by the police, the courts and other central regulatory bodies and which would seem to relate far more to the local government and general welfare spheres. Furthermore the removal of such services from the general justice area would have the effect of releasing more police resources towards crime detection and prevention and reducing pressure on the courts. Services such as weights and measures (generally operated by the police), would fit readily into the field of consumer protection. Similarly school attendance would relate readily to community care. Of the various licences, permits and controls now administered by the district courts, and other regulatory bodies in the justice area, some at least would seem to be equally, if not more, appropriate to local government. There seems to be no reason why all such matters must remain with the courts. Local authorities already operate a range of regulatory controls. Matters such as licences for video shops, or for places of entertainment for example could be issued by local authorities. This whole area should be examined and devolution proposals formulated.

4.16 Information Service
There is a need for a 'first-stop' shop for the citizen who finds himself faced with an amazing and confusing array of public sector institutions. While this could not hope to deal with all detailed queries, it could be progressively built up and expanded to deal with a broad range of general queries and a referral on to the appropriate agency. The availability and rapid development of modern communication and information systems allows for easy access and availability of necessary data. Local government would seem to be the most appropriate public agency in which to base such a service.

4.17 Consumer Protection
A range of agencies and services are involved in consumer protection. The police are, apart from Dublin, responsible for enforcement of weights and measures standards (see para 4.15). The Health Boards are responsible for certain food hygiene and related matters. At national level the Department of Agriculture, the Director of Consumer Affairs and Department of Industry and Commerce are involved. What is required in this general area is a combination of central planning and supervision with local responsibility for implementing national policies taking account of local circumstances and the need for some necessary flexibility. Local government would seem to be ideally placed for this task.
Various other regulatory codes (e.g. planning; fire; sanitary) are already vested in local authorities. Consumer protection in the broad sense together with the proposed information service fit readily together to form an effective, interlinked and coherent package of functions.

4.18 Development
Local authorities are concerned with various facets of development - community, cultural, social, economic, democratic, environmental. It is this multi functional nature which enables local government to draw together the various strands to achieve the changing mix which is appropriate to the local area and time. The devolution proposals outlined should enable local government to fulfill this developmental role. It does this not merely by the provision of services but also in partnership with local community and other groups. In this regard we recommend that as part of its developmental role local authorities should have a significant involvement in the operation of schemes such as the social employment scheme so that projects are selected and operated in a coordinated way to assist in the overall development of the local community.

4.19 General
We also believe that there is scope for devolution in other areas such as agriculture and industry. Also in other national services their structures should be adjusted so that necessary links are developed with the local government system at the appropriate level.
CHAPTER 5

STRUCTURES

This chapter considers the structures which would be appropriate for Irish local government and we make recommendations for regional and for county/city levels. We do not agree as to sub-county/city level and two alternative models are proposed for consideration.

Introduction

5.1.1 Among the desirable features of a modern system of government are a satisfactory level of public representation; a means for achieving consensus; a framework for effective administration; an inbuilt capacity for flexible adjustment to changing conditions; a necessary degree of policy and operational consistency and the best use of available resources taking account of economic, social and other relevant factors. It is necessary to balance these varying features and the roles appropriate to the different institutions of government. Any review of governmental structures should try to achieve this balance.

Our terms of reference refer to regional, county and sub-county levels. This three-tiered structure exists already in some form or other for many public services and agencies. We recommend a local government system based on these levels.

Regions

5.1.2 The terms of reference refer to regional local government structures and the rationalisation of the existing regional structures and authorities for various public services. There are now formal statutory regional bodies for health; for tourism and for fisheries. Formerly, local authorities were involved through the regional development organisations. In many cases national bodies are organised on a regional basis - IDA; FAS; Telecom; services of some government departments; OPW and others. Recently it has proved necessary to establish regional structures in the context of the National Development Plan 1989 - 1993. This background alone, provides a clear case for a regional level, even leaving aside the need to coordinate action and thus improve the performance of public agencies. Regions are already there and have proved necessary. What needs to be done is to improve the current position and to allow a greater input from the people served.

5.1.3 At the moment different regional areas are used for different purposes. There must be standard regions if regions are to make sense to people and if regional loyalties are to develop. It is impossible to develop any sort of regional consciousness if the boundaries shift for different purposes. Common boundaries are essential for collecting data; for planning and for relating the activities of different agencies. Given the strength and tradition of the basic county framework and the decision of the cabinet sub-committee to retain it, with which we agree, we have taken it as a sine qua non that regions should
consist of groups of entire counties. To proceed otherwise would be illogical. Therefore we recommend eight regions composed of entire counties as follows:

<table>
<thead>
<tr>
<th>Region</th>
<th>Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>North West</td>
<td>Donegal; Sligo; Leitrim.</td>
</tr>
<tr>
<td>West</td>
<td>Galway City and County; Mayo; Roscommon.</td>
</tr>
<tr>
<td>Mid West</td>
<td>Clare; Limerick City and County; Tipperary North Riding.</td>
</tr>
<tr>
<td>South West</td>
<td>Cork City and County; Kerry.</td>
</tr>
<tr>
<td>South East</td>
<td>Waterford City and County; Wexford; Carlow; Kilkenny; Tipperary South Riding.</td>
</tr>
<tr>
<td>Midland</td>
<td>Laois; Offaly; Westmeath; Longford.</td>
</tr>
<tr>
<td>East</td>
<td>Wicklow; Kildare; Meath; Dublin City and County.</td>
</tr>
<tr>
<td>North East</td>
<td>Cavan; Monaghan; Louth.</td>
</tr>
</tbody>
</table>

Dublin forms part of the east region comprising Dublin City and County along with Wicklow, Kildare and Meath as it is only in this regional context that strategic planning and co-ordination will be meaningful for this area.*

See map at Appendix II.

5.1.3A To a significant extent the North West and North East regions will, in the context of economic, infrastructural and tourism activities, be influenced by their contiguous counties in Northern Ireland. This will particularly be the case following completion of the EC internal market post - 1992. Subject to the agreement of the relevant authorities in Northern Ireland, we recommend that the structure of the regional authorities of the two border regions be drawn widely enough to encompass representation and participation by nominated elected members from Northern Ireland.

5.1.4 Action should be taken to ensure that all large public sector agencies - national and regional - adopt the regions recommended above and that they should apply, insofar as possible, for all purposes. Departure from the regions should not be allowed unless there are real and compelling reasons for so doing. This should be a matter for consideration by the Implementation Commission (see para 11.3). While in some cases it may not prove practicable to implement the necessary change immediately, preparations should begin under the general direction of the commission. Indeed the speed with which sub-regions were introduced for the National Development Plan and the rapid redrawing of some agencies regions to correspond with these shows that there is no insurmountable difficulty once there is decision. These sub-regions should also be adjusted as soon as circumstances permit; indeed the fact that democratic structures are proposed at the regional level would seem to correspond with the overall structural fund framework.

* See Addendum by Ms. Mary Doyle.
5.1.5 There is a need to bring together the interests operating within the region. The first step in this direction is to have standard regions as outlined above. The next question is what role should emerge at the regional level. We recommend that regional authorities should have a co-ordinating role encompassing local authorities and all other significant public sector agencies. Regional authorities should be concerned with broad strategic planning. They should provide the impetus for local authority co-operation and joint action. For example, they should be required specifically to oversee local authority co-operation in developing integrated strategies for development affecting areas at or near local authority boundaries. Certain specialised services which need large operational areas, or are only justifiable on such basis, could be provided directly by the regional authority. The authority should also provide a forum for arriving at consensus, compromise and trade offs between the various public sector agencies to achieve coordination in the interests of best performance. It should also have a role in proposing specific major projects.

5.1.6 The regional authority would provide a means of democratic input to the present regional bodies of varying types. An important aspect is the question of democratic legitimacy. The public must be represented and the present regional agencies and regional structures within national bodies must be prepared to look beyond their own functional and sectional interests to regional needs as democratically represented. For this reason, we recommend that the regional authority should be composed of elected representatives nominated initially by the constituent city and county councils. The possibility of moving to directly elected regional bodies should be reviewed after five years having regard to progress on devolution and the developing role of the regional authorities.

5.1.7 As the devolution programme progressed, the regional authority could also become directly responsible for certain services and have direct linkage with others e.g. in the health and education areas democratic links through regional committees. A role in the determination of priorities and indeed in resource allocation could be developed in the longer term. However, this would be some way down the road and capable of adaptation as devolution progressed.

5.1.8 Our recommendations at the regional level are:

(a) Standard regions for all public sector bodies.
(b) Establish statutory regional authorities for the eight regions proposed.
(c) The regional authority should promote public service coordination at the regional level in the interests of better overall performance. The initial role to be as outlined at para 5.1.5
(d) The members of the regional authority to be nominated by the constituent county and city councils in the first instance. This position to be reviewed after 5 years in the light of progress on devolution and the developing regional role: the possibility of direct election to be considered at that stage.
(e) The membership of an authority should not exceed about 30 if it is to operate effectively.

*See Addenda by Dr. Donal De Buitleir and Ms. Mary Doyle.
(f) The executive of the regional authority should comprise a board headed by the director and including the managers of regional agencies and of local authorities. The board would draw up a programme of action for approval by the authority and would oversee its implementation. There should be appropriate linkage with the social partners.

(g) The regional administrative staff should comprise a director and support staff. Specialised tasks should be carried out on contract and public agencies could release staff on secondment for particular tasks. The relevant local authorities should bear the cost of operating the regional authorities.

County and City (county borough)

5.2.1 Insofar as the county system is concerned there is no doubt that its very existence, the extent of county loyalties and the developed elected and administrative county council structures, mean that in any reorganisation of local government the county is central to the basic framework; the only question which might arise would be the very small scale of a few counties. We were informed that the county/county borough was to remain as the basic unit of local government with only minor modifications. Accordingly we did not consider radical proposals such as, in some cases, possible county amalgamation. We recommend that counties should be the executing authorities for the major capital works programmes (e.g. housing, roads, sanitary services) and for services which need a county scale e.g. fire service; planning. They should also be responsible for all staffing.

5.2.2 Other separate services - for example second level education - should, as part of the devolution programme, be linked directly to the county council system and the county council would have a right of input. At the administrative level there should be an executive board coordinating public services in the county. However, within all agencies a degree of discretion would have to be delegated, sufficient to allow the public service bodies within the county to coalesce and move towards an overall planned and coordinated approach to tackle perceived county problems. The county council should be the democratic promoter of this move to ensure a coherent approach to county problems by bringing together functional agencies and introducing necessary crossovers and trade offs to address real problems and meet real needs rather than such agencies following a purely bureaucratic and administrative path irrespective of, and irrelevant to, local situations. This should allow for a better response to changing needs; more innovation and a capacity to adapt to achieve better overall service and performance which is beyond the reach of any single agency and for which the democratic representation of the citizen is necessary.

5.2.3 There are 27 local government counties and 5 county boroughs. Outside of Dublin these areas should remain largely unchanged subject only to the limited boundary changes set out below. As we were confined to minor modifications, we did not consider major redrawing of county and county borough boundaries and we do not deem it necessary. In considering the boundary issue, we accept as a basic principle, that outside of Dublin (see para 5.2.4), and possibly Cork, urban centres should not be divided by county boundaries with part of the same urban area under the jurisdiction of a different county authority. This now arises in a number of areas. It must be recognised, however, that boundary change can tend to touch
sensitivities however rational the proposal may appear to be. As an immediate step we recommend that consideration be given to extending the boundary of Limerick City to take in part of County Limerick as specified in Appendix III.

In dealing with the general question of boundary change, we recommend that:

(a) a boundary review group should be established to consider further changes in accordance with the principle outlined above (i.e. in relation to divided urban areas). It should also be open to the group to consider such other changes as might be felt necessary. This review should give adequate emphasis to effective administration as well as to historical and other factors. There should be consultation with the local authorities concerned; the review group should be independent and the recommendations should be published.

(b) the law relating to boundary change should be repealed and replaced by a new, modern, simpler and flexible statutory framework in place of the current variety of outdated provisions. This would allow for necessary boundary changes to be made more easily.

(c) In cases where a boundary alteration is felt necessary by a county or county borough, this is usually a sign of a need for an integrated strategy for the development of the area which calls for a sufficient level of inter authority cooperation. Proposals in this report in relation to the regional level should help to promote this.

Dublin City and County*

5.2.4 At present there are 3 local authorities in Dublin responsible for the provision of major services: Dublin Corporation, Dublin County Council and Dun Laoghaire Corporation. The reality is that Dublin is one large metropolitan area and account must be taken of this in the planning and operation of major services. In this light the boundaries between Dublin city, county and Dun Laoghaire will to an extent be artificial - no matter how drawn - as will the boundaries with adjoining counties. Yet there must be boundaries: the alternative is to establish a metropolitan region with sub-divisions consisting of all of Dublin City and County and parts of the adjoining counties. Dublin thus poses particularly difficult problems no matter what structural changes are considered.

5.2.5 Dublin Corporation is long established and reasonably well accepted. However the county council is seen as physically remote. Given the large population and organisational scale, it tends to be perceived as inaccessible and unresponsive to the diverse areas and communities for which it is responsible.

We decided that on balance the best approach would be to divide the county into three local government units one of which would be based on Dun Laoghaire; one north of the Liffey and the other south of the river and west of the enlarged Dun Laoghaire. This is similar to what was proposed in 1985. We recommend therefore that the city should be retained with its existing boundaries (subject to para 5.2.6), which were revised in 1985. The Borough of Dun Laoghaire should be extended to the newly aligned main Wexford

*See Addendum by Ms. Mary Doyle.
Road (N11). Dun Laoghaire should be upgraded to city status, thus reflecting the long standing independent local authority status of Dun Laoghaire within the local government system in Dublin. On a population basis this would make it the third largest city authority in the state. Given the large scale and differing needs and interests of the various communities living in the remainder of the county, we recommend that the balance of the county area should be divided in two, along the line of the Liffey to give a Dublin-North county and a Dublin-South county.

The location of the future council headquarters in these two counties should be designated (the Dublin South county headquarters being in Tallaght) and to begin with at least some county council meetings should be held there; temporary public offices should be opened. Over time the present county council staff would be allocated to the two new counties and Dun Laoghaire. These proposals will result in the abolition of Dublin County Council and the establishment of two new administrative counties in its place, together with a new city authority for an expanded Dun Laoghaire. Dublin City and each of these authorities should have their own city or county manager, who should have full responsibility for the relevant city or county. Under the present joint management arrangements, one manager with a team of assistant managers is responsible for both city, county and Dun Laoghaire. These joint management arrangements should be terminated. Arrangements for coordination of day to day operational matters should be provided for at official level by way of practicable improvised arrangements or special co-ordination committee where necessary. The major strategic questions would be considered at the regional level (see paras 5.1.3/4).

Possible Minor Boundary Change

5.2.6 The only other boundary issues which arise in Dublin are the possibility of a small portion of south east county Dublin being added to Bray and also of any very minor changes in the city/county boundaries which might for local practical reasons be felt desirable by the authorities concerned. These are matters which in due course could be looked at by the boundary review group.

Tallaght

5.2.6A The new Dublin-South county council would be situated in Tallaght and district arrangements - either directly elected or district committee - would apply in that county as elsewhere. However, given the scale of development in the Tallaght area and its special developmental needs, we recommend that consideration be given to the setting up of a temporary development authority with membership drawn from all relevant public agencies. The agency would draw up and oversee the implementation of a 5 year plan for development - physical, economic and social. The development authority should have a director and local office. The development authority should report directly to the Tallaght district council or district committee as appropriate.

County Council Membership

5.2.7 At present there are very wide disparities between counties in the number of votes necessary to elect a county councillor. At the most extreme there is one councillor for every 1,229 people in Co. Leitrim whereas the figure is one per 7,673 people in Dublin-Belgard. If this
were to be looked at simply on a national basis, some counties are seen to be over represented in the number of county councillors, while others are seen as under represented. In any move towards equality on a national basis, some counties would face a reduction in membership while others would see an increase. The disparity in membership of county councils cannot be resolved easily. We have not reviewed the question of appropriate county council membership. The only recommendations we would wish to make in this regard are:

(a) the membership of the proposed Dublin-South County Council should be set at a level to take account of its large population and also to allow for efficient operation.

(b) The present membership of Dublin County Council is 78 which is a side effect of the 1985 proposals for three new authorities in Dublin which were not established. A membership of this size obviously gives rise to practical operational problems in the performance of business and this should be remedied by whatever proposals the Government decide on for Dublin.

Sub-County/City Structures

5.3.1 At present there are 5 county boroughs and 27 counties each with their own city or county council. There is no other type of local authority located within a county borough. However within most counties, some towns - boroughs (6); UDCs (49); town commissioners (26) - have their own council. Of the total State population, under 15% live in such towns and are thus represented by directly elected local authorities at two levels: county and town. This is the current extent of sub county local government structures.

5.3.2 These towns in themselves do not provide a framework for a comprehensive sub-county tier of local government. Other problems also arise in relation to local authorities which are based solely on towns:

- of their very nature town authorities do not reflect the pattern of modern life by separating the town from its natural hinterland and thus excluding the larger population residing outside of the town boundary for whom the town is the focus for shopping, recreation, employment etc.;
- present town local authorities exist in only some towns in a haphazard manner and often have outdated boundaries;
- local government towns are generally very small; the vast majority are well below 15,000 population and most very substantially so;
- they have limited capabilities in staffing and resources;
- there is a mismatch of functions to performance capability in that such towns are responsible for infrastructural functions which they cannot discharge efficiently;
- current functions tend to be allocated on the basis of the legal status (which was determined in the last century and does not relate to town size) of the town rather than by reference to the capability and capacity for carrying out the function.
- the range of functions for local government generally is limited but for town authorities is, in practice, very narrow particularly so in the case of smaller towns and especially in the case of town commissioners.
An approach which has been advocated is that all town boundaries should now be extended to take in the adjacent built up areas which have overspilled their boundaries and also to allow some space for future town expansion. This would not remedy the defects outlined above. The result would still be a system based solely on towns - albeit enlarged - with the non-town areas (the bulk of the population) excluded. Indeed it would fundamentally weaken the county system by a transfer of the rating base while having an insignificant effect on improving town capabilities. We therefore reject this approach.

5.3.3 For the reasons indicated above we are satisfied that the current sub-county arrangements are in need of a fundamental overhaul. However, we were unable to reach agreement on the new sub-county arrangements that should apply. Two divergent models are put forward for consideration*:-

(a) Directly elected district councils.

(b) District committees of the county council meeting locally.

In certain respects, these models attempt to address some common issues. These are that both will provide a comprehensive sub-county tier i.e. all counties and cities would have districts the sum of which would make up the entire county or city. Both aim to provide locally accessible contact points. Both would replace the present town-only authorities with town hinterland (district) areas. Both seek to deal (in different ways) with the problem of unduly small and non-viable town authorities. Both would see the major infrastructural services transferred to the county. There are, of course, other matters where there are major differences, most notably the question of the number of autonomous local authorities and hence the number of elected councillors.

The Directly Elected District Council Model

5.3.4 Each county would be divided into a number of districts, the sum of which would make up the entire county. Each district would have its own directly elected council based in an appropriate town. In almost all instances only one town which currently has a town local authority would be included in a district. These district councils would replace the current town only local authorities. Districts would be of reasonable size: in general of over 15,000 population. Such districts would also be established in all of the cities. In the case of the bigger cities, the district population would be significantly larger to reflect the smaller land areas. Questions related to devising a district tier are considered and a scheme of district areas is set out at Appendix IV: a total of 151 districts. This would give a system where all citizens have a district council responsible for their area which would be of reasonable size.

*See Addendum by Dr. Donal De Buitleir.
Generally district councils should have a membership of nine. In cases where the particular district included a former town authority the number of members could be the same as that of the town authority (nine or in a few cases twelve) plus one to three members, as appropriate. The members would be directly elected. In the case of elections to district councils there should be one electoral area comprising the entire district. This would give a significant increase in the present total number of councillors - in excess of 800.

5.3.5 The foregoing should be seen in the following light:

(a) Ireland by comparison with most west European countries has relatively few local authorities and a small number of local representatives.

(b) What is at issue is the renewal of the democratic system. An increased opportunity for effective participation by local communities is essential.

(c) Para 5.2.7 referred to the difficulty in tackling the question of equality of local democratic representation at the county/city level. If this question is to be faced, it can be substantially rectified at the sub-county/city level by a comprehensive scheme of directly elected district councils which would allow all citizens access to participate in the democratic system; and on a far more equal basis.

(d) Previous proposals for reform which would have involved a major reduction in the number of town authorities were strongly opposed by the authorities concerned. This would seem to point to the need for an increase rather than a decrease in any reorganisation of local authority structures.

(e) It is considered that a programme of devolution could provide a sufficient range of functions for district councils to have a meaningful role. District councils would be responsible for personal services operating in the district; they would deal with people and co-ordinate services to ensure that services relate together to serve peoples needs. They would be responsible for general community development and co-operation with local voluntary groups. Primary education, welfare services such as home help; supplementary benefit; district nursing would all relate to the district. These along with some of the existing local government functions of local focus (e.g. refuse collection; litter; small scale amenity development; burial grounds; swimming pools; casual trading; minor road repairs; traffic control measures) and aspects of the various services mentioned in Chapter 4 would provide a basis for a realistic role.

(f) There would be one county council staff complement with appropriate staff allocated to the district. There would be an executive officer for each district while the county manager would have overall responsibility for the county and the districts in much the same way as currently applies to urban authorities.
(g) As the district councils would assume responsibility for certain existing county council functions the ensuing county staff savings should release such staff to the district. As there is already some form of town authority in about half of the proposed districts these town staff already form a nucleus to be supplemented by county council staff as necessary. At this initial stage, it should be possible to service many of the district councils from the resources of the county.

(h) With modern information technology, it is possible for many services to be devolved to district level. In line with the principle of subsidiarity, decision making would also devolve where appropriate. This would entail significant savings at central level (e.g. staff, accommodation, overheads). The end result therefore is that if a devolution programme were properly managed, it should be possible to prevent significantly increased costs and to evolve to a far more satisfactory system of public administration at district level (see also Chapter 12).

5.3.6 The establishment of district councils would be dependent on necessary practical preparation (e.g. premises, staff arrangements etc.) and the emergence of a basic minimal level of functions which could then be progressively built on. The Government should decide on the appropriate time for their establishment in the light of progress on devolution. At this stage one option is to defer for a fixed period, the election of the existing urban authorities, which the districts would replace and hold district council elections on the expiration of that period.

5.3.7 The District Committee Model
The defects in the current sub-county arrangements are outlined at para 5.3.2 and we are agreed that there is a need for a fundamental overhaul. The town authorities serve only a small proportion (under 15%) of the total population. If all of the population are to have access to viable local authorities the county/city should be accepted as the basic unit. Over the years there has been a steady drift of functions to the county level, which reflects the situation that it is the county which has the necessary staffing, resources, and technical expertise in many functional areas. Indeed, it is recommended in this report that inappropriate functions at the sub-county level should transfer to the county. In any reform of local government the county system provides the basis on which to build. There should accordingly be one strong fully integrated agency capable of effective service delivery i.e. county or city council. What is also required however is a county/city structure and modus operandi which as well as being viable also provides an administrative system which is locally relevant and accessible.

5.3.8 To achieve this district committees of the county council which would replace the town authorities could be established. Each county and city would be divided into districts based on local electoral areas or a combination of these. In time the local electoral areas could be adjusted to relate more to identifiable community areas. The district committee would consist of the members of the county/city council elected for the relevant local electoral area(s). The committee would handle all district matters and would meet locally. It would interact with local community and voluntary groups. Where such an
arrangement now operates, it appears to work well and could be far more developed. For example, a public office could be situated at an accessible location within the district where this is feasible and necessary taking account of relevant factors such as distance from the county town. Such offices could be provided at most of the current local government towns without increased cost. Over time they could be provided as necessary at other locations.

Each district would be the responsibility of an executive officer of the county council. This approach is seen to marry the needs of a strong viable authority with the need for a local relevance. Furthermore, it reduces greatly the scope for conflict between county and district level. It would not involve any immediate cost increase, would lead to a more efficient system and one which can deal with local needs in a meaningful way. Such savings as would arise from the replacement of town authorities should be diverted to the development of a satisfactory district system. There would be one county council staff complement and one administrative organization for each county. In this respect only Dublin and Cork have local authorities with a staff in excess of 1,000 and most of the cities and counties (even with the addition of town staff) are considerably below this level (about half have under 500 staff) so that it is perfectly feasible to operate solely on the basis of a county organizational level. Two counties, which do not have any town local authorities at present, already operate at county only level and the district committee arrangement would bring about a more relevant county council system in these and other areas and most especially in the case of the cities.

5.3.9 The devolution programme, which is recommended will be ongoing and evolving as over a period of years there is a gradual shift of functions towards the local level. In this matter it is felt that the county system should be strengthened as it has a long tradition and is well known. This is all the more important as the ongoing devolution programme requires reasonably viable authorities at local level. The county and city councils are seen as providing the necessary strong foundation. To attempt at this stage to establish a comprehensive directly elected district tier would place unreasonable pressure on the county which would have to staff and service them and at the same time handle an expanding role. It is also unclear if it is realistic or practicable to suggest such new district structures without cost increases.

5.3.10 The question of local community development also arises. In this regard it is not at all clear that what is required, or that what is wanted, is a large increase in the number of local authorities and councillors. What does seem to be needed is a local presence and contact point which is operated efficiently. The district committee local centres will provide this. The district committees themselves by meeting locally in the district and dealing with local matters would present a local government system which is responsive. The district centres should also provide facilities for local groups where possible.

5.3.11 It is recognised that this approach would lead to a significant reduction in the number of separate directly elected town local authorities; about 80 authorities and about 700 councillors. However these represent under 15% of the total population. The town authorities do not provide a basis on which to build a developing and viable local
government system, one which is capable of taking on board a range of new functions. Only the county/city has the capacity to do this. The arrangements outlined would provide a local presence and relevance which would apply to all of the people and not be confined to a small proportion as are the towns. In time as the role of local government grew, the question of new local government structures at the sub-county level could be considered but it should be something developed in the light of the desires of the local communities.
CHAPTER 6

Financing of Local Authorities

This chapter considers the financing of local authorities insofar as our terms of reference are concerned. We have also looked at how the system of finance should evolve.

6.1 While the matter of local taxation does not come within our terms of reference, this question was raised by a very large proportion of the persons and bodies who made submissions to us. We believe that reform of the system of financing local authorities must be an essential component of overall reform, if reform is to be meaningful. Some degree of local taxation is part of local government systems almost everywhere in Western Europe. We believe that it is essential that the system of financing local authorities should conform to the following principles.

1. There must be some link between spending and raising money in order to promote responsibility and accountability; a number of the submissions we received referred to this point. Democracy and responsibility can be looked on in this context as two sides of the one coin.

2. This implies that local authorities should raise a significant proportion of their revenue from non-central sources such as charges or local taxation.

3. Liability should be dispersed widely among the electorate and not confined to any one sector.

6.2 We were asked to consider the basis on which the contribution from central funds to local authorities should be made. Due to the technical nature of this task, we arranged for the Institute of Public Administration to oversee a study*, which is being undertaken by the Institute for Fiscal Studies in London, in relation to the terms of reference in this area. The study will be in two phases: phase 1 will be a briefing paper which will set out for decision a number of policy options; phase 2 would be a detailed empirical study which would quantitively model the effects of various alternatives for the grant distribution process in Ireland and recommend criteria for the distribution of central funds to individual local authorities. The initial briefing paper will be completed by the end of December, 1990 at which stage, phase 2 could be initiated. We are prepared to give any advice requested in relation to phase 2.

* Phase I of this study was received after the completion of the report of the Advisory Expert Committee. It is included in this document as a Supplement to the report.
6.3 More generally, we recommend that the following principles should underpin the distribution of central funds to local authorities and local authority funding generally:

1. As far as possible central government grants should be consolidated into a single general equalisation grant which should be distributed to local authorities in a manner which takes account of needs and resources.

2. Maximum discretion should be given to local authorities insofar as local spending priorities are concerned.

3. Local authorities should have a meaningful input into the annual budgetary process which determines the amount of central funding which will be available for distribution to local authorities (see para. 7.4).

4. The distribution of central funds to local authorities should be capable of adjustment to take account of future devolution of functions.

5. Specific purpose grants should, insofar as practicable, be confined to situations where the benefits flowing from the expenditure accrue substantially to people outside of the area of the local authority.

6. As there can be no increase in overall public expenditure, the introduction of an equalisation system is likely to result in gainers and losers among local authorities as funding comes more to reflect actual needs and resources. The transition to such a system will have to be phased-in over a period of years.

6.4 If the present rating system is to be retained, we recommend a general revaluation in relation to property which is liable for rates i.e. commercial property. Such valuations should be reviewed at regular intervals.

The payments made by Department of the Marine to local authorities arising from the long abolished fishery rates should be merged with the general rate support grant which in turn will be replaced by the new general purpose grant recommended at paragraph 6.3.

The separate areas of charge which exist for former town commissioners long since dissolved should cease.
CHAPTER 7

The Councillor and the Local Government System

In this Chapter we consider the position of local government in relation to the overall system of Government. We also consider the particular role of councillors and the current division of functions between elected members and managers.

Partnership: An acceptance

7.1 Central Government should accept local government as a legitimate democratic entity and on this basis it is inappropriate that local government elections should be capable of postponement by central government by order. The law should be changed to eliminate this possibility save in a state of emergency. Local elections should also be held on a fixed date.

7.2 To distinguish clearly between the roles of national and local government there should be a statutory prohibition on members of the Oireachtas and on MEPs from simultaneous membership of local authorities. This is also seen as having benefits at the national level by ensuring a better focus on national issues.

7.3 Local authority members* themselves should consider setting up a single body representing local government or a federation of representative bodies so as to enable them to have a more effective presence with adequate back up service to ensure that the local government system receives due recognition as an integral part of our system of government. Any such body should be funded by local authorities but with a contribution from central Government; an annual report of its activities should be produced.

7.4 Local Government should be given a voice in relation to the local government dimension of such matters as the preparation of national economic programmes, agreements with the social partners, on various review and study groups etc. The local government body proposed above would be ideally placed to represent the local government view. This body should, as of right, be consulted in the process leading up to budgetary determination by national government in regard to matters affecting local government and also on other relevant matters e.g. new legislation, new works schemes etc.

7.5 The school syllabus should cover local government with appropriate references in various subject areas. School visits to council meetings; to council projects and facilities and open days are desirable and would generate a better understanding of local government.

* The terms "local authority member" and "councillor" apply to councillors at whatever level, unless the context indicates otherwise.
The Councillor

7.6 As with central government and with local authority staff and management, the councillor too must also adapt to changing circumstances. Various recommendations will widen scope and discretion. Local authority functions will expand with devolution and freedom of action will in many areas become a reality. In short, local government should become more meaningful and relevant to ordinary people. Most of our recommendations will, to a greater or lesser extent, impact on councillors and will have the effect of enhancing the status of local government. The following recommendations however relate specifically to councillors.

7.7 The mayor/county chairperson should be appointed by the council. The term of office should be three years but this should be capable of renewal for the remaining two year life of the council. This would have the effect of greatly enhancing the role of the mayor/chairperson to correspond with the proposal for a greater local government role generally and should help to encourage wider interest and participation in local government.

7.8 The title of mayor should apply to the chairperson of all county district authorities, if directly elected district councils are established.

The chairperson of the county council should be titled the "County Chairman" as with county manager, county engineer etc.

The mayor and county chairman should be paid an allowance fixed by the local authority towards expenses arising in relation to his/her position.

There should be provision for the mayor and county chairman to nominate a deputy for any specific occasion.

7.9 There should be a general provision to allow city and county councils to confer civic honours on distinguished persons. The present position which applies to county boroughs and boroughs only is anomalous.

7.10 Councillors are not paid a salary. This is considered to be correct given the reserved/executive functional framework which applies. However, the present payments system which covers travel and subsistence should be revised. In lieu of this, a fixed flat rate annual allowance should be introduced; the rate of allowance to be banded relating to distance from council headquarters. An element for telephone and postage should be included in the allowance. These arrangements allow for a more predictable, manageable and orderly system.

7.11 The attendance of councillors at conferences in Ireland should be a matter for the council which would determine the amount of annual expenditure, the events to be attended and the number of councillors. There is much useful information to be obtained and attendances at appropriate conferences can give real benefit. Relevant details should be included in the annual report (see para 10.4).
7.12 Insofar as conferences abroad are concerned there is a need to ensure that the Irish local government system as a whole operates in a co-ordinated way. We recommend that it should be a matter for the proposed local government body (see para 7.3) to determine the overall level of national attendance at such conferences, including the extent to which individual authorities should be represented. Relevant details regarding conferences attended should be included in that body’s annual report.

7.13 Information services for councillors should be improved. The councillors associations, staff interests, Institute of Public Administration and the Department of the Environment should work out a programme of action. It is important that information on current best practice is widely available, disseminated and discussed and this process should be actively promoted whether in relation to organisational matters (e.g. conduct of meetings; linkages with voluntary/community sector; use of committees etc.) or to service developments.

7.14 Some formal recognition, possibly by statute, of town twinning arrangements should be provided.

7.15 Councillors are elected representatives. However, public involvement in the life of a locality has increased through the many and various community, voluntary, development, residents’ and other organisations now in existence. There is an obvious need, particularly at the district level, for proper communication and co-ordination with such bodies so as to tap into latent community potential where the combination of such groups with the local authority can often achieve results which are beyond the individual reach of either. This will be a matter for the individual local authority but some structured arrangement to facilitate contact should be devised by each local authority: joint meetings; annual open meeting; and other means would be appropriate. There should also be a designated local authority contact officer.

7.16 **Reserved/Executive Framework**

The councillor has a dual role: he/she is responsible for the policy and general oversight of an organisation charged with the delivery of certain public services and in practice he/she is also a representative of the local community. In the Irish context, there has been a tradition of voluntary part time service by councillors, which has been facilitated by the management system whereby responsibility for performing local authority functions is shared between the elected members of the authority and the city/county manager*. Basically the elected members are responsible for all policy decisions, including financial ones, and the manager operates within such policy and is responsible for day to day business. In practice, however, this separation of functions is not watertight - manager and elected members work together, with the latter having the pre-eminent role. The system minimises the demands made on councillors time arising from the discharge of their statutory role - once policy has been determined by the elected members, the manager is responsible for its day-to-day implementation. We are of the view that this framework is essentially correct but that certain modifications in the actual operation of the system are needed.

* See Addendum by Dr. Donal De Buitleir.
Firstly, far more attention must be paid to the policy role vested in the elected members; councillors must be fully involved in assessing options for future action and the impact of such action on present operations and determining priorities. They should be more fully involved in the annual estimates process and in ongoing review. The relaxation of the doctrine of ultra vires (see para 8.2) and the introduction of a far greater discretionary role (through a general or block grant system and broader options for service delivery in some areas) open up new possibilities here; they will not necessarily be easy ones but councillors will be faced with policy choices. Devolution of additional functions to local authorities will make them more relevant and give a more meaningful role to councillors. In this connection, the role of councillors should be built on by vesting new policy matters in councillors as reserved functions within the current framework. In turn, managers must facilitate an increasing role for councillors in policy determination. The role of both parties must gel on the issue of providing the best possible service for their area and its people.

Secondly, the fact is that councillors are consumer representatives and moderators of executive action. This does not mean that councillors should become responsible for the determination of individual cases, quite the contrary; it is entirely appropriate in accordance with the reserved/executive framework that individual cases are the responsibility of the executive. However, the unique ability of the local representative to transmit a knowledge of local circumstances, needs and other relevant factors should be recognised; their views should be heard and policy and operation adapted as and where necessary.

While each local authority must introduce arrangements suited to local needs and circumstances, there would seem to be a need in some cases for more consultation by managers with councillors in relation to the exercise of both reserved and executive functions. In some cases (e.g. in the environment and planning areas) the use of a special committee may be appropriate.

Councillors, themselves, should also consider the use of advisory committees which could call on independent voluntary expert advice to assist in their policy making role and to enable an assessment of possibilities in areas where relevant expertise is not available within the local authority.

In the end, much of the foregoing will come down to the actual operation of the individual local authority. Proposals for improved information and communication within the overall local government system can help to promote change (see para 7.13).

At present a manager holds office until he retires. In both public and private sector there has been a move away from this type of tenure to encourage necessary mobility and improve performance. Taking account of the particular circumstances applying to local government, we recommend that in future the appointment of managers should be for a period of ten years subject to the normal retirement age. It should be open to a manager to apply for a managerial position in a different local authority within or after this period by way of
open Local Appointments Commission competition. The necessary financial adjustments should be made to facilitate this.
CHAPTER 8

Local Authorities: General Powers and Local Government Law

This Chapter looks at the general powers vested in local authorities and, in particular, at the "ultra vires" doctrine; it also considers the general law which applies to, and regulates, local authorities.

General Competence

8.1 We are of the view that the general powers of local authorities should be strengthened and broadened and that, in particular, the so called ultra vires doctrine should be relaxed substantially. This has discouraged innovation and initiative. The greatest possible freedom should be conferred on local authorities to respond to local communities, for example, to develop new local projects and services in response to local needs/priorities. Local authorities should be permitted to decide how services/facilities should be provided and operated - directly by the local authority, under contract, in combination with private or community interests or by such groups assisted by the local authority. This would allow for joint ventures with private sector bodies and community groups. The commercial provision of services by local authorities should not be ruled out, subject to necessary safeguards, to ensure that competition is fair and, in particular, that there is no financial cross subsidisation of such services by local authorities out of public monies.

8.2 We, therefore, recommend that a general competence should be statutorily conferred on local authorities to act in the interests of their areas subject to necessary restrictions (not doing anything contrary to law, consulting with other statutory bodies). This power would give local authorities a new freedom to take action in areas from which they are excluded at present by lack of legislative authority. It is entirely in accord with the view of local authorities as development agencies and of their status as democratically elected bodies.

Law Reform

8.3 There is widespread recognition that the general law relating to local government is old, fragmented and confusing. A modernisation of the general law relating to local authorities would simplify the task of all those (councillors, local authority staff, courts) involved in operating the local government system. It would also make it more intelligible to the public. This should not be limited simply to a consolidation of present legal provisions. Various improvements and general modernisation should also be effected and the overall thrust should be to place local government in the new setting envisaged in this report. Proposals are recommended elsewhere on various matters which would require legislation and which should form part of the legislative programme.

8.4 We recommend that action should also be taken on the following:

(a) Insofar as possible, unnecessary legislative controls, approvals, sanctions should be removed, with the maximum discretion left to the local authority.
(b) All local authorities should be constituted/reconstituted on a uniform and readily intelligible basis. All of the different classes of local authority now in existence are creations of statutes enacted during the 19th century; the present position is obscure and confusing in a number of respects and needs updating in a modern format.

(c) Outdated and confusing terminology (with little meaning to the lay-man) such as county boroughs, county borough corporations, town commissioners should be replaced by references to cities with city councils; counties with county councils and districts with district councils or committees (as appropriate). Other outdated and misleading terminology like "servants" and "county health districts" should also be revised.

(d) Titles such as "The Right Honourable Lord Mayor"; and "Aldermen and Burgesses" which now apply in the case of certain urban local authorities might be considered as out of place in a modern republic and in legislation which is intended as a new comprehensive code of local government law. However, in such cases, the question of the appropriate civic titles might be left to the local authorities concerned.

(e) The law relating to such matters as meetings and procedures of local authorities, membership, etc which is fragmented and confusing should be recast and updated.

(f) Nineteenth century legislation should be repealed insofar as possible. Much of this is now obsolete and will be replaced by the measures outlined above.

(g) In the absence of a general national approach to the question of outdated financial penalties, the Minister for the Environment should be given power to update fines by regulations over the whole range of local government legislation.

(h) Depending on the action taken on local authority finance, the whole local government financial code and the valuation code should each be modernised, consolidated and kept up to date.

8.5 We recommend a comprehensive updating of local government law taking account of the above and of the other proposals recommended elsewhere which will require legislation. Over a period all general local government law should be reviewed. The implementation programme (see Chapter 11) should include a time table as to action on local government law reform.
CHAPTER 9

Planning

This Chapter considers certain aspects of the planning system, including the use of 'section 4' powers by local authorities in the planning area; the making of development plans and a number of other planning matters.

9.1 Terms of Reference

Our terms of reference refer to "the operation of aspects of the Planning Acts including 'section 4'". In considering planning matters, we had regard to a number of factors including the appropriate relationship between the representative and executive roles (see also paras 7.16/19); the need for public involvement and for other improvements in the operation of the planning system.

Insofar as 'section 4' is concerned, basically problems arise in relation to the exercise of this power by local authorities, only in the planning area; a number of the submissions made to us referred to such problems.

9.2 Section 4*

Decisions on planning applications are, in law, executive functions performable by the manager. In the event an applicant is refused planning permission or aggrieved by any conditions attached to a permission or that any other person (third party) is aggrieved by the grant of permission, an appeal against the planning authority decision to grant or to refuse may be made to An Bord Pleanala. In dealing with a planning application the planning authority and the Board on appeal:

"shall be restricted to considering the proper planning and development of the area of the authority (including the preservation and improvement of the amenities thereof), regard being had to the provisions of the development plan..."


Recent court decisions have made clear that these are the only considerations on which a decision can be based.

9.3 Section 4 of the City and County Management (Amendment) Act, 1955 gives power to the elected members to intervene in any executive matter subject to certain exceptions and to direct the Manager as to the performance of his executive functions. Difficulties with regard to the operation of section 4 would seem to have arisen in the case of a limited number of local authorities where permissions would appear to have been granted in cases in which a permission would not be granted if the standard planning criteria were to apply.

* See Addendum by Dr. Donal De Buitleir.
We are of the view that section 4 should not apply to decisions on planning applications for the following reasons:

- there is an appeals procedure to an independent tribunal.
- in accordance with the general reserved/executive framework, decisions on individual cases should rest with the executive.
- the grant of individual "benefits" should not accordingly be a function of the elected members in the same way as individual health functions were specifically excluded from the operation of section 4 when local authorities were responsible for the health service and as local authority staffing matters (recruitment, promotion etc.) are currently excluded from section 4.

We therefore recommend that the law should be amended so that section 4 will cease to apply in relation to decisions on planning applications.

We are of the view that more systematic arrangements for consultation with councillors suitable to local circumstances and along the lines outlined in "Development Control Advice and Guidelines" issued by the Department of the Environment should apply in relation to planning matters. In particular, all applications for major developments should be brought to the specific attention of the Council.

In any case where it is proposed to grant a permission which would materially contravene the development plan the decision should be dependent on the consent of the elected members. The present procedures should therefore apply (i.e. public notice; where relevant, notification of prescribed bodies and decision by elected members).

Development Plans

The making of a development plan is a reserved function and we consider that, in accordance with the reserved/executive framework, this key policy making function should rest with the elected members. In brief, the procedures which in practice tend to operate in relation to the development plan are that an initial draft is prepared by the executive and following further consideration and consultation with the elected members the draft as may be revised is put on public display for 3 months. Submissions received are considered (there is provision for oral submissions) and in the light of this and of further consideration, the draft is then amended as necessary (in the event of material changes to the draft at this stage a further notice, display etc. must follow) and the plan is then formally adopted.

In regard to these procedures we recommend in relation to the making of development plans and of variations to development plans that:

- Material alterations proposed by the elected members to the draft should be by way of recorded vote.
- The executive should be placed under a statutory duty to submit proposals for change where such are felt necessary in the interests of the proper planning and
development of the area and also to advise the council of situations where this legal requirement would fall to be complied with. Compliance should require a formal report from the executive outlining the case for such proposals.

- It should be open to the elected members to refuse such proposals but only following consideration of the report and on foot of a motion specifying the reasons for such refusal; such a refusal should require the support of 2/3 of the membership.

- In addition to the formal public consultation procedures, the public should be encouraged to make an input to the plan making process at the earliest possible stage i.e. within the preparation period for the draft and this should be facilitated by planning authorities.

9.8 The following recommendations are made in relation to other planning matters:

Public Notice
The public notice requirements for planning applications should be revised so that all notices are published weekly en bloc in a specified newspaper on a specified day. It would be a matter for the planning authority to specify the newspaper. This should replace the present unsatisfactory arrangements where different notices appear on different days in a whole range of newspapers.

9.9 Development by State Authorities and by Planning Authorities
Development by State Authorities should be subject to the normal planning controls.

Planning Authorities should be required to give public notice of development which they propose to carry out and there should be provision for appeal to An Bord Pleanala in the event of objection.

9.10 Local Authority Co-ordination
The proposed regional authorities should provide for necessary co-ordination of development plans and for a fully integrated development strategy with particular reference to areas at or near local authority boundaries.

9.11 National Considerations
Matters of national significance (e.g. national roads; areas of outstanding natural beauty) should be subject to clear national guidance by way of general policy directive under the Planning Acts or by other appropriate means.

9.12 Planning Appeals
Specific time limits apply to planning authorities when determining planning applications. An Bord Pleanala should be required to determine planning appeals within a period of not longer than 4 months from the date of receipt of the relevant documentation. If, in the most exceptional case, this time limit is not adhered to, the Board should be required to give specific reasons for the delay.
CHAPTER 10
OPERATIONAL ASPECTS OF LOCAL AUTHORITIES AND MISCELLANEOUS

This Chapter considers a number of matters connected with the day to day operations of local authorities, such as staff training and annual reports, together with certain miscellaneous matters.

10.1 There is a need for local authorities to become more responsive in dealing with the public; like all public agencies the emphasis must be on service to the public, which should not be lost sight of through internal office procedures or the need to operate statutory controls. Simple matters such as telephone techniques; staff identification; ability of front line staff to handle a reasonable range of general queries; appropriate staff training; response times to letters, availability of general forms, etc, at accessible locations apart from headquarters; should be reviewed. Over time, as resources permit, public offices should be upgraded by way of renovation etc. Each local authority should periodically carry out an examination of its arrangements for dealing with the public. Where possible, new local authority offices should be located in a central position in the relevant urban area. It also seems appropriate to suggest the re-use of existing buildings, where possible, when considering any future need for new local authority premises. This ensures that any public monies spent enhances the existing fabric of our cities, towns and villages where many fine buildings are in need of preservation.

10.2 Staff training should be more fully developed. This would also allow for an exchange of views and ideas between staffs of different local authorities as to best practice in the various areas of local authority activity. In some cases joint sessions with councillors should be held (e.g. procedure of council meetings). Each central Department and state sponsored body which has significant dealings with local authorities should be required to promote and operate a continuous and ongoing programme of staff exchange with local authorities whereby a fixed quota of central staff would be assigned for a reasonable period of time to similar work areas in the local authority to facilitate better mutual understanding.

10.3 Through staff training programmes or otherwise the possibility of getting a better involvement by heads of sections in local authorities, in planning for the future, should be explored, so that each section is not overly confined by its separate sectional interest but sees itself as an integral part of what the local authority as a whole is trying to do.

10.4 Each local authority should publish an annual report within 6 months of the end of the financial year outlining its activities at executive and representative level and include an audited statement of the accounts.
10.5 Local authorities should be free to appoint a firm of commercial auditors approved under the Companies Acts to audit their accounts annually within standard commercial deadlines. The present statutory surcharge arrangements should be repealed.

10.6 A specialised unit for local government research and information should be established within an appropriate existing agency; this unit could have links with the proposed members’ association (see para. 7.3); local authority staff and Department of the Environment. Within the Department of the Environment the focus on the overall local government system should be strengthened and a separate unit with special responsibility for the reform programme and links with the proposed Implementation Commission should be set up.

10.7 In local government comparable tasks are performed by similar organisations. The cost is borne by the public. There is an overriding need therefore to provide the best service at the lowest cost. It is important to compare local authority activity and its cost as between different local authorities; the overall emphasis should be on performance rather than detailed regulatory controls. This new approach could be given effect to by using the services of the Efficiency Audit Group to review the performance of individual local authorities. With the widening of local authority discretion, the need for this becomes much greater and, therefore, the review arrangements which are proposed should be introduced as an integral part of the reform programme. Furthermore, in major expenditure areas (funded centrally or from discretionary sources) special studies should be undertaken to establish comparative unit costs with a view to ensuring greater efficiency in the use of public monies.

10.8 Consideration should be given to allowing local authorities the facility to supplement the financial resources which are within their own discretion to spend, from EC structural funds. Such a facility would enable them to undertake expenditure which they otherwise would be unable to afford on selected worthwhile projects which are complementary to overall national programmes.

10.9 The anomaly whereby local authorities are liable for a higher rate of VAT compared with other bodies on items such as materials for road works should be examined. Local authorities should be exempted by statute from stamp duty in the same way as the IDA and other state sponsored bodies.

10.10 Drainage committees and burial boards should be merged with the relevant county council or with directly elected district councils if established.

10.11 The maritime boundary of most local authorities extends only to high water mark. In all cases consideration should be given as to whether the boundary of all local authorities could be generally fixed at low water mark (for the time being). This should have the effect of automatically including all reclaimed land (and including all man made structures) and natural accretions within the local authority administrative area; all structures attached to the administrative area should also be included. Development at
the sea front would thus become subject to local government law - planning control; rating, etc. Whatever approach is adopted this situation should apply.

10.12 Bye-Laws - local authorities currently have powers to make bye-laws regulating a range of matters; parks, parking; dogs; etc. The procedures for the making of bye-laws should be reviewed and the need for Ministerial sanction removed where possible.

In addition local authorities should be given a broad power to make bye-laws regulating any matter which the local authority considers necessary in the interests of the common good. (A bye-law could not be inconsistent with any Act or regulation). This would allow a local authority to deal with local matters where particular problems can arise.

10.13 Compared with other parts of the Irish system of government local authorities are generally one of the most open as regards public access to information. This should continue and each local authority should set out its practice in this regard. The press and public should have a statutory right to attend local authority meetings subject to reasonable safeguards provided for in the councils standing orders and the availability of accommodation.
CHAPTER 11
Implementation

This Chapter considers the inter-related issues of implementation and phasing of the reorganisation programme, together with a number of related matters.

11.1 In chapter 3, we noted the need for a clear view as to the future role of local government and its relationship with central government. This is fundamental if a reform programme is to be implemented. Such a programme should be preceded by a strategic decision by Government on devolution. A statement by Government as to the role of local government and its future development is therefore the starting point and is so recommended. Even with this background, the implementation of the programme of reform which is recommended will take time and face difficulty; however without such statement and commitment, significant reform in expanding the role of local government is likely to be impossible.

11.2 We have set out the local government structures which we believe are appropriate, including two different options at the sub county level, and indicated some of the functions which should be transferred, or related, to the local government system. This programme of reform will take time to implement and to tease out; also to determine precise roles. Consultations with the relevant interests will be necessary. Detailed examination will be required for the various services to ensure a smooth transition. What is envisaged is a major overhaul of local government, of the relationship between central and local government and of the distribution of functions which should be carried through as part of an overall strategy. This will require special arrangements to see it through, to ensure momentum is maintained and that progress proceeds on a properly planned basis. It will have to proceed in a phased way capable of necessary adjustment as circumstances demand. Proper phasing is essential. The kernel of any reform programme will be the question of devolution. This is the central issue; without action here the role of local government is unlikely to change in any substantial way. The option of new directly elected district councils would be jeopardised in this situation.

11.3 Therefore we recommend that the move to a reformed system of local government should be made in the following phases which cover the major issues arising (various other matters are of course dealt with elsewhere in the report).

(a) Firstly, and most importantly, an ongoing programme of devolution and widening of the role of local government should be got underway. To promote progress, a special Implementation Commission should be established part of whose brief would be to oversee devolution. It should be headed by a person of proven ability and stature - possibly a high court judge - and include representatives from central and local
government and independent members and it should report annually to the Oireachtas. Responsibility for the devolution programme should be under the aegis of the Department of the Taoiseach to highlight the priority attached to the task. The proposed Commission should be established once the Government have decided what the future role of local government should be and consideration of the devolution programme should commence simultaneously.

(b) We have recommended a three tier system of local government with district bodies (either directly elected or committee based); county/city and regional authorities. At the regional level as there are already various regional structures in place and as there is a need to coordinate current arrangements and to allow for democratic input, regional authorities should be established on the basis proposed in para 5.1.8 following the next local elections. Existing statutory bodies should be obliged to adjust their structures so as to conform with the proposed regions. The implementation commission would oversee this.

(c) At the county/city level consideration should be given to the suggested Limerick City boundary change. In the longer term the proposed boundary review group should consider the question of divided urban areas (see para 5.2.3). The new Dublin authorities (Dublin-North; Dublin-South; and Dun-Laoighaire) should be established. The necessary preparatory arrangements should commence immediately. The Dublin-South membership should be revised prior to the next local elections (see para 5.2.7).

(d) At the sub-county level, the Committee have put two possible options forward for consideration - either a directly elected district tier of authorities or the formal establishment of district committees of the county council; under both options the existing sub-county authorities would cease to exist and be replaced by new arrangements. The logic of this situation, is that if either option is to be pursued, local elections should not be held in June to the existing sub-county authorities. These should be continued in existence until such time as the necessary reorganisation legislation has been prepared and enacted.

(e) If the Government decides to proceed with the option of directly elected district councils, this would be dependent on necessary local practical preparatory arrangements and the emergence of a basic minimal level of functions which could then be progressively built on. In this connection a possible approach might be to consider the deferral, for a fixed period, of the election of the existing urban authorities, and the holding of district council elections on the expiration of that period.

Irrespective of which option is adopted at the sub-county level, there is no reason why elections to county and county borough councils could not take place next June as scheduled.

11.4 The various changes recommended to widen the remit of local government (e.g. a general competence power; such legislative provisions as may be necessary to allow for devolution
to proceed in a simple and flexible manner; removal of outdated controls; move to a general
discretionary grant system etc.) should be included in the first piece of reform legislation to
ensure local government has the freedom to adapt and develop to its expanding role. This
legislation should set out the broad local government framework and allow for necessary
consequential changes to be implemented by way of statutory order. This would provide the
legal flexibility and adaptability to proceed quickly on an ongoing basis.

11.5 Further legislation should cover any remaining matters and also deal with other issues
which may arise. The Implementation Commission should draw up a tentative legislative
programme and timetable for consideration by Government.

11.6 Insofar as possible the renewal of local government should be on the basis of consensus. We
note that local government reform is among the matters arising in the context of the
discussions on the programme for national recovery and this provides an opportunity to
foster the necessary level of general agreement. Indeed we also note from the written
submissions we received and from the discussions we held with various groups that
practically all interests are agreed that the role of local government should be expanded
greatly.
CHAPTER 12

Cost and Staffing Implications of Recommendations

In this Chapter we consider the cost and staffing implications of the recommendations contained in the report. The cost implications arising from the structural options at the sub-county level, are referred to in Chapter 5.

12.1 General
Before considering in detail the matters which arise under this heading, we are of the view that the following must be taken into account and weighed against the direct cost and staffing implications which arise from the recommendations in this report.

12.2 The proposals made in this report will, when fully implemented, result in a major reordering of the public service in Ireland. Significant functions which are dealt with at present by the centre will be devolved to a new revitalised local government system based on the regional, county and district levels.

12.3 Cost considerations are not the only factors which must be considered in this context. The proposals in this report will result in a more effective and efficient local government system and indeed even the workings of central government should be improved. The local government system is not merely a provider of services but is also one of the essential elements which make up our democratic system. Due weight must be given therefore to the democratic and political considerations of allowing local communities to have local representative bodies endowed with significant functions. The proposals in the report represent a package of measures which take into account the need for a modern local government framework encompassing structures, functions and procedures, while at the same time recognising the need for local democratic control, local acceptability etc. The package is a balanced one. It should also be borne in mind that extra expenditure in the short term arising from reorganisation should be balanced by longer term gains by way of increased efficiency etc.

12.4 Cost Implications
Subject to the foregoing, a number of the recommendations contained in this report have cost and staffing implications. These are considered below. (The cost and staffing implications which arise from the structural options in relation to the sub-county level are referred to in Chapter 5).

12.5 Devolution of Functions
As indicated above, the proposals in this report will result over a period of years, in a significant devolution of functions from the centre, to the proposed new local government system. It is difficult to measure precisely what additional costs will arise from the devolution proposals. If one looks at the public service as a single entity, then basically
what is proposed is a re-ordering of who does what and at what level. To this end, where functions are devolved, the necessary staffing and resources should follow, so that broadly speaking the entire exercise should have a neutral effect, insofar as the overall public service is concerned.

12.6 In practice however, it is accepted that this assessment may be on the optimistic side and that some limited cost and staffing increases may arise particularly as one is moving from a highly centralised system to a largely devolved one operated by a relatively large number of separate authorities. Such increased costs, however, are difficult to quantify and will only become clear after detailed assessments have been carried out in particular service areas, etc.

12.7 There is no reason however why an expansion in the role of local government should necessarily lead to significantly increased costs. In present conditions it simply cannot be afforded. As indicated above, we see advantages for central government as well as for local people and local democracy in the shift of functions from the centre. If it is to be successful, the question of cost has got to be faced, not simply as a means of, or an excuse to, stymie local government but rather as to how the ongoing transition can be effected without significantly increased demands on the taxpayer. In this connection, an approach like the "sinking lid" adopted in New Zealand whereby each Government department would surrender a specified amount of expenditure each year which would go into a pool to be reallocated elsewhere might prove effective. Part of the reason why increased costs can arise in the context of devolution is because central government administration is maintained at too high a level after functions have been devolved; this must be avoided. We are satisfied that careful management of the devolution programme should ensure that significant cost increases can be avoided; the benefits that flow from devolution will more than balance any limited cost increases; in any case these are likely to arise mainly in relation to the transition period.

12.8 Structural Proposals

Regions

Eight new regional authorities are proposed. At a minimum each regional body will require a Director, say 4 support staff and premises to commence operations. At an average of, say, 25 members per authority this means 200 regional councillors.

Additional costs could initially be limited to premises, staff and operational costs - travel, office administration, meetings, cost of outside consultants etc. We estimate that the cost per annum for the new regional bodies would be of the order of £2m p.a. As against this there would be savings from the "sub regional" groups in due course being integrated into the new regional authorities.

12.9 Dublin County

The present county would be replaced by 3 new authorities:

(a) One of these would be based on Dun Laoghaire where there is already a local authority. However it would almost double in population.
New headquarters would be needed in the case of North Dublin and South Dublin County Councils. If properly managed, we are satisfied that no significant additional current costs should arise. Capital costs would be largely offset by the disposal of surplus city centre property. A major consideration in this context is the urgent need for reorganisation in the Dublin area and the benefits which should flow from reorganisation in terms of better performance and public accessibility.

12.10 Revaluation of Commercial Property
We estimate that this would cost approx. £10 m to complete over 5 years (assuming that over the 5 years, the annual revision of valuations was confined to valuing new commercial developments). However we regard this expenditure as an inescapable element of maintaining the rating system.

12.11 Savings
A number of the recommendations contained in the report should give rise to cost savings. These include the following:

1. Increased efficiency arising from the involvement of the Efficiency Audit Group.

2. The major infrastructural functions of existing sub county authorities will be transferred to the county level. This should give rise to some cost savings arising from economies of scale.

3. Drainage committees and burial boards will be abolished.

12.12 Conclusion
The case for devolution of functions from the centre, to a new reorganised and revitalised local government system is ultimately a political one depending largely on assumptions about the sort of society we want in the 21st century, the proper balance between the centre and the local level, the desirability of giving local communities greater control over their lives etc. This is not to say that cost considerations are not relevant - of course they are. However at the end of the day, the costs arising will not either make or break the case for reorganisation along the lines proposed in this report: it is the political vision of the future of our local government system which will ultimately determine what happens.
Signed:

T. Barrington (Chairman)

D. De Buitléir*

P. Donnelly

M. Doyle*

P. Geary

R. Haslam

K. Kennedy

M. McCarthy

M. Walsh

December, 1990.

* Subject to Addenda - see pages 60 - 62.
ADDENDUM

by

Dr. Donal de Buitleir

I am in general agreement with the recommendations in the main report subject to the following.

1. **Elected Executive**
   
   My main concern with the recommendations in the main report is that they do not provide the potential for greatly increased democratic accountability which will be demanded in the future. The main result of the proposals will be to increase the power and influence of non-elected County and City Managers. The whole purpose of Local Government reform will be negated unless there is the potential for increased democratisation of the system.

   In my view the recommendations in the main report require the addition of an option to ensure that democratic control is sufficient. The option I propose is that the Chief Executive of a local authority area should be an elected rather than an appointed official; such an option exists in other countries. To ensure that candidates for elected executive office had sufficient executive competence and experience, such elections could be confined to candidates drawn from a panel nominated by an appropriate body. Such a system would preserve the strengths of the existing system while greatly increasing accountability. It would also substantially increase the pool of talent from which local authority chief executives are drawn - for example, one could envisage people from business, trade unions and politics achieving executive office under this system.

   Each body of local electors should be able to choose at the outset of these reforms whether to adopt the system proposed in the main report or to opt for a system under which the Chief Executive of the Local Authority would be elected by the voters at large. At any stage a proposal to change the system for appointing the Chief Executive should be capable of being put before the people by either a majority of the council or following a citizen's initiative signed by 5 per cent of the electorate.

   The advantages of such a system are threefold. Different areas would choose different systems and the efficiency of one could be compared with the other by voters. Secondly, if the managerial system were perceived to be insufficiently accountable democratically, the remedy would be in the hands of the voters. Such a possibility would be likely to moderate the actions of the Executive. Most importantly, an elected Chief Executive would have a much greater mandate to act decisively and independently than any appointed official. In my view, this is the best guarantee of effective local government.
2. **District Councils**

If the Government devolves to local authorities the functions recommended in the main report, I am satisfied that district councils would be viable and effective providers of services. Consequently, I support the proposals for directly elected district councils and I am strongly opposed to the proposals for district committees, which would involve the abolition of all existing urban and borough councils. In my view, such abolition would be completely at odds with the modern demand for greater participation by citizens. The district committee model is particularly inappropriate in Dublin where the existing or potential number of elected members at the County level is far too small to provide effective representation of the people.

It may be that there is no public demand for a comprehensive tier of District Councils. The best way of finding out is to put the matter to the voters in each area and allow them to choose whether or not they would prefer a fully elected District Council or an area committee.

3. **Regions**

I believe that the proposed Regional Authorities should be directly elected and should be responsible for executive functions appropriate to the Regional level. The proposals in the main report take insufficient account of the great value of elections in bringing important issues to the fore and in getting the electorate to think about them. If Regional Authorities are purely nominated bodies, this important benefit will be lost.

4. **Section 4**

I favour the repeal of Section 4 of the City and County Management Act, 1955 in all cases not just in planning cases as recommended in the main report. I do not believe that an elected council, which is primarily a policy making body should have the power to intervene in individual cases. If an injustice is being committed, they should change the policy rather than let it remain in place while making an exception in an individual case.

Dr. Donal de Buitleir

December, 1990
ADDENDUM

by

Mary Doyle

I am in general agreement with the recommendations in the main report subject to the following.

1. Dublin

A more defined Metropolitan region is required rather than the suggested large Eastern Region which is too diverse to deal efficiently with the problems relating to Dublin and its surrounding urban areas. This suggested region would consist of 7 separate authorities for Co. Wicklow, Co. Kildare, Co. Meath, Dublin City, Dun Laoghaire, North Co. Dublin and South Co. Dublin. These include large rural areas with interests largely different from the problems relating to the urban environment.

It would seem preferable to have a Dublin Metropolitan Region encompassing areas directly related to the city and its surrounding sphere of influence, possibly defined by the limits of daily commuter travel. This region would include 1) Dublin City, 2) Dun Laoghaire, 3) North Co. Dublin plus certain "Districts" of Meath and South -, 4) South Co. Dublin plus certain "Districts" of East Kildare and North Wicklow. The relevant "Districts" in adjoining counties would become part of the Metropolitan Region for all purposes except traditional activities such as sport etc. The county boundary would not be changed. For example, an area could be "Dublin District 27, Co. Meath". This approach could similarly be used for other urban areas. The Eastern Region would then consist of the remainder of Co. Louth, Co. Meath, Co. Kildare and Co. Wicklow.

A Metropolitan Regional Authority would co-ordinate the activities of its various subdivisions in relation to future planning policies for environment, finance, housing, transport and the many other relevant bodies and activities. The "Districts" themselves would suggest the planning and future policy of their own area which would then be incorporated into the overall regional plan.

The city is a complex living organism constantly changing and it cannot be restricted by fixed plans, zoning or the imposition of unnatural divisions with possibly differing aims. Present planning techniques have failed to cope with this complexity. City planning needs constant monitoring, updating and adjusting by an overall co-ordinating and caring authority.

2. Elected Executive

In general I also agree with the option put forward by Dr. Donal de Buitleir in his Addendum for an elected chief executive.

Mary Doyle B. Arch. FRIAI. RIBA.

December, 1990
APPENDIX I

PART I

Persons/Organisations who made written submissions to the Advisory Committee

AIB Group
Arklow UDC
Arts Council, The,
Association of Municipal Authorities of Ireland
Association of Town Clerks of Ireland
Athlone UDC

Balbriggan Town Commissioners
Ballina UDC
Ballinamore Area Community Council
Ballinasloe UDC
Ballinlough Community Association
Ballyshannon Town Commissioners
Bates, D.
Belturbet Town Commissioners
Bord Failte Eireann
Boyd, C.
Brady, A.
Bray UDC

Callaghan, E.
Callanan, A.
Callanan, B.
Callanan, T.
Carlow County Council
Carlow UDC
Carrick-on-Suir UDC
Carrickmacross UDC
Castlebar UDC
Cavan County Council
Ceanannus Mor UDC
Chambers of Commerce of Ireland
Chatterton, B.J.
Chief Fire Officers’ Association
Clondalkin Community Council
Co-Operative Development Society Ltd.
Colgan, J.
Combat Poverty Agency
Comhdhail Naisiunta na Gaeilge
Community Government Movement
Community Workers' Co-operative
Confederation of Irish Industry
Consumers' Association of Ireland
Coras Iompair Eireann
Cork Community Development Institute
Cork Corporation
Cork County Council
Cork Enterprise Board
County and City Engineers' Association
County and City Managers' Association
Courtney, W.
Cumhacht

Darndale/Belcamp Development Association
Dempsey, N.
Dublin Chamber of Commerce
Dublin City Centre Business Association Ltd.
Dublin County Council - Fianna Fail Group
Dublin South Community Radio Co-op
Dublin Travellers Education and Development Group
Dun Laoghaire Corporation
Dunphy, J.

Enniscorthy UDC
Enterprise Connacht/Ulster
Fennell, D.
Fermoy UDC
Fernandez, J.
Forum (Connemara Rural Project)

Galway Corporation
Galway County Council
General Council of County Councils
Geographical Society of Ireland
Geraghty, T.J.
Goodwillie, J.
Gorey Town Commissioners
Green Party, The,
Greystones Town Commissioners

Harrison, D.
Horsman, M.
Independent Concrete Manufacturers' Association
Institution of Engineers in Ireland
Irish Congress of Trade Unions
Irish Farmers’ Association
Irish Home Builders’ Association
Irish Planning Institute
Irish Pre-School Playgroups Association

Jesuit Centre for Faith and Justice

Kerry County Council
Kerry Recycling Co-op
Kildare County Council
Kilkenny County Council
Killarney UDC

Labour Party, The
Labour Party, The (Dublin South and Dun Laoghaire Constituencies)
Laois County Council
Leitrim County Council
Leixlip Town Commissioners
Library Association of Ireland
Library Council, The,
Limerick Corporation
Limerick County Council
Lismore Town Commissioners
Listowel UDC
Local Authority Members’ Association
Local Authority Professional Officers’ Branch of SIPTU
Local Government and Public Services Union
Local Government Auditors
Longford County Council
Lourdes Youth and Community Services Ltd.
Louth County Council
Lyons, S.

Macra na Feirme
Macroom UDC
Mayo County Council
McCluskey, L.
McCologan, B.J.
McDonald, F.
McGauran, V.
McKenna, C.
McLaughlin, D.
Meath County Council
Monaghan UDC
Murphy, G.
Murray, D.J.
Murray, M.

Naas UDC
National Archives Advisory Council
National Association of Independent Retailers
National Association of Tenants' Organisations
National Social Service Board
National Youth Council
Navan Combined Residents' Association
New Ross UDC
Newbridge Town Commissioners
Nutley, N.

O Ceallaigh, P.
O Cearbhall, D.
O'Connor, K.
O'Connor, M.
O'Connor, N.
O'Donnell, P.
O Driscoll, S.
O Dubhtaih, G.
Offaly County Council
O Gadhra, N.
O'Leary, Ms. M.
O'Meara, P.
O'Reilly, B.
O'Rourke, F.

Regional Studies Association
Riverstown Area Community Association
Royal Institute of the Architects of Ireland
Royal Town Planning Institute, The,
Russell, G.E.

Shaffrey, P.
Shankill Community Association
Shannon Free Airport Development Company Ltd.
Sinnott, G.
Sligo Corporation
Sligo County Council
Sligo-Leitrim Independent Socialist Organisation
Society of Archivists - Irish Region
Society of Chartered Surveyors
Stocking Lane and Scholarstown Residents' Association
Swords Community Council

Tagoat Community Council
Taisce, An,
Tallaght Chamber of Commerce
Tallaght Community Council
Tallaght Community Organisations
Taylor, J.D.
Thurles UDC
Tierney, M.
Tralee UDC
Turners' Cross Community Association

Udaras na Gaeltachta

Waterford Chamber of Commerce
Waterford Corporation
Watters F.
Westmeath County Council
Wexford Corporation
Wexford County Council
Wexford Harbour Commissioners
Wicklow County Council
Wicklow UDC
Williams, J.D.
Workers' Party The,
Youghal UDC
PART II

Organisations who made oral submissions to the Advisory Committee

Association of Municipal Authorities of Ireland
Chambers of Commerce of Ireland
Confederation of Irish Industry
County & City Managers' Association
General Council of County Councils
Irish Congress of Trade Unions
Tallaght Chamber of Commerce

PART III

Government Departments whose Chief Executive met the Advisory Committee to discuss devolution.

Education
Energy
Environment
Finance
Health
Industry & Commerce
Justice
Labour
Marine
Office of Public Works
Roinn na Gaeltachta
Social Welfare
Tourism & Transport
APPENDIX II

NORTH WEST

Donegal

NORTH EAST

Munster

Cork

Kerry

SOUTH WEST

Cork

Kerry

SOUTH EAST

Waterford

Wexford

Kilkenny

NORTH

West

Galway

MID

Limerick

MID EAST

Clare

Tipperey

Longford

Meath

Cloughlough

NORTH WEST

Roscommon

Leitrim

Cavan

Louth

WEST

Mayo

Sligo

NORTH EAST

Monaghan

Cavan

Louth

MIDLAND

Offaly

Kildare

Wicklow

EAST

Meath

Westmeath

Longford

Clare

Laois

Carlow

Kilkenny

Wexford

Waterford

Cork
Limerick County/City Boundary Alteration

Proposed Area to be added to Limerick City from Limerick County.

District Electoral Division of Ballycummin:
Townlands of Ballycummin, Ballykeeffe, Baunacloka, Bunlicky, Caheranardrish, Castlemungret, Conigar, Dooradoyle, Dromdarrig, Gouldavoher, Loughanleagh, Loughmore Common, Lurraga, Moneteen, Rathmale, Skehacreggaun, Sluggary.

District Electoral Division of Ballysimon:
Townlands of Ballysimon, Dromroe, Garryglass, Kilbane, Newcastle, Newtown, Sreelane, Towlerton.

District Electoral Division of Ballyvarra:
Townlands of Castletroy, Rivers.

District Electoral Division of Roxborough:
Townlands of Ballysheedy West, Bohereen and Rathurd.

District Electoral Divisions of Limerick North Rural and Limerick South Rural:
The complete district electoral divisions.
APPENDIX IV

ELECTED DISTRICT COUNCIL MODEL

A District Tier?

A number of anomalies in our local government structures would be removed, or at least modified, if
it were decided to create a comprehensive bottom tier of districts in place of the the existing
haphazard of town authorities, most with minimal functions. These districts would be made up of,
in the counties, towns with their natural hinterlands, with counterparts in the county boroughs.

Two broad general indicators exist. What is a reasonable number of local authorities for a country of
Ireland's size and population? What is a reasonable number of local councillors? Comparable
figures for smaller Western European democracies are given in the Table on the next page, so far as
authorities are concerned. As to council seats some estimates are indicated below.

In general, in Western Europe local councils have more members than is the Irish practice. For
example, Swedish councils vary, for municipalities, from 31 to 61 members and, for counties, from 31
to 101; in Finland from 17 to 85; in Austria, for municipalities, from 9 to 45. It is difficult to get
aggregate figures, but if the average in Austria which has 2,300 municipalities should work out at
anything like the mean, Austria could have some 60,000 councillors. With Ireland, for a population
just half that of Austria, a corresponding number could come to nearly 20 times our current 1,641. It is
estimated that, in France, there are about 500,000 councillors, giving a ratio of something like a
councillor to each 100 of the population. A similar ratio in Ireland would yield about 35,000
councillors, over 20 times our current ratio! In Denmark in 1985 there were 370 county council seats
and 4,769 seats in the municipalities, in all 5,139, a ratio to population of just 1:1,000. That ratio in
Ireland would yield over twice our seats.

Local Councils in smaller European Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Area (Sq. km)</th>
<th>Pop (m)</th>
<th>Regions (No)</th>
<th>Counties (No)</th>
<th>Districts (No)</th>
<th>M'palities (No)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>84</td>
<td>7.6</td>
<td>9</td>
<td>16</td>
<td>-</td>
<td>2,300</td>
<td>2,325</td>
</tr>
<tr>
<td>Denmark</td>
<td>43</td>
<td>5.1</td>
<td>-</td>
<td>14</td>
<td>-</td>
<td>275</td>
<td>289</td>
</tr>
<tr>
<td>Finland</td>
<td>338</td>
<td>4.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>461</td>
<td>461</td>
</tr>
<tr>
<td>Ireland</td>
<td>70</td>
<td>3.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>81</td>
<td>113</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>3</td>
<td>0.37</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>126</td>
<td>126</td>
</tr>
<tr>
<td>Norway</td>
<td>324</td>
<td>4.2</td>
<td>-</td>
<td>18</td>
<td>-</td>
<td>454</td>
<td>472</td>
</tr>
<tr>
<td>Sweden</td>
<td>450</td>
<td>8.4</td>
<td>-</td>
<td>24</td>
<td>-</td>
<td>284</td>
<td>308</td>
</tr>
<tr>
<td>Switzerland</td>
<td>41</td>
<td>6.6</td>
<td>26</td>
<td>-</td>
<td>c. 209</td>
<td>c.3,600</td>
<td>3,835</td>
</tr>
</tbody>
</table>

Note: not all classifications are uniform.
Taking the showing in relation to the number of councils and what seems to be the position in relation to the total number of councillors, and despite a relatively low population, the Irish have very limited access to elected local office.

The Swiss and Austrian examples, historical and geographical survivals, are at one extreme; some of the Scandinavians at another. Of the latter, Denmark and Sweden have in recent times much reduced the number of their local authorities, Sweden now indulging in some increase. The most comprehensive overhaul has been in Denmark as part of a major process of devolution from central government. Their second tier is based on the principle of a town and its hinterland, varying in population but typically of 15,000 to 16,000 inhabitants, some smaller, some bigger. Irish experience would suggest that 15,000 is a viable size also in Ireland. It seems that if the district solution were to be applied nearly all districts in the counties (except Dublin) and in the county boroughs (except Dublin and Cork) could be fitted within the range 15,000 to 25,000, giving an average of about 20,000. A district population averaging 20,000 would, as shown in the Schedule below, yield 111 districts to which would be added some 12 in Dublin county and 28 in the five county boroughs and Dun Laoghaire, making 151 districts in all, uniformly spread throughout the country.

Against that, 80 existing boroughs, urban districts and towns under town commissioners, scattered at haphazard about the country, would be subsumed, giving a net increase of the order of 71 local authorities. Of the existing authorities, all the counties and county boroughs, 33-4, would survive giving a total stock of perhaps 185 authorities. Given that Denmark has a population just 50% greater than Ireland and 289 local authorities, this does not seem to be out of line with what is a recently modernised system.

An historical comparison gives a somewhat similar result. The rural district councils (abolished in 1925) were based on the poor law unions, themselves built on market towns and their hinterlands, typically within a radius of ten miles. The rural districts, unlike the poor law unions, were confined within the county boundaries. In the whole island there were just 180 of them, some 150 in what is now the Republic.

Geographical studies in Ireland and in many countries of Europe and America in the past 30 or so years bear out that the poor law pattern of the hinterland of a market town being within a radius of about ten miles still survives, largely unaffected by transport changes. In Ireland, as elsewhere, these constitute the natural ‘cells’ of town/countryside living.

It looks, therefore, as if one should take the rural districts still surviving in the census returns - as the basis for the new districts should that proposal be approved. However, the decline in population of some areas since the last century and its growth in other areas, especially in the hinterlands of the county boroughs and of some other towns, calls for some degree of modification; but not a great deal overall.

For obvious reasons it would be necessary to base the headquarters of a district on a town already with local government, but to avoid having two such towns in any such district. However, three small towns with town commissioners - Ballybay (pop 1,257; within boundary 530), Kilkee (1,448) and Lismore (pop 1,085; within boundary 703) compete with neighbouring urban districts, respectively, Castleblayney (pop 3,035; within boundary 2,157), Kilrush (pop 2,961) and Dungarvan.
(pop 6,849). A fourth small town, Ballyshannon TC, both in population (3,015; within boundary 2,573) and geographically, outranks its neighbour Bundoran UD (pop 1,535). Perhaps a temporary increase in the number of council seats in these four districts would smooth ruffled feathers.

At the outset it seemed that the best plan would be to take the county electoral areas as the basis for the new districts, but this problem of two - sometimes a good deal more - towns with local government in the same area cropped up too frequently to make this a possible basis. Whatever the origin of the CEAs they have now been so changed to match population shifts as to make them much less useful as a base than the old rural districts. However, in two counties, Longford and Wicklow, it is the rural districts that present the difficulties, so there the CEAs, with some adjustment in Wicklow, give better results.

As to district council seats, the standard complement for a district council and a town under town commissioners is 9; but three urban districts (Bray, Dundalk and Tralee) have 12 seats each, as have five boroughs. In the 80 towns affected that comes to 744 seats. It is suggested in para. 5.3.4 of this Report that the standard complement for each of the new districts might be 9 seats; but in the 76 districts (80-4) with existing local government the number be at least 9 or 12, as appropriate, plus an addition of 1 to 3 seats according to size. With 151 districts there would be 143 9-seaters plus 8 12-seaters, with 76 having an extra from 1 to 3 seats. This would give a range of the district council totals from 1,459 to 1,611, added to the existing total of 1,641, thus, at the maximum, practically doubling the present total. But from this must be deducted the 744 seats lost to the existing towns, giving a net maximum total of 2,509, and a net maximum increase of 868 seats, or just 60%, modest enough by most European standards.
### Schedule of Suggested Districts for Each County

Note 1. Within the county the basic unit is taken as the rural district (RD) made up of district electoral divisions (DEDs), as well as the urban district (UD). Where an RD is split * indicates the details of the DEDs in each division.

Note 2. The scheme that follows is not a hard and fast one, not much more than a feasibility study to be checked locally.

<table>
<thead>
<tr>
<th>County</th>
<th>Pop (000)</th>
<th>Pop (000)</th>
<th>Suggested Districts</th>
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</thead>
<tbody>
<tr>
<td>Carlow</td>
<td>41</td>
<td>3.6</td>
<td>2</td>
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<tr>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>10.1</td>
<td>25.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13.9</td>
<td>15.9 41.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.0</td>
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<table>
<thead>
<tr>
<th>Cavan</th>
<th>54</th>
<th>1.4</th>
<th>3</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5.2</td>
<td>6.4 11.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4.6</td>
<td>6.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9.9</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5.4</td>
<td>21.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>15.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.2</td>
<td>21.0 54.1</td>
</tr>
</tbody>
</table>

*Cavan RD pt 1,13 DEDs: Ardue, Ballyhaise, Belturbet Urban, Butlers Bridge, Carrafin, Castlesaunderson, Drumcarn, Grilly, Kilconly, Killenshandra, Milltown, Redhill, Springfield.

<table>
<thead>
<tr>
<th>County</th>
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<tbody>
<tr>
<td>Clare</td>
<td>91</td>
<td>1</td>
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<tr>
<td>Ballyvaghan RD</td>
<td>2.4</td>
<td>5</td>
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<tr>
<td>Corrofin RD</td>
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<tr>
<td>Ennistimon RD</td>
<td>9.1</td>
<td>14.6</td>
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<tr>
<td>Tulla RD</td>
<td>5.1</td>
<td></td>
</tr>
<tr>
<td>Scarriff RD</td>
<td>6.1</td>
<td></td>
</tr>
<tr>
<td>Meelick RD</td>
<td>9.9</td>
<td>21.1</td>
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<tr>
<td>Ennis (pt 1)*</td>
<td>8.5</td>
<td></td>
</tr>
<tr>
<td>Shannon</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>Newmarket</td>
<td>3.9</td>
<td>14.2</td>
</tr>
<tr>
<td>Other</td>
<td>5.9</td>
<td></td>
</tr>
<tr>
<td>Ennis UD</td>
<td>16.2</td>
<td>22.1</td>
</tr>
<tr>
<td>Ennis RD (pt 2)**</td>
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<tr>
<td>Kilrush UD</td>
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<td>Kilrush RD***</td>
<td>4.6</td>
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<td>Killadysert RD</td>
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<td>Bantry RD</td>
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<tr>
<td>Castletown RD</td>
<td>4.3</td>
<td>12.4</td>
</tr>
<tr>
<td>Dunmanway</td>
<td>7.5</td>
<td></td>
</tr>
<tr>
<td>Clonakilty</td>
<td>12.1</td>
<td>19.6</td>
</tr>
<tr>
<td>Skull</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>Skibbereen</td>
<td>12.6</td>
<td>16.3</td>
</tr>
<tr>
<td>Kanturk</td>
<td>17.0</td>
<td></td>
</tr>
<tr>
<td>Millstreet</td>
<td>6.9</td>
<td>23.9</td>
</tr>
<tr>
<td>Mitchelstown</td>
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<td></td>
</tr>
<tr>
<td>Fermoy</td>
<td>17.4</td>
<td>24.9</td>
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<td>Mallow</td>
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</tr>
<tr>
<td>Midleton</td>
<td>26.0</td>
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<td>Midleton</td>
<td>21.2</td>
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</tr>
<tr>
<td>Youghal UD</td>
<td>5.7</td>
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<tr>
<td>Youghal RD</td>
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<td>9.3</td>
</tr>
<tr>
<td>Bandon</td>
<td>16.1</td>
<td></td>
</tr>
<tr>
<td>Kinsale</td>
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<tr>
<td>Cork Rural (pt 1)*</td>
<td>5.4</td>
<td>20.4</td>
</tr>
<tr>
<td>Cobh UD</td>
<td>6.4</td>
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</tr>
<tr>
<td>Cork Rural (pt 2)*</td>
<td>12.3</td>
<td>18.7</td>
</tr>
<tr>
<td>do.(Passage W/</td>
<td>19.0</td>
<td></td>
</tr>
<tr>
<td>Monkstown,pt 3)*</td>
<td>17.8</td>
<td></td>
</tr>
<tr>
<td>do.(Ballincollig,pt 4)*</td>
<td>17.1</td>
<td>278.5</td>
</tr>
</tbody>
</table>

* Ennis RD, pt 1, 6 DEDs: Clenagh, Drumline, Newmarket, Sixmilebridge, Tomfinlough, Urlan.
** Ennis pt 2: remaining DEDs.
*** Problem with Kilkee TC (pop 1,448)
Note. 9 UD and 3 TCs in Cork county.

*Cork Rural. pt 1, 1 DED: Carrigaline.*Cork rural pt 2, 3 DEDs; Caherlag, Cobh Rural, Rathcooney.*Cork rural pt 3, 4 DEDs; Douglas, Lehenagh, Monkstown Rural, Monkstown Urban.*Cork Rural, pt 4, 7 DEDs: Ballincollig, Ballygarvan, Bishopstown pt, Carrigrohane Beg, Dunderrow, Inishkenny, Ovens.*Cork Rural pt 5, remaining 15 DEDs north of Cork City.

<table>
<thead>
<tr>
<th>Donegal</th>
<th>130</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Buncrana UD</td>
<td>3.1</td>
</tr>
<tr>
<td>Buncrana RD</td>
<td>25.8</td>
</tr>
<tr>
<td>2. Milford</td>
<td>12.2</td>
</tr>
<tr>
<td>Dunfanaghy</td>
<td>11.7</td>
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<tr>
<td>3. Letterkenny UD</td>
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<td>4. Glenties RD</td>
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<td>5. Stranorlar RD</td>
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<td>Bundoran UD</td>
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</tr>
</tbody>
</table>

Problem with Bundoran UD (pop 1,535) and Ballyshannon TC (pop 2,573) in Ballyshannon RD.

Dublin County is a special case dealt with on the penultimate page of this Schedule.

<table>
<thead>
<tr>
<th>Galway</th>
<th>131</th>
</tr>
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<tbody>
<tr>
<td>1. Clifden RD</td>
<td>8.6</td>
</tr>
<tr>
<td>Oughterard RD</td>
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</tr>
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**Kildare** 116

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<td>Athy RD</td>
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*Naas RD pt 1., 19 DEDs: Ballymore Eustace, Bodenstown, Carnalway, Carragh, Clane, Donore, Downings, Gilltown, Kill, Killashee, Kilteel, Ladytown, Naas Rural, Newtown, Oughterard, Rathmore, Robertstown, Timahoe N, Timahoe S.*

*Naas RD.pt 2: remaining 25 DEDs

**Kilkenny** 73.

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**Leitrim** 27.

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<td>Mohill RD</td>
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*Limerick 108.5/4#* #see note on next page.
1. Tipperary RD 4.5
   Limerick No 1 (pt 1*) 19.5 24.0
2. Limerick No 1 (pt 2*) 17.4
3. Croom RD 10.8
   Rathkeale RD 14.2 25.0
4. Glin RD 2.6
   Newcastle RD 20.7 23.3
5. Kilmallock RD 15.2
   Mitchelstown 3.2 18.4 108.1

# See Appendix III of this Report where a proposal is made to incorporate part of Limerick No 1 in Limerick City, comprising the area numbered 2 above. If this suggestion is not adopted then that area can constitute a separate district in the county.

Longford 31.

Note. Longford’s population would support only two District Councils, but the five rural districts are so distributed that they do not permit compact districts. However, the five county electoral areas (CEAs) do permit this, as follows:

1. Ballinalee CEA 6.2
   Drumlish CEA 4.4
   Granard CEA 4.4 15.0
2. Ballymahon 8.5
   Longford 8.0 16.5 31.5

Louth 92.

1. Dundalk UD 26.7
2. Dundalk RD 18.7 45.4
3. Ardee RD 15.2
3. Drogheda Borough 24.1
   Louth RD 7.1 31.2 91.8

Mayo 115.

1. Belmullet RD 9.2
2. Westport UD 3.5
   Westport RD 16.4 19.9
3. Ballina UD 6.7
   Ballina RD 18.1 24.8
4. Castlebar UD 6.3
   Castlebar RD 13.6 19.9
5. Swinford RD 15.9
6. Claremorris RD 13.2
   Ballinrobe RD 12.4 25.6 115.3

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Meath 104.

1. Oldcastle RD 4.0
   Kells UD 2.4
   Kells RD 11.6
   Ardee RD 3.0 21.0
2. Navan UD 3.7
   Navan RD 21.7 25.4
3. Meath RD 14.3
4. Trim UD 2.0
   Trim RD 18.0 20.0
5. Dunshaughlin RD 23.3 104.0

Monaghan 52.

1. Monaghan UD 6.1
   Monaghan RD (pt 1)* 10.0 16.1
2. Monaghan RD (pt 2)* 5.9
   Clones UD 2.3
   Clones RD 5.6 13.8
3. Castleblayney UD^ 2.2
   Castleblayney RD 8.9 11.1
4. Carrickmacross UD 1.8
   Carrickmacross RD 9.6 11.3 52.3

*Remove 9 DEDs from Monaghan RD pt 1 to form Monaghan RD pt 2, as follows: Caddagh, Clones, Drumkillagh, Drumsnat, Killylough, Kilmore, Scotstown, Sheskin, Tedavnet.
Problem with Ballybay TC, pop within boundary 530.

Offaly 60.

1. Birr UD 3.4
   Birr RD 15.8
   Roscrea No 2 4.9 24.1
2. Tullamore UD 8.5
   Tullamore RD (pt 1)* 12.7 21.2
3. Edenderry RD 8.9
   Tullamore RD (pt 2)* 5.6 14.5 59.8

*Remove 11 DEDs from Tullamore RD pt 1 to form Tullamore RD pt2 as follows: Ballyshear, Cloneygowan, Daingean, Geashill, Hammerlane, Kilclonfert, Mountbriscoe, O’Dempsey, Portarlington N, Raheenakeeran, Rathfeston.

Roscommon 55.

1. Boyle RD 9.9
2. Castlerea RD 15.4
3. Roscommon RD 18.4
4. Athlone No 2 RD 10.9 54.6
<table>
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<td>3. Boyle No 2 RD</td>
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* Remove 14 DEDs from Sligo RD pt 1 to form Sligo RD pt 2, as follows: Ballintogher E, Ballintogher W, Ballymote, Ballynakill, Ballysadare E, Ballysadare W, Bricklieve, Carrickbanagher, Collooney, Drumcolumb, Drumfin, Lakeview, Lisconny, Riverstown.

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Remove 6 DEDs from Nenagh RD pt 1 to form Nenagh RD pt 2, as follows: Aughnameadle, Ballygibbon, Ballymackey, Kilkeary, Kilnaneave, Latteragh.

Remove 5 DEDs from Thurles RD pt 1 to form Thurles RD pt 2, as follows: Borrisoleigh, Foinammon, Glenkeen, Gortkelly, Upperchurch.

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<td>2. Dungarvan UD</td>
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Dungarvan RD 7.4  
Lismore RD* 7.8  
Youghal no 2 RD 2.8 24.8  
Waterford RD 14.4 51.7

*Problem with Lismore TC (pop 703) and Dungarvan UD (pop 6,849)

Westmeath  63.
1. Coole RD 1.8  
   Delvin RD 6.1  
   Mullingar RD (pt 1)* 6.8 14.7  
2. Mullingar RD (pt 2)* 24.2  
3. Athlone UD 8.8  
   Athlone RD 13.7  
   Ballymore RD 2.0 24.5 63.4

*Remove 20 DEDs from Mullingar RD pt 2 to form Mullingar RD pt 1, as follows: Ballinalack, Cloghan, Clonlost, Derrymore, Emper, Glenlough, Huntingdon, Kilbixy, Killucan, Kinnegad, Lackan, Multyfarnham, Portloman, Raharney, Rathconrath, Skeagh, Sonna, Stonehall, Taghmon, Woodland.

Wexford 103.
1. Gorey RD 15.9  
   Enniscorthy UD 4.5  
   Enniscorthy RD 25.5 30.0  
3. New Ross UD 5.3  
   New Ross RD 14.8 20.1  
4. Wexford Borough 10.3  
   Wexford RD 26.2 36.5 102.5

Wicklow 95.

Note: RDs not suitable because (1) populous Greystones incorporated with Bray UD in Rathdown no 2 RD; (2) Rathdrum RD incorporates both Arklow and Wicklow UDs. Hence use CEAs.

1. Arklow CEA 20.0  
2. Baltinglass CEA 11.9  
3. Bray (as adapted)* 28.9  
4. Greystones (as adapted)* 17.8  
5. Wicklow (as adapted)* 16.0 94.6

*Three DEDs (Enniskerry, Kilmacanogue pt, and Powerscourt, pop 4.2), removed from Greystones CEA and added to Bray CEA; in turn 3 DEDs (Altidore, Newcastle Lr, Newcastle Upr, pop 4.3) removed from Wicklow CEA and added to Greystones CEA.
Suggested Districts for Dublin County and for County Boroughs (Pop '000)

Dublin County: 12 districts; 4 in Dublin-North and 8 in Dublin-South as follows:

Dublin-North: Balbriggan, 27.5; Howth/Malahide, 41.1; Swords, 26.6; Blanchardstown, 43.4.

Dublin-South: Lucan, 27.0; Clondalkin, 24.7; Tallaght, 67.8; Rathfarnham, 37.9; Shankill, 19.5; Templeogue, 31.5; Dundrum, 46.1; Stillorgan, 24.8.

Dun Laoghaire (as extended): Three districts - Blackrock, 28.2; Dun Laoghaire, 34.8; Dalkey, 28.3.

See sketch of above districts page 82. It is proposed that the present Dun Laoghaire Borough boundary be extended and the area upgraded to county borough status; the balance of the county area to be divided into two counties, Dublin-North and Dublin-South. See para. 5.2.4/5.

County Boroughs

Cork City: Five districts composed of the following DEDs.

1. North East (26.7) - Blackpool A and B; Commons; Mayfield; Montenotte A and B; St. Patrick's A, B and C; The Glen A and B; Tivoli A and B.

2. North West (32.4) - Churchfield, Fair Hill A, B and C; Farranferris A, B and C; Gurranebraher A, B, C, D and E; Knocknaheeny; Shanakiel; Shandon A and B; Sunday's Well A and B.

3. South West (25.1) - Bishopstown A, B, C, D and E; Gillabbey B and C; Glasheen A, B and C; Mardyke.

4. South East (24.4) - Ballinlough A, B and C; Browningstown; City Hall B; Knockra A and B; Mahon A, B and C; Tramore A, B and C.

5. South Central (24.6) - Ballyphehane A and B; Centre A and B; City Hall A; Evergreen; Gillabbey A; Greenmount; Pouladuff A and B; South Gate A and B; The Lough; Togher A and B; Turners Cross A, B, C and D.

Dublin City: 13 districts composed of the following DEDs:

1. North Central: (43.2) - Arran Quay A, B, C, D and E; Ballybough A and B; Inn's Quay A, B and C; Mountjoy A and B; North City; North Dock A, B and C; Rotunda A and B.
2. Cabra: (38.9) - Ashtown A and B; Botanic A, B and C; Cabra East A, B and C; Cabra West A, B, C and D.

3. Finglas (30.4) - Ballygall A; Finglas North A, B and C; Finglas South A, B, C and D.

4. Ballymun (34.8) - Ballygall B, C and D; Ballymun A, B, C, D, E and F.

5. Whitehall (40.3) - Beaumont A, D, E and F; Drumcondra South A, B and C; Grace Park; Whitehall A, B, C and D.

6. Priorswood (37.8) - Beaumont B and C; Kilmore A, B, C and D; Priorswood A, B, C, D and E.

7. Grange (38.4) - Ayrfield; Edenmore; Grange A, B, C, D and E; Harmonstown A and B.

8. Clontarf (43.1) - Clontarf East A, B, C, D and E; Clontarf West A, B, C, D and E; Raheny-Foxfield; Raheny- Greendale; Raheny-St. Assam.

9. South Central (40) - Mansion House A and B; Merchants Quay A, B, C, D, E and F; Royal Exchange A and B; St. Kevins; South Dock; Ushers A, B, C, D, E and F; Wood Quay A and B.

10. Pembroke (37.5) - Pembroke East A, B, C, D and E; Pembroke West A, B and C; Rathmines East A, B and D.

11. Rathmines (35.6) - Rathfarnham; Rathmines East C; Rathmines West A, B, C, D, E and F; Terenure A, B, C and D.

12. Crumlin (43.6) - Crumlin A, B, C, D, E and F; Kimmage A, B, C, D and E; Walkinstown B and C.

13. Ballyfermot (39) - Chapelizod; Cherry Orchard A, B and C; Decies, Drumfin, Inchicore A and B; Kilmainham A, B and C; Kylemore; Phoenix Park; Walkinstown A.

Galway City: Two districts composed of the following local electoral areas:

   East  (21.9) - Galway No. 1.
   West  (25.2) - Galway No. 2 and No. 3.

Limerick City: (As extended: see Appendix III). Three districts composed of the following DEDs.

1. East (22) - Abbey A, B, C and D; Custom House; John's A, B and C; Market; Singland A and B; St. Laurence. Part Ballysimon; Ballyvarrah and Limerick South Rural (ex Limerick Co.).

2. North (24) - Ballynanty, Castle A, B, C and D; Coolraine; Farranshane; Killeely A and B; Limerick North Rural (ex Limerick Co.).
3. **South** - Ballinacurra A and B; Dock A, B, C and D; Galvone A and B; Glenworth A, B and C; Prospect A and B; Rathbane; Shannon A and B. Part Ballycummin; Limerick South Rural and Roxborough (ex Limerick Co.).

**Waterford City:** Two districts composed of the following DEDs:

1. **East** (18.5) Ballybricken; Ballymaclode; Ballymakill; Ballytruckle; Centre A and B; Custom House A and B; Farranshoneen; Ferrybank; Grange North and South; Grange Upper; Mount Sion; Newport Square; Newtown; Park; Poleberry; Shortcourse; The Glen.

2. **West** (21) - Ballybeg North and South; Ballynaneashagh; Bilberry; Cleaboy; Gracedieu; Kilbarry; Kingsmeadow; Larchville; Lisduggan; Military Road; Morrison's Avenue East and West; Morrison's Road; Roanmore; Slievekeale; Ticor North and South.
<table>
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(a) Mainly Primary Education
(b) Primary Education only
(c) Scotland only

Source: Council of Europe "Financial Apportionment and Equalisations" 1981
SUPPLEMENT

Report on the Role of Central Grants in Local Finance in the Republic of Ireland

This report was commissioned by the Advisory Expert Committee -para. 6.2 - but was completed subsequent to their report and is included here as a Supplement
The attached report was commissioned by the Advisory Expert Committee on Local Government Reorganisation and Reform from the Institute for Fiscal Studies in London. The project was facilitated by the Institute of Public Administration.

The terms of reference for the Report were as follows:

1) Consider and make recommendations on the basis on which the contribution from central funds to local authorities should be distributed between individual local authorities taking account of needs and resources.

2) The approach recommended should be capable of adjustment so as to take account of additional services devolved to local authorities; an indication of possible distribution criteria should be given in relation to such services.
   a) "Contribution" refers to capital and current grants;
   b) "Local authorities" refers to rating authorities;
   c) The result should not involve an increase in overall public expenditure;
   d) New taxation measures to be excluded;
   e) Necessary transitional arrangements to be provided for.

The Report was commissioned in late October and the research involved a visit to Ireland by the researchers which was organised by the IPA on the week of 26 November 1990.

The IPA would like to take this opportunity to thank all those who kindly agreed to meet Michael Ridge and Stephen Smith during their visit.

The views contained in the Report are those of the researchers and not of the IPA or the IFS.
Preface

This report was commissioned from the Institute for Fiscal Studies by the Institute of Public Administration. It has been written by Michael Ridge and Stephen Smith, with a substantial contribution to sections 2 and 4 from Lewis Baston. The views expressed in the report are the responsibility of the authors alone, and not of the Institute of Public Administration, nor of the Institute for Fiscal Studies, which has no corporate views.

The authors are grateful to a number of individuals in the UK and Ireland for helpful discussions, including Tony Travers, Glen Bramley, and members and officials of the IPA, especially Frank Ryan and Anne O'Keeffe. However, the authors alone should be held responsible for any errors.
# Report on the Role of Central Grants in Local Finance in the Republic of Ireland

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INTRODUCTION

This report discusses the role of the central government grant allocation to local authorities in Ireland. It seeks to identify the shortcomings of the present arrangements for the distribution of grant to local authorities, and to suggest ways in which the current grant allocation process could be improved, taking as given the current total level of grant and the current arrangements for local taxation. The overall aim of the study is to outline a consistent system of local authority finance which can apply to the existing structure and functions of local authorities. However, the form of grant financing suggested in this study would be appropriate to a wider range of circumstances; it can, for example, easily be extended to take account of a change in the structure of local taxation, or the decentralisation of central government services.

Outline

In section 2 we summarise relevant aspects of the history of local government financial arrangements in Ireland. In particular we examine the continuing effects of the pre-1978 financial arrangements on the current method of allocating Rate Support Grant. We note that the current Rate Support Grant is still largely dependent on 1977 domestic rate income levels and perpetuates a resource and needs inequality which existed in that period.

In section 3 we examine from a theoretical point of view the reasons why central government might distribute grants to local authorities. It is argued that significant gains in terms of economic efficiency and equity can arise when the grant arrangements include an element of "equalisation". Equalisation would aim to offset differences between local authorities in terms of resources (the scope for raising their own revenues from taxes and charges) and needs (characteristics of the population or the locality giving rise to differences in the cost per head of providing a standard level of services).

We observe that different objectives imply different grant instruments. For example, equalisation grants are best administered through a general grant as opposed to a specific grant, whilst arrangements intended to reflect the national interest in local spending would include an element of cost sharing or "matching".

Section 4 outlines how other countries use grant to finance local authority spending. We find that Ireland is slightly more dependent on specific grants than elsewhere. Some form of equalisation is quite common in other countries although few systems succeed in removing all disparities either in financial resources or in spending "needs". It is not unusual to allow the determination of needs to be carried out by an independent institution.
Section 5 outlines how differences might arise in the needs for local spending in different local authorities and explains which elements of these differences ought to be considered when determining a needs equalisation grant. We analyse two methods of needs assessment: the regression approach and the unit cost approach. It is argued that an in-depth study would have to be carried out - combined with detailed consultation with the DOE and local authorities - to evaluate the relevance of either approach for Ireland.

In section 6 we describe two models of equalisation. The first is a model which, having taken local authority spending needs and tax resources into account, ensures that local authorities can all provide a "standard" level of service at a given level of local taxes and charges. The second (which corresponds broadly to the pre-1990 British system) achieves a rather more complex form of equalisation, but has certain disadvantages, which we discuss.

In section 7 we consider the present state of the Valuation Lists. We argue that it is desirable that there should be a revaluation as soon as possible so that payments by the business sector truly reflect its current economic position.

Section 8 contains a brief discussion of how central government allocates capital grants to local authorities. We describe the benefits and costs of moving away from the current system of capital grants to a borrowing system.

Section 9 draws together the arguments of the previous sections and summarises our conclusions.
Section 2

HISTORICAL BACKGROUND AND THE CURRENT SYSTEM

Until the 1970s the great majority of grants from central government to local authorities took the form of subsidies of a high percentage of the cost of undertaking certain functions. Road maintenance and improvement has long been assisted by grants - roads designated as national roads have been fully subsidised and non-national roads have historically been given matching subsidies of a percentage of maintenance and improvement costs. Other specific grants, covering all or part of spending on a particular service, included the grants for health spending (until the transfer of health responsibilities to regional health boards in 1971) and (until 1977) grants to cover the cost of rented housing subsidies.

The main general grant in this system was the Agricultural Grant which compensated local authorities for the progressively more generous remissions of rates on agricultural land. This grant was related to the amount of rateable value of remitted property multiplied by the rate poundage charged by the local authority. As both elements increased substantially in the 1960-77 period so did the Agricultural Grant. The Agricultural Grant was distributed to assist local fiscal effort, and its distribution between authorities was made on that criterion rather than on any grounds related to the needs and resources of each authority.¹

The abolition of domestic rates in 1978 and the accelerated phase-out of agricultural rates between 1980 and 1982 increased local dependence on general grants by removing local tax resources and replacing them with a new general grant, paid on an analogous basis to the Agricultural Grant. Central government undertook to make up the loss of local authorities' domestic rate income by paying grant equivalent to the revenue that would have been received if domestic rates had not been abolished. In effect a matching open-ended grant was used to compensate authorities for perceived loss of domestic rate income. To prevent local authorities raising rate poundages, rate poundages were capped in the 1978-82 period and in the period 1979-82 cuts in real terms were imposed.

The Current System

In 1982-83 new financial arrangements were phased in, mainly affecting local commercial and industrial rates and service charges. Additionally, the grant system was changed by the decoupling of the domestic rate grant from the now locally determined non-domestic rate, in effect changing it into an Exchequer-determined block grant. All the grants resulting from derating (and the payment in lieu of rates on the property of the Irish government and foreign governments) were consolidated into a single Rate Support Grant in 1988. The

¹ In practice its impact, however, did prove to be mildly resource-equalising because highest entitlements tended to coincide with counties with low realisable rateable valuations and low incomes (see Copeland and Walsh 1975).
grant has been adjusted to take account of the statutory change affecting some responsibilities such as the Social Welfare Supplementary Welfare Allowance and the 1989 decision to make Electricity Supply Board properties liable for industrial rates. This and the 1988 capital grants system have resulted in a reduction in the proportion of local authority income coming from grants from 67% in 1983 to 44% in 1990 (see Table 2.1).

Table 2.1 Development of Local Authority Revenue Sources

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<td>25.6</td>
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</table>

The current system of grants is one in which general grants play an important part. Of £466m current expenditure grant support (local definition), £162.75m (34.9%) is met from Rate Support Grant. The remainder is specific grants, the most important of which are set out in Table 2.2.

Table 2.2 Main Specific Grants

<table>
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<th>Grant Description</th>
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<tr>
<td>National roads grant</td>
<td>£137.2m</td>
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<td>Non-national road grant</td>
<td>£68.65m</td>
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<tr>
<td>Higher Education Grant recoupment</td>
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<tr>
<td>Social Employment Scheme</td>
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<tr>
<td>Recoupment of VEC pensions</td>
<td>£13.0m</td>
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<tr>
<td>Special non-national road works</td>
<td>£9.35m</td>
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Source: DOE, 1990c.

Later, in section 3, we outline the reasons that justify the allocation of grants to local authorities. We explain that specific grants ought to be distributed to remove any "externalities", particularly where underprovision would take place without a subsidy or a reserved allocation. National and non-national road grants would appear to fall into this category.

Several specific grants appear to be paid for historical reasons rather than being allocated on a systematic basis. VEC pension payments are the prime example of this. Clearly, there are administrative reasons why Higher Education Grants should be distributed at the local level and, therefore, it is only sensible that full recoupment should take place. It appears that there is limited scope for reforming specific grants although many of the smaller grants - for example, dog

2 Rate Support Grant allocation was altered on each occasion to neutralise the effect on local authorities spending and rateable resources.
and cat shelter provision, urban school meals, harbour development and civil defence - could be simplified into elements of a general grant allocation formula.  

Rate Support Grant still broadly reflects 1977 domestic and agricultural rate income levels. It is clear that the historical origins of the Rate Support Grant have led to a pattern of grant payment which bears no planned relationship either to each local authority’s expenditure responsibilities, or to the local authority’s ability to raise revenue from local taxation. The grant continues to have locked into it the resource inequality prevailing in 1977 by which authorities with a large rateable value were able to spend more for any given rate poundage (see de Buitleir, 1974). The 1977 spending was probably not a reflection of 1977 "needs", and still less 1991 "needs". Further, the amount of grant allocated currently bears little relation to authorities' rateable resources from the business sector and thus does not act to diminish resource inequality.

An additional feature of the current system is the extensive but uneven use of charges for certain local authority services. There appears to be no clear criterion for the determination and setting of charges, and the level of charges in different authorities does not appear to be related to the cost of the relevant services. In fact it appears as if charges are used in most cases as a flat-rate household tax. Table 2.3 highlights the lack of a relationship between water and sewer charges and costs of water and sewer services per head. The sample in Table 2.3 also indicates that charges do not reflect overall spending levels. For example, Dublin Corporation with a spending per head of £396.77 has zero charges compared with Tipperary North Riding which has a spending per head of £280.38 and a charge level of £110.

This situation is anomalous and contradicts the principle of horizontal equity. In this context, horizontal equity would mean that individuals receiving similar levels of services but residing in different authorities ought to be treated the same.

Table 2.3 Water and Sewage Charges and Expenditure in Five Authorities

<table>
<thead>
<tr>
<th>Water and sewage charges, 1990 (£)</th>
<th>Expenditure per head, 1990* (£)</th>
<th>Total expenditure per head, 1990 (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dublin Corp.</td>
<td>0</td>
<td>52.57</td>
</tr>
<tr>
<td>Galway CC</td>
<td>82</td>
<td>16.81</td>
</tr>
<tr>
<td>Longford CC</td>
<td>85</td>
<td>37.02</td>
</tr>
<tr>
<td>Tipperary NR</td>
<td>110</td>
<td>28.29</td>
</tr>
<tr>
<td>Westmeath CC</td>
<td>111</td>
<td>25.48</td>
</tr>
</tbody>
</table>

* Programme 3.

3 We note that some small grants - malicious injuries awards and loan subsidies - are being reduced in scale or phased out.

4 We do note, however, that needs criteria might justify a relatively high grant to a highly resourced area.
The proportion of current expenditure met from grants appears to have fallen sharply since 1987 (Table 2.1), but most of the fall is the result of definitional changes, particularly the change from capital loan subsidies to straightforward capital grants. This transferred state grant away from the revenue account without lessening local authority dependence on grants (see section 8 below). The levying of rates on ESB property also was reflected in a reduced Rate Support Grant. The continued key role of grants means that the need for a coherent and logical way of distributing block grants is pressing.

Summary

1. Central government grants are crucial to the operation of the Irish local finance system.

2. Specific grants are mostly well designed, although some small allocations could be consolidated for efficiency. There is limited scope for reform.

3. The Rate Support Grant neither equalises resources nor funds needs except in a highly imprecise manner. It is the product of numerous ad hoc changes rather than consistent principles.

4. Charging is not based on any particular principle. The current system contradicts the principle of horizontal equity, in that people living in different authorities may pay different levels of charges for a similar level of services.
Section 3

GRANTS: THEORETICAL BACKGROUND

Grants from central government to local authorities can generally be split into two main categories - specific grants and general grants. General grants allow the local authority to freely determine how it spends grant on services. Specific grants require the local authority to use grants for particular services.

It is also possible to identify within both grant categories further classes of grant. Both general and specific grants can be broken down into matching and non-matching grants. Non-matching grants are simply fixed lump-sum grants which can be either allocated to a specific service or for general use. Matching grants are generally percentage grants, which reduce the costs to local taxpayers of either a specific service or local authority services generally as expenditure is increased.

Matching grants can be further distinguished between what are termed open-ended matching grants - central government grants pay for a proportion of what the local authority spends, without any upper limit - and close-ended matching grants - where grant is proportional to spending, but only up to an upper limit. Table 3.1 summarises the types of grants discussed thus far.

Table 3.1 Types of Central Grant, with Examples

<table>
<thead>
<tr>
<th></th>
<th>Non-matching grants (lump-sum grants)</th>
<th>Matching grants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Open-ended</td>
</tr>
<tr>
<td>Specific grants</td>
<td>e.g. £10,000 for spending on roads</td>
<td>e.g. 50% of local spending on roads</td>
</tr>
<tr>
<td>General grants</td>
<td>e.g. £10,000 for local spending in general</td>
<td>e.g. 50% of local spending</td>
</tr>
</tbody>
</table>

5 For a detailed discussion of grants, their types, and their effects, see Gramlich (1977), King (1984) and Brown and Jackson (1990).

6 With general grants the matching element may not necessarily be related to total spending but can be related to some other characteristic, such as an authority's ability to raise revenues from taxation. King (1984) refers to this as the local authority's "fiscal effort".
Reasons for Distributing Central Government Grant

The principal reason for central government transfers to local authorities is that the tax revenue sources available to local authorities are, on their own, inadequate to support their expenditure responsibilities. "Fiscal imbalance" of this sort would generally imply a uniform per capita grant distribution.

Grants from central government may, however, also fulfil a number of other functions and objectives. These include: (i) grants to reflect "externalities" of local authority spending, (ii) grants which would ensure that local decisions take into account central government preferences for spending on services, and (iii) grants used to equalise local authority resources and needs. In general the first two objectives are suitably carried out by the use of specific grants, and general grants are most suitable for equalisation purposes.

In the following we examine some of the reasons set out above for distributing grant to local authorities.

Externalities

Typically, externalities arise in local government service provision when a service provided by an authority gives benefits not just to its own inhabitants but also creates benefits for individuals who live outside the authority. Given that the local authority in most cases will not be able to charge those receiving the external benefit, it is likely that the authority will provide below the level of service which would be optimal, i.e. that level of service which would be provided if all benefits were taken into account. A typical example is the work carried out on highways. Clearly, with roads there are external benefits for individuals who make use of roads and highways within an authority but live outside of the authority. At present in Ireland the effect of these external benefits is counteracted through the grant system in two ways.

Firstly, there is a specific non-discretionary grant paid to local authorities for the maintenance and improvement of national roads. These 100% specific grants account for well below 10% of the road network in Ireland. Secondly, local authorities receive lump-sum specific grants for the upkeep of non-national roads. Setting this grant in the context of its role as accounting for the externality benefits of non-national roads, central government also takes the view that the distribution of roads grant within an authority is best carried out by the authority.

Minimum Standards

If central government wishes local authorities to provide a national minimum standard the ideal grant would be a specific grant which made up the difference between the cost of supplying the service for an authority and the amount of service the authority is prepared to supply. It is unlikely that central government would know what the relevant amount of specific grant to an authority should be, particularly as there are strong incentives for local authorities not to reveal
their preferences with respect to the amount of service they would be willing to provide. It has been argued by a number of commentators that in this situation minimum standard provision is best reached by central government allocating 100% specific lump-sum grants (Layfield Committee, 1976; King, 1984). The same conclusion can be reached when considering service provision that benefits only a minority of a local authority’s population. Examples of the former might include financing of statutory requirements in relation to the environment whilst the latter would include recoupments of costs for higher education awards or provision for the homeless.

Equalisation

Grants may also be used to compensate local authorities for differences in resources and needs. Equalisation grants should normally be general grants and can either be lump-sum or matched to expenditure and/or fiscal effort. The objective of equalisation provisions may be partly couched in terms of equity - the desire to ensure that local authorities are in broadly the same financial position with regard to the provision of local services. They may also seek to discourage the incentives for individual or business migration that could arise if some local authorities were able to provide local services with much lower tax rates than others.

With local tax systems where the resource base - for example, business rateable value - varies substantially from authority to authority and where there are significant differences in the costs of supplying a particular type of service, there are strong arguments in terms of equity and economic efficiency for introducing equalisation grants. The equity argument is based on the view that simply because a local authority is poorly resourced it is "unfair" that the authority should set substantially higher tax rates, or set higher charges, or have lower levels of services. The consequences of not compensating an uneven resource base can be seen in the following example. In this example there are two local authorities with different size total rateable resources; of course, the resource could be another tax base, such as capital value, income, or possibly business sales. Table 3.2 shows the first local authority (LA1) having a business rateable value per head of £200 compared with the second local authority (LA2) which has business rateable value of £100 per head.

Table 3.2 The Effects of Resource Inequality on Charges

<table>
<thead>
<tr>
<th></th>
<th>LA1</th>
<th>LA2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business rateable value</td>
<td>£200</td>
<td>£100</td>
</tr>
<tr>
<td>Expenditure</td>
<td>£50</td>
<td>£50</td>
</tr>
<tr>
<td>Business revenue</td>
<td>0.25 (£200) = £50</td>
<td>0.25 (£100) = £25</td>
</tr>
<tr>
<td>Charge on the domestic sector</td>
<td>0</td>
<td>£25</td>
</tr>
</tbody>
</table>

Both local authorities spend at £50 per head, and in this case we assume that
there are no needs and cost differences. If both authorities decided to set their rate poundages at the same rate — in the example we arbitrarily set the rate poundage at 0.25 — then Table 3.2 shows that as a result of the higher resource value of the business sector, LA₁ is able to set charges at zero. At the same rate poundage, LA₂ sets charges at £25 per person.

In addition to the equity aspects of the example there is a further feature related to economic efficiency which arises from an unequal distribution of resources across authorities. The concern is that the differences in charges may induce migration from LA₂ to LA₁, particularly if they are in close proximity to each other. Similarly, if either local authority found it more expensive to provide local services (for example because wage levels or other costs were higher) local tax bills would differ across authorities even though similar levels of service were being provided and, therefore, an incentive to migrate to areas providing the same level of service at a lower rate would exist.

**Capitalisation**

The arguments for fiscal equalisation are complicated to some extent by the possibility that local tax and spending differences could be capitalised into property prices. It has been suggested that if full capitalisation of fiscal disparities takes place then equalisation is achieved automatically, in the sense that a higher local tax burden would be compensated by a lower cost of housing. Barnett and Topham (1980) suggest that equalisation grants can be counter-productive when full capitalisation occurs leading to a perverse effect on equity.

Full capitalisation in the housing market will, however, only occur if the supply of housing is fixed, there is a free market in relation to housing rents, and there is perfect mobility of households. It is questionable whether these assumptions are in any way realistic in the case of Ireland. In the main, housing supply is not inelastic as there are many opportunities for development throughout the country. Further, households cannot be assumed to be perfectly mobile: other factors, such as work location, community links and family ties, will determine residence.

A further disadvantage of relying on capitalisation as an alternative to explicit equalisation of local authority needs and resources through central government grants is that it is only effective for as long as the system of local authority finance and spending responsibilities remain unchanged. If, however, functions are transferred between central and local government or the structure of local authority finance is changed, the changes in the needs and resources of different authorities could affect the distribution of property values.

**Note:** The idea that rate poundages are the same is a simplifying assumption. However, it does appear to be the case that rate poundages are clustered more closely together than rateable values across local authorities, implying that some authorities do get an advantage from having higher taxable resources. If this were not the case we would be able to observe a distinct inverse relationship between rateable values and rate poundages, i.e. authorities with high total rateable values would set low rate poundages.

7 The idea that rate poundages are the same is a simplifying assumption. However, it does appear to be the case that rate poundages are clustered more closely together than rateable values across local authorities, implying that some authorities do get an advantage from having higher taxable resources. If this were not the case we would be able to observe a distinct inverse relationship between rateable values and rate poundages, i.e. authorities with high total rateable values would set low rate poundages.

8 We discuss the needs and cost differences in more detail in section 5.
authorities may be unevenly spread across the country. With an explicit system of equalisation, attempts can be made to adjust the pattern of central grants to take account of the changed position of each individual authority. Without explicit equalisation arrangements, any structural changes in local government which alter the relative fiscal position of different authorities are likely to be capitalised into the prices of land and buildings, concentrating the pattern of local gains and losses into immediate asset price adjustments, and imposing capital gains and losses on the current holders of these assets. Equalisation arrangements therefore are not merely useful in ensuring "fairness" in the current distribution of grant, but can also have an important role to play in maintaining local fiscal stability during periods of structural reform.

Summary

1. Specific grants are best used if the aim of grant is to reflect externalities or to enforce central government preferences.

2. General grant allows for greater discretion at the local level. General grants are appropriate for overall subsidy of local spending to reflect "fiscal imbalance", and for equalising needs and resources.

3. If there are substantial resource and needs differences between authorities, gains can be made in terms of economic efficiency and equity if equalisation grants are employed.

4. In theory, if fiscal differentials are fully capitalised then equalisation grants are unnecessary. However, capitalisation effects are an inadequate substitute for equalisation whenever the system of local government undergoes change.
Section 4

GRANT DISTRIBUTION PRACTICES IN OTHER COUNTRIES

There are, of course, serious problems of comparison in examining the financial arrangements of local authorities in other countries and seeking to extract elements of best practice to apply to the Irish context. For one matter, the constitutional position of some sub-central units in federal countries is such that their governments are more autonomous than Irish local authorities and are protected from legislative reform from the centre: Australia, Germany, Austria, Switzerland and lately Belgium have federal systems. The functions of local authorities vary from country to country; many systems assign education and social services to local government. This has effects on the nature of the grant system most appropriate to each country. Also, many systems are under reassessment.

In terms of the proportion of local authority revenue derived from grants, Ireland is near the average, as indicated in Table 4.1. The importance of grants varies considerably and mainly reflects policy choice in each country rather than the consequences of the mix of services undertaken or inter-authority needs and resources disparities.

Table 4.1 Grant as a Percentage of Local Revenue*

<table>
<thead>
<tr>
<th>Country</th>
<th>Grant as %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany (Land)</td>
<td>14%</td>
</tr>
<tr>
<td>Australia (local)</td>
<td>24%</td>
</tr>
<tr>
<td>Sweden</td>
<td>24%</td>
</tr>
<tr>
<td>Germany (local)</td>
<td>27%</td>
</tr>
<tr>
<td>France</td>
<td>38%</td>
</tr>
<tr>
<td>Denmark</td>
<td>43%</td>
</tr>
<tr>
<td>Ireland</td>
<td>44%</td>
</tr>
<tr>
<td>UK</td>
<td>49%</td>
</tr>
<tr>
<td>Belgium</td>
<td>60%</td>
</tr>
<tr>
<td>Australia (state)</td>
<td>63%</td>
</tr>
<tr>
<td>Italy</td>
<td>80%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>81%</td>
</tr>
</tbody>
</table>

* The figures are for the most recent year available. The proportion has probably increased since the last figures available in Germany and France and decreased in Belgium.

There is also a variety of practices with regard to the balance between general grants and specific grants. General grants are the mainstay of the Belgian, Danish, French, Spanish and British systems, while those in Italy, the Netherlands, Sweden and Canada have large specific elements. The usual pattern is, as with road grants in Ireland, for specific grants to be tied to programme areas of national importance. Education and social security are assisted with specific grants in Germany and Denmark. In spending items for which local decisions obtain the best allocation, a general grant is usual although spending is often subject to some central regulation.
An important aspect of European local finance is the prevalence of revenue-sharing schemes by which part of the proceeds from one or several national taxes is assigned to local government. This is the case in Germany, Belgium and Austria, and there are elements of this philosophy in France, Italy and Canada. Revenue-sharing allocates a reasonably predictable total grant budget to authorities but gives them little if any control over varying their income. It is most common in federal states where authorities are governments in their own right. In other countries the grant total is fixed by the central government, sometimes after consulting local authorities, and the gap between grant and expenditure has to be met entirely from local revenue sources - the UK, latterly France and sub-regional local authorities in Germany are limited in this way. In Switzerland, Spain and parts of Canada grants are distributed so that the fiscal effort of the local authority is a factor. These grants offer an effective widening of the revenue base controlled by local authorities or expenditure support for certain functions with an open-ended commitment.

The use of grants as a method of equalisation between local authorities, to ameliorate differences in taxable resources in each area, is near universal. Only in New Zealand and Portugal is the effort not made. In Canada there is a particularly thorough resource equalisation scheme in which the local base for 33 resources is assessed for each province and a grant paid to authorities whose aggregate resources at average tax rates are below average. In Australia special grants exist to support authorities with lower revenue bases and potential income from charges. Most schemes do not achieve full equalisation (although Denmark comes very close) and even relatively generous schemes such as those in Sweden and much of Germany do not fully eliminate resource differences.

Equalisation with respect to costs and needs is very common. In most countries needs payments are based on various objective criteria: the local price level, land area, population density, unemployment, poverty, tourist visits, population growth, urbanisation, road mileage and number of children of school age, although Canada's otherwise sophisticated system makes the implicit assumption that per capita needs are the same in all provinces. Assessment formulae often use regression analysis of previous expenditure as well as notional calculations as an indicator of need. Institutional arrangements for needs assessment vary. In the UK and Denmark, for instance, the formula is under central government control, while in other countries (Germany, Australia) the principles underlying the needs compensation are set out in legislation, and it is either left to the authorities concerned to determine how grant should be shared out or an independent commission is involved.

Summary
1. The importance of grants varies considerably from country to country. Ireland's position is not unusual.

2. Countries choose to strike the balance between general and specific grants in different ways: Ireland is relatively dependent on specific grants although it is not outside the main stream, given the mix of functions of Irish councils.
3. Revenue-sharing is common, but less widely used in small unitary states. The balance between block and matching grants varies with the policy choice between expenditure control and local autonomy.

4. Resource equalisation is very common although few systems succeed in removing disparities.

5. Needs equalisation is also usual, and often achieved by objective formulae as well as regression analysis. Though centrally set in most cases, some countries remove the criteria from political contention by appointing an independent institution.
Section 5

NEEDS DIFFERENCES AND ASSESSMENT METHODOLOGY

The costs of providing local services to a given standard vary across local authorities for a number of reasons. In some cases, where the differences in costs reflect differences in the "needs" for spending, there may be a case, as we suggested in section 3, for instituting a needs equalisation grant. However, it is crucial to distinguish which elements of the cost differences should be compensated for.

The three main reasons for differences in expenditure between local authorities are:

(i) Quality differences. These arise when some local authorities choose to provide a higher standard of service than others.

(ii) Unit cost differences. Wage rates and the cost of property may differ between areas, and may thus affect the cost of providing each unit of local services.

(iii) Quantity differences. These arise when some authorities have greater call on their services than others. For example, authorities might differ considerably over the level of demand for their fire and civil defence provision. These are differences in the number of "units" of the service that a local authority needs to supply to provide services to a given standard.

Which of these reasons for differences in local authority expenditure reflect differences in the "needs" for local spending, for which central government might wish to provide compensation? Clearly the first - spending differences due to quality differences - should be seen as a local matter; if local residents want a higher quality of services, they should be prepared to pay for it (except of course to the extent that non-residents also benefit, in which case some matching grant contribution to reflect the externality might be appropriate). Equally, the third set of reasons differences in the number of units of the local service that have to be provided - is generally regarded as a source of differences in the "need" for spending which calls for some form of central compensation. If local authorities have been given certain responsibilities which require greater per capita expenditures in some areas than others in order for the responsibilities to be properly carried out, then residents of different areas would, without compensation, bear a different fiscal burden without receiving any benefit in the form of better local services.

The situation is more complex with regard to unit cost differences. On the one hand, these would appear, like the third group, to affect the cost of providing a given level of services in each authority, and should therefore be regarded as reasons why spending "needs" differ. However, a complication arises to the extent that these unit cost differences may be partly under the control of local
authorities. If local wage levels or property values are heavily influenced by local authority actions, providing full compensation for differences in wage levels or property prices could undermine the incentive for the authority to keep costs down. In the Irish situation, with centralised wage bargaining, this is probably a largely academic problem, but the danger of underwriting local cost levels should be kept in mind.

Assessment Methodology

If needs grant is to be used to compensate for differences in need, it follows that needs must be operationally defined. Measurement of needs is particularly difficult and can involve complicated formulae. The aim is to calculate for each authority the amount it would cost to provide a standard level of service, the main emphasis being to determine relative needs between authorities. The two main methods of assessing relative need are:

(i) the statistical technique of regression analysis;
(ii) the unit cost approach.

Regression Approach

The regression method assumes that differences in local authority expenditures are systematically related to a set of demographic, geographic and socio-economic variables - all of which are assumed to be proxy variables for the true needs factors. There are a number of difficulties with this approach, the most substantial being the assumption that only needs factors determine expenditure and not discretionary factors, such as local political decisions about the level of service quality. Leaving out these discretionary variables when using the regression method can wrongly attribute the effects of political decisions to differences in spending needs.

To overcome this difficulty it is possible to include in the estimation of the regression equations the relevant quality variables that have been omitted. The estimated coefficients on these variables can then be ignored when determining the needs assessment for an authority.

Regression analysis may work reasonably well where a large number of broadly similar authorities are involved. In the Irish context there is, however, a problem in using regression analysis to infer the spending needs of the two large authorities, Dublin County and Dublin City. The difficulties are that these authorities are in some respects unique, and that there are not enough observations on the types of additional needs that these authorities may have to allow their needs to be assessed fully by the regression equation.

Nevertheless it is possible to develop methods where the regression approach can still be used. However, given that grant stability over time is just as an important factor as flexibility in relation to changes in demographic distribution etc., a period of transition to a full regression approach would be required. It is
beyond the scope of this study to be able to assess the expected difficulties that could arise in determining the nature of the transition. A detailed study where needs variables were clearly defined and where data are consistent and easily available would indicate the usefulness of the regression method.

Unit Cost Approach

The unit cost approach removes the need to identify the factors accounting for each local authority’s current level of spending by concentrating instead on explaining the extent to which particular services contribute to local authority spending as a whole. The unit cost approach seeks to identify the contribution of each particular function to the overall total of local authority spending. Various indicators, including factors such as the demographic structure of the population, road mileage, and socio-economic and geographic variables, are then used to calculate the cost of providing one unit of each service. Money is then allocated to each authority on the basis of the assessed national unit cost and the number of units for which each authority has to provide.

An illustration of this approach is the calculation of grant to reflect the cost of providing roads. If we assume that costs per road mile are constant then an authority’s allocation of road grant would be the following:9

\[ \text{Grant} = m \cdot \left( \frac{E}{M} \right) \]

where

- \( E \) = current national expenditure on roads;
- \( M \) = number of national road miles;
- \( m \) = number of road miles in the authority.

Clearly, needs indicators can be developed to a high level of precision. However, the cost of increasing the number of indicators is that needs formulae can become complicated, unwieldy and little understood. On the other hand, using crude indicators might lead to misallocations of central government grant to local authorities.

Summary

1. Differences between authorities in spending needs can be assessed in two main ways. The regression approach uses the existing pattern of spending across authorities to infer the factors accounting for differences in needs. The unit cost approach evaluates needs using data on national average costs.

2. A detailed study would allow a full comparison and evaluation of the unit cost approach and the regression approach.

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9 We appreciate that further indicators might be relevant in this case. This example is shown only for simple illustrative purposes.
Section 6

EQUALISATION MODELS

In the current situation in Ireland, the fiscal position of local authorities can be affected by the extent to which each differs from the average in terms of resources (the scope for raising its own revenues from taxes and charges) and needs (characteristics of the population or the locality giving rise to differences in the cost per head of providing a standard level of services). In this section we set out possible arrangements for an "equalisation grant" that would put all local authorities on an equal fiscal footing.

Given that local authorities can raise revenue both from business rates and from charges for services, and that individual authorities are free to choose how much revenue to raise from each source, the arrangements necessary for full equalisation are quite complex. In particular, they are more complex than the arrangements necessary in the new system of local government finance in the UK, where the distribution of revenues from the new uniform business rate to local authorities in proportion to their adult population has eliminated differences between authorities in the extent to which they receive tax revenues from business. This is not to argue for the introduction of a uniform business rate in Ireland; we think that there are in fact major drawbacks to the new British system, such that the gain in terms of simplicity and transparency in the grant system is outweighed by the disadvantages of the new arrangements.

One drawback, however, of the complexity of full equalisation is that the system, and its underlying rationale, may be poorly understood, and that it may therefore be difficult to gain public acceptance of the arrangements. It is at least arguable that this happened to the earlier UK arrangements before the introduction of the uniform business rate. A half-way house is suggested here, which meets a rather restricted concept of equalisation, but which is rather simpler than the full system in operation. It has not been possible, however, to assess how adequate this intermediate system might be, given the actual pattern of needs and resources amongst local authorities in Ireland, and this would be an important focus for further work.

Lump-Sum Equalisation Grants

Equalisation could be achieved in a restricted sense through a pattern of allocation of the general Rate Support Grant, such that it provided a lump-sum equalisation grant for each authority. The objective of the allocation would be to ensure that all local authorities would be in a position where, if they chose to provide a "standard" level of local services, they would all be able to set the same "standard" level of local taxes (i.e. a "standard" rate poundage and a "standard" level of local charges). This objective would determine the amount of grant paid to each authority. Local authorities would then choose the level of local services that they wished to provide; this could differ from the standard level.
This arrangement achieves fiscal equalisation only in the restricted sense that it puts local authorities on an equal fiscal footing as far as providing a standard level of services is concerned. If they wished to provide a higher "quality" of local services they would be free to do so, but local authorities with a large local tax base would find it easier to do so than more poorly resourced authorities.

In formal terms, how the lump-sum equalisation grant would work is as follows. The initial position is one in which local authorities differ both in resources and needs.

Resource differences are differences in their revenue-raising capacity, i.e. the per capita tax base differs from authority to authority (principally because of differences in the amount of business property). We can denote the local business tax base per head of population as $B_L$, and the average business tax base per head in the country as a whole as $B$.

Needs differences are differences in the requirements for local authority spending (per head of population) if a uniform standard of service was to be provided in all authorities. Differences in the needs for local spending can arise for a range of reasons (e.g. road mileage, population structure, etc.), as discussed in the previous section. Central government can measure needs by calculating the cost of providing the standard level of service in all authorities, using one of the methods described in the previous section. We can denote the local per capita cost of delivering a standard level of service in an authority as $S_L$, and the national average of the $S_L$s as $S$.

Given an average per capita level of central government grant to local authorities, $\bar{G}$, and an average level of local household charges, $\bar{c}$, the rate of local business taxes that needs to be set on average is $\bar{t}$, where per capita business tax revenues equal per capita spending minus per capita grants and per capita household charges, i.e.

$$\bar{Bt} = \bar{S} - \bar{G} - \bar{c}$$

or

$$\bar{t} = (\bar{S} - \bar{G} - \bar{c})/\bar{B}.$$  

The equalisation objective is then to ensure that the same tax rate $\bar{t}$ could be set in all authorities, if they set the level of household charges at the average, $\bar{c}$, and if they provided services at their standard level, i.e. at $S_L$.

For an individual authority spending at level $S_L$, grant is paid so that per capita tax revenues equal per capita spending minus per capita grant received by the authority, $G_L$, and the average charge level, i.e.

$$B_{Lt} = S_L - G_L - \bar{c}.$$  

We can calculate the amount of grant then in terms of the difference between the local authority and the average in terms of resources and needs, i.e.
\[ G_L = S_L - B_L \left( \bar{S} - \bar{G} - \bar{c}/\bar{B} - \bar{c} \right) . \]

**Extended Equalisation**

The scheme described above is one where local authorities are all put on an equal footing if they choose to provide a "standard" level of services, but they may still be in an unequal position as regards the cost of choosing to provide an above-standard level of service. Equality in the ability to make choices about the standard of service may be a desired objective for local government. Alternatively, the lower cost of providing higher-quality services in certain areas could in itself be a reason for tax-induced (and therefore economically inefficient) movements of individuals or businesses. In these circumstances, the extended form of equalisation suggested below may be more appropriate.

The objective of this form of equalisation is to ensure that not only is the cost of providing services to a standard level the same in all authorities, but also the cost in terms of extra taxation and additional charges that are necessary if a higher standard of services is provided should be the same in all authorities. In other words, grant should be paid not merely so that if local spending is $S_L$ then the local tax rate and charge level can be the same ($\bar{t}$ and $\bar{c}$) in all authorities, but rather that grant should be paid so that all authorities face the same range of choices for per capita spending levels (after needs differences have been accounted for) and local tax and charge rates. In other words, all local authorities should be able to set their tax rates and level of charges using a common revenue schedule, relating the tax and charge rates they should set to per capita spending above the standard level.

The equalisation system would be one in which the amount of grant paid, given the local authority's decision about its spending level, would be whatever is necessary to ensure that it can set the tax rate and level of charges corresponding to the common revenue schedule.

A system of this sort was operated in Britain up until the introduction of the Community Charge and uniform business rate in 1990. Experience with the British system has suggested that the complexity of the equalisation system may make public acceptance of the arrangements hard to sustain. Moreover, the system has two key characteristics which may be of some importance.

First, the amount of grant depends on local spending levels as well as the resource position of particular authorities. This is because the grant seeks to compensate fully for differences in tax base. A low local tax base per head of population is a greater disadvantage for higher spending local authorities, and these authorities receive relatively higher grant in compensation. Whether this is in itself equitable is an issue that can be debated. However, from the point of view of central government budgeting, a grant total that is partly determined by local spending decisions has the drawback that the level of spending on grant cannot be precisely predicted in advance.
Second, the system sets up an overall incentive or disincentive for local spending which is determined by the shape of the common revenue schedule and hence by central government. The ability of central government to affect the overall cost of local spending through the terms on which grant is paid can be seen either as an advantage or a disadvantage of the suggested arrangements. In Britain, the use of the grant system to discourage local spending has been seen as undermining the autonomy of local authorities.

Ultimately, whether the more complex equalisation achieved by this system is to be preferred to the restricted equalisation achieved by the first system will depend on whether these various drawbacks of the second system are outweighed by the benefits of the more sophisticated form of equalisation. Our initial impression is that the disadvantages of restricted equalisation may not be sufficiently great to require the second system. Nevertheless, this judgement can only be preliminary, and a full investigation of the implications of the two systems, given the pattern of spending responsibilities and revenue sources of local authorities in Ireland, would be desirable before a final judgement is made.

Summary

1. Equalisation of local authority needs and resources can be achieved in a restricted sense by arrangements for allocating lump-sum grants (e.g. the Rate Support Grant), so that all local authorities would be able (if they so chose) to provide a "standard" level of services at the same level of local taxes and charges across the country.

2. An alternative is a more extensive equalisation model which puts local authorities on an equal footing at any level of spending, not just the standard level.

3. The second system is more complex, and may have drawbacks both for central government and for local authorities. The total central grant needed cannot be set in advance, since it depends on local spending levels. This may make central government planning difficult. Secondly, the second system provides central government with considerable scope to use the grant to provide incentives or disincentives for local spending. British experience with this type of grant before 1990 suggested that it may be used to undermine local authorities' decision-making autonomy.
Section 7

VALUATION

There has not been a national valuation of property since Griffith's Valuation of 1852. There were revaluations in the cities of Dublin and Waterford in the early part of this century, and in the 1940s a revaluation took place in the Borough of Galway and in 1950 in Buncrana Urban District Council. In general, however, the valuation of business property fixed by Griffith is still used as the basis for determining rate income from the business sector.

The main approach by the Valuation Office over the years has been to attempt to value properties so that the valuation resembles the valuation of properties of a similar type in the locality. Although net annual value (NAV) at current prices is assessed, the NAV is reduced by a factor in an attempt to maintain "relativities".

There are a number of difficulties that arise from using the Griffith Valuation and the "relativities" method as the basis for business property valuation. The main problems are:

(i) The current method does not attempt to take account of a changing economic structure. In general the Griffith Valuation in most parts is reinforced by the relativities approach. Sectors of the economy which have gone into decline could still find that their rateable values are greater than prospering sectors of the economy. A mechanism does not appear to exist to ameliorate this problem.

(ii) Not only are there sectoral shifts in the value of business property, but there are also regional shifts. Clearly, in terms of economic activity, urban areas have developed far more quickly than rural areas. This problem is significant because, in general, contributions by urban councils towards county councils will be made on the basis of each rating authority's share of the total valuation of the larger authority. The implication is that urban areas in the counties are under-contributing in terms of their share of county financing.

A comparison of current rental values (CRV) of business properties with their NAVs recorded in the Valuation List would give an indication of the severity of these problems. Ideally there ought to be a constant ratio of current rental value to the NAV on the Valuation List throughout the country. Evidence of this ratio should be held at the Valuation Office. A further indicator, although one drawing on a small and probably unrepresentative sample, would be derived from the Grafton Street and Henry Street, Dublin rate revision of 1989. The ratios of current rental value to NAV of each shop could be compared with the aggregate ratio of rents and NAV in the area and the scale of the differences observed.
Summary

1. The current Valuation List does not reflect the change in economic structure since 1852. It is therefore distortionary in an economic sense.

2. The current distribution of valuations calls into question the relevance of using valuations as a means of determining the proportions local authorities contribute to county councils. An examination of CRV/NAV ratios will indicate the severity of the problem.
Section 8

CAPITAL GRANTS

The Irish system governing capital expenditure undertaken by local authorities was overhauled by the Local Loans Fund (Amendment) Act, 1987. This section outlines the current system and the pre-1988 system, addresses issues of principle concerning capital grants, and indicates the role of the capital account in our main model of a revised grants system.

Local authority capital spending is mainly met by grants from the Exchequer's Public Capital Programme. Grants account for £302.4m (78.6%) of local authorities' capital spending of £384.7m. The largest grants are £184.5m for road improvements (treated as revenue spending in local authority accounts) and £72.5m for sanitary services. The largest non-Exchequer elements in the capital account are £45m of the £51m housing programme, deriving from receipts from Tenant Purchase Schemes, and £35m of house purchase and improvement loans. The overall levels are set in the Public Capital Programme.

The pre-1988 system depended mainly on local authority borrowing, the repayments on which were subsidised to a greater or lesser extent from central government. Some capital items such as house purchase loans, courthouses and local authority offices continue to be funded by borrowing. Borrowing also takes place on a short-term basis from the banking system. Most pre-1988 borrowing came from the Local Loans Fund administered by the Ministry of Finance, so repayment subsidies were in effect circulating money from one part of the government to another. The move to a grant-based system represented a large step for greater coherence in capital allocations.

Capital grants are distributed to local authorities principally on the grounds of central assessment of the relative priorities of the projects local authorities propose for grant support, subject to the overall expenditure total. Entitlement to EC Structural Funds is also an important determinant of the allocation of grant, particularly in the roads and water programmes where support of 50% and 75% respectively is available for some projects. EC funds form a correspondingly large proportion of capital outlays. EC regulations do not explicitly vary entitlements between different parts of Ireland as the country comprises one region for EC purposes, although they and government priority assessment do direct support towards where it is most needed.

A system of capital grant allocation should have some sort of needs element as, other things being equal, the effect of additional spending would have more beneficial effects on social welfare and wider economic performance in poor areas than in richer areas. Another issue is the need to replace capital stock in local authorities, which depends on the size of the authority's capital stock and the rate of depreciation. The rate of depreciation is generally slow (see Bramley, 1990) so capital stock will tend to be the main variable. The current system is probably well adapted to meeting local needs and wider economic considerations, although the mechanics of its operation could be formalised in the interests of
clarity and predictability.

Receipts from capital are a consideration not directly addressed in the Irish system, as this source of revenue for further investment is only used in the housing programme and even then is restricted to the amounts allowed under the Public Capital Programme. Receipts from capital (asset sales, on the whole) are an important potential source of funds but are subject to many difficulties, as outlined in Department of the Environment (UK) and Welsh Office (1986). Funds deriving from them are distributed unevenly between authorities and are unpredictable from year to year, and can be in conflict with wider economic objectives. Nevertheless there is a case for incorporating a "receipts element" into the capital grant system; this could compensate local authorities without much ability to realise their resources and/or encourage authorities to use such abilities to obtain capital allocations. In the UK, receipts from the preceding three years may be used to fund capital spending. Such alterations are fully consistent with limiting grant payments.

Authorities, however, should not be able to use capital receipts to fund revenue account expenditure as this would distort any resource equalisation accountability scheme along the lines explained in section 6, as well as involving an essentially short-term calculation.

Flows in the opposite direction, from the local revenue account to capital spending, are permitted in the UK, and in the Irish context could be used to finance projects strongly favoured locally but refused Department of the Environment grant aid.

Also, under the model of full equalisation set out in section 6 there may be a need for some authorities to receive a grant of less than zero, if they are to be put on an equal fiscal footing with all other authorities. In the UK before 1990, this situation occasionally arose, but the legislation did not provide for any further equalisation beyond the point where grant reached zero, and therefore some local authorities with high resource bases were able to retain disproportionate benefit from their situation. The existence of capital grants in Ireland may provide scope for equalisation to continue beyond the point where grant reaches zero, through a compulsory allocation from revenue to capital account for authorities whose marginal income from rates and charges exceeds marginal expenditure. This allocation would be matched by a withdrawal of capital grant money and would be subject to the same ministerial controls as the ordinary grant. In this way the capital account can be used to equalise resources at the upper end.

10 Mainly for resource-rich central London authorities in years when central government sought to discourage local spending through the terms on which grant was paid to higher-spending authorities.
Control over capital spending in Ireland is stricter than in the UK, where the main source of revenue is borrowing, although cash-limited allocations can be distributed among projects by local authorities in a more discretionary manner. Borrowing represents another possible avenue for administering the capital account. It is sensible to spread the cost of capital spending into the future because benefits are similarly spread, although borrowing can take place on an aggregated national level as well as by each local authority. Borrowing is economically efficient as well if carried out along the principles of the UK Consolidated Loans Fund which borrows in turn from surpluses arising on some local authorities' project accounts (and the money markets if necessary) thus enabling funds to be used constructively. The rate of return offered by the CLF also encourages local authorities to allocate capital funds to the most efficient projects.

Borrowing, however, has effects on macroeconomic variables which may make it unsuitable as a financing method - the local authority borrowing requirement is an element of the public sector deficit and hence part of wider fiscal policy. Direct external borrowing control, according to the UK Department of the Environment and Welsh Office study, is unlikely to prove a workable option.

Summary

1. The Irish local authority capital allocation system has recently moved to a system of direct central allocations of finance for capital projects, replacing an earlier system based on local authority borrowing from the central authority.

2. The distribution of capital grants provides enormous discretionary power for central government.

3. The position of receipts from capital could deserve further consideration, particularly given the large sums generated in this way recently.

4. Borrowing to finance capital spending at a local level has merits but they are probably outweighed by the disadvantages.
CONCLUSIONS

The main aim of this report has been to provide a concise summary of the main options and arguments relevant to the formulation of policy on central grants to local authorities. We have made a number of recommendations on how central government grants ought to be distributed to local authorities taking into account needs and resources. In the following we summarise our conclusions.

Section 2 set out to describe and evaluate the basis of the current method of grant distribution. It was observed that:

- About two-thirds of the total of government grants are in the form of specific grants, i.e. earmarked for particular services or projects. Specific grants are on the whole well designed and there is limited scope for reform.

- The Rate Support Grant is a general grant, contributing about one-third of total local revenue from grants. With the passage of time, the continuation of a formula for the Rate Support Grant based solely on the preservation of the 1977 pattern of revenues has come to be perceived as anomalous and inequitable. It effectively uses central government money to preserve the resource advantage of certain urban authorities. Although the proportion of grant received by each local authority has remained relatively constant over time, it is unlikely that needs will have remained the same.

- In addition the ability of local authorities to raise revenue from the non-domestic sector since the removal of limits on rate poundages means that local authorities with high rateable resources are in a more favourable revenue-raising position. It follows that there is a strong case for setting out criteria for a grant which would lead to significant equalisation of present-day needs and resources under the present system of local government finance.

- Charges vary across authorities in a manner not in any way related to expenditure levels. This anomalous situation contradicts any principle of horizontal equity and ought to be addressed as soon as possible.

Section 3 set out the theoretical arguments for distributing grant to local authorities.

- General grants are appropriate for overall subsidy of local spending to reflect "fiscal imbalance" and for equalising needs and resources.

- It was argued that specific grants are important if the objective of grant is to ensure that authorities achieve minimum standards of service provision. Specific grants related to local spending levels may also be appropriate to reflect the benefits that local spending confers on residents of other areas ("externalities").
It was shown that if needs and resources differences exist then horizontal inequities and inefficient migration of individuals and businesses can arise. These horizontal inequities can be removed through equalisation grants.

The main conclusions from section 4 relate to grant distribution in other countries. It was shown that:

- the importance of grant varies from country to country although resource and needs equalisation is usual;
- in some countries the implementation of grant distribution criteria has been removed from political contention and placed with an independent institution.

Section 5 discussed needs differences and the methods of assessing needs.

- Needs assessment can be carried out using either the regression or unit cost approach. A detailed study modelling grant distribution would allow a full comparison and evaluation of both assessment methods.

In section 6 we outlined two models of equalisation which would overcome the problems summarised in section 2.

- Equalisation of local authority needs and resources can be achieved in a restricted sense by arrangements for allocating lump-sum grants (e.g. the Rate Support Grant), so that all local authorities would be able (if they so chose) to provide a "standard" level of services at the same level of local taxes and charges across the country.
- An alternative is a more extensive equalisation model which puts local authorities on an equal footing at any level of spending, not just the standard level. The second system is more complex, and may have drawbacks both for central government (the grant total is unpredictable) and for local authorities (the scope for central interference is greater).
- Further investigation will be necessary to judge whether the disadvantages of restricted equalisation are sufficiently great that they justify the complexity and other drawbacks of the second system.

Section 7 noted that there has not been a full revaluation of property in Ireland since the Valuation Act of 1852. The tax burden on business property is now likely to vary between localities in a way that does not reflect current conditions.

- Apart from this economic distortion the lack of an up-to-date Valuation List has implications for counties which raise revenue from urban or city councils. Contributions from urban councils to county councils are related to the proportionate size of total rateable value within each area. If the valuations are incorrect then the relative amounts contributed will be incorrect. A revaluation of non-domestic property is recommended as soon as possible.
In section 8 we considered the present system of capital grant allocation. We concluded that:

- the Irish local authority capital allocation system provides scope for substantial central government control;

- borrowing to finance capital spending at a local level has merits but they are probably outweighed by the disadvantages;

The most substantial change to the present arrangements that we are suggesting is, therefore, that the distribution of the Rate Support Grant should in future include an element of equalisation - in other words, be based on an assessment of local authorities' spending needs and taxable resources. Inevitably, the new distribution of grant will differ significantly from the current distribution of grant, and there would be overall gainers and losers among the local authorities. In view of the constraints on public expenditure, it will be difficult to soften the impact of these gains and losses by increasing the total amount of grant to be distributed. Given this, it may be prudent to avoid sudden changes in local authorities' income by making a gradual transition to the new equalisation system.
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