Democracy Now!

Submission to the Department of Environment, Heritage and Local Government - Green Paper for Local Government Reform

1st November 2007

Executive Summary

Business is the largest single source of funding for local authorities and has an inherent interest in the efficient operation of local government - both from a financing and a customer perspective. This submission to the Green Paper on Local Government Reform focuses on the reliance by local authorities on financing from business, and the question of regional governance.

The pressure on local authority budgets is growing. The 2006 Census shows strong population growth in the Greater Dublin Area which, together with the need to support and maintain a growing modern infrastructure base, has led to a sharp increase in expenditure levels. The additional spending has not been met with appropriate funding from Central Government through expenditure-specific grants and the Local Government Fund, but rather through increased charges to business. Commercial rates and charges account for the largest single contribution to local authority budgets, providing a financial crutch to the Exchequer.

This pressure on business in the Greater Dublin Area comes at a time when competition amongst city regions for investment and employment is intensifying. More and more, city regions act as the engine of growth for national economies. Recent evidence from the OECD indicates that effective regional governance is a key determinant of competitiveness. The preparation of a Green Paper on Local Government Reform is timely. The Dublin City Region urgently needs stronger local democratic government.

Recommendations

- The revenue base of local authorities must be broadened in order to reduce the reliance on business. This entails a re-evaluation and review of the Needs and Resources model for determining the allocation of the Local Government Fund, a broadening of the tax base to include properties not currently rated, including state-occupied property and non-principal private residences.
- A Greater Dublin Area Authority should be established, focusing on issues currently spanning across numerous local authorities, in order to reduce costs, realise greater economies of scale and rationalise the existing local authority structure.
- The Greater Dublin Area Authority should be under the guidance of a directly elected Mayor. This would improve the management structure of the Dublin City Region and promote enhanced leadership and accountability. The Mayor should report to a directly-elected Assembly, along the lines of the Greater London Authority.
- The Mayor should introduce a performance and output monitoring system, along the lines of the CitiStat system used in Baltimore, in order to drive efficiencies at regional level. Savings can be achieved through more modern procurement methods, the further exploitation of the 'shared services' model and the elimination of duplication. These savings should be passed onto all users through reductions in business and domestic charges and rates. Furthermore, public elections would apply positive pressure on the Mayor to ensure that those under their leadership improve their performance and expenditure levels.
- The creation of the office of Mayor should coincide with a change in the administration of taxes. It is necessary that a direct linkage is created between local service usage/benefits and local taxes, so that revenues raised in an area are spent in the area.

1. Introduction

The Dublin Chamber of Commerce welcomes the commitment to "introduce a directly elected Mayor for Dublin with executive powers by 2011" in the *Programme for Government* and the proposed Green Paper on Local Government Reform. Business is the largest single source of funding for local authorities and has an inherent interest in the efficient operation of local government - both from a financing and a customer perspective. This submission focuses on the reliance by local authorities on financing from business and the question of effective regional governance.

2. City Regions

The accelerating pace of urbanisation is increasing the economic strength and importance of cities and metropolitan regions globally. These city regions have become the engines of their national economies, producing a larger percentage of national GDP than their representative population percentage. Both the OCED and the European Commission recognise that city regions are now the primary magnets for international investment and jobs, as they are attractive due to their wide range of offerings in resources (labour, supply chains and research institutes) and their concentration of specialised business services and infrastructure. City regions have become important generators of wealth, employment and productivity growth for their national economies.

The growing economic and demographic importance of these city regions, and their increasing relations to the worldwide economy, is raising important policy issues for national Governments and regional public authorities. In order to remain attractive internationally and exploit the competitive edge of their city regions, policy-makers must confront and address head-on the combination of economic advantages and challenges posed by the rise of city regions.

The Dublin Chamber of Commerce is of the firm view that tackling the issues facing the Dublin City Region should be a national priority and the central focus of actions taken in all Government departments and agencies. We believe that the Green Paper on Local Government Reform is critical to this process. The Dublin City Region is the only region of sufficient size in Ireland to be able to successfully compete internationally as a city region.[1] The Region currently accounts for 48% of the share of Ireland's GDP.[2] The decision by the Government to introduce a Mayor for Dublin is a welcome recognition that the Dublin City Region's main competitors are not other regions in Ireland, but rather other international city regions - such as Boston, Bangalore, Singapore or Zurich.

1 The OECD categorises metro-regions by their population size, and the smallest size considered is 1.5million (OECD Territorial Reviews: Competitive Cities in the Global Economy, 2006). The Census 2006 states that there are 1,662,536 people living in the Dublin City Region: Dublin County (1,187,176), Kildare (186,335), Meath (162,831) and Wicklow (126,194)

2 This is significant as an international competitor such as the Paris City Region only accounts for 28% of French GDP.

3. Business as a Financial Crutch for Local Authorities

3.1 The Funding Gap

The demands of a fast growing economy, a rising population, and the need to support and maintain a growing modern infrastructure base has resulted in rapidly increasing levels of expenditure across all local authorities. The revenue to fund this expenditure is generated through four sources:

- Commercial rates;
- Charges for various goods and services;[3]
- Grant transfers from Central to local government for specific activities, such as capital spending; and
- A general-purpose grant from the Local Government Fund, which is used to finance the general day-to-day expenditure needs of local authorities.

It is a matter of grave concern amongst the business community that business charges continue to increase while at the same time population, and thus demand for services which are of no direct relevance to business, continues to rise. Although there have been continuous increases in local government expenditure levels, the financial contribution from Central Government through expenditure-specific grants and the Local Government Fund has remained inadequate and fails to cover the majority of the cost of delivering local authority services. Business continues to fund a substantial proportion of local government expenditure.

Nationwide, significant increases in expenditure are projected. It is estimated that there will be a requirement by 2010 for additional expenditure of over €2bn per annum if current levels of service provision are to be maintained.[4] When existing sources of revenue are taken into account, this equates to an estimated funding gap of approximately €1.5bn by 2010.

Sources of funding for Local Authority expenditure

	Nationwide 2004	**Dublin City Council 2006**
Commercial Rates	€907.6m (25.1%)	€259.48m (32.94%)
Charges for goods and services	€1,125.3m (31.1%)	€325.08m (41.27%)
Government grants/subsidies	€838.4m (23.2%)	€111.18m (14.11%)
General purposes grant - Local Government Fund	€747m (20.6%)	€92m (11.68%)
Total Expenditure	**€3,618.3 (100%)**	**€787.74m[5] (100%)**

Source: Indecon Report; DCC budget 2006

Contributions from business play a more significant role in subsidising Dublin City Council's expenditure than the national average. The income generated by Dublin City Council through the collection of rates and charges for goods and services is 7.2 *percentage points* and 11.9 *percentage points* greater respectively, than the average for local authorities nationwide.

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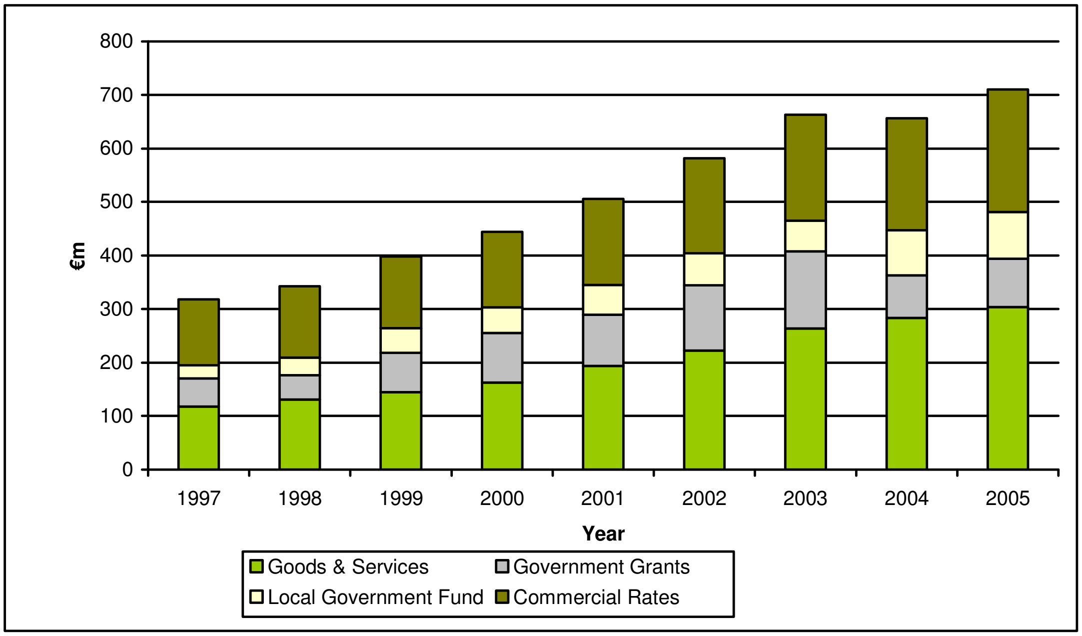
[3] Domestic charges consist of housing rents, loan charges, amenity charges, waste charges and planning charges. Business charges consist of waste disposal charges, water/sewerage charges, planning charges and roads/parking/ licensing charges.

[4] Compared to 2004.

5 http://www.dublincity.ie/Images/Adopted_Budget%20Book_2006_Web_tcm35-24617.pdf

Dublin City Council Sources of Revenue Funding



Source: Dublin City Council

3.2 The Rate Base

The Green Paper for Local Government Reform should address the future funding gap in local government financing and ensure that the burden is not placed on the shoulders of business. The Green Paper must clearly quantify how the projected significant increases in the expenditure demands on local authorities will be met. New sources of revenue must be found to fund local authority expenditure in the future. The commercial rate base should be broadened to include properties not currently rated, including state occupied property and non-principal private residencies.

Presently, all Government-occupied properties are exempt from commercial rates. As public sector occupied buildings absorb a large quantity of space in the city, Dublin City Council estimates that their revenue for 2006 would have increased by €27m if Government-occupied properties were subject to rates.[6] The exclusion of these properties from DCC's rate base is permitting state offices to operate in an unrealistic, non-competitive environment. These offices are not facing the same financial outlay pressures as those in the private sector and are preventing private enterprise in Dublin from benefiting from a lower rate charge, which would reflect the broadened rate base.

Dublin Chamber also believes that non-principal private residencies should also be listed as rateable properties.

6 However, Dublin City Council highlights that the authority itself would not receive a windfall of €27m, as the Annual Rate on Valuation would be amended to reflect the broadened rate base. The inclusion of all state property (hospitals etc.) would bring this figure to over €60 million.

3.3 Exchequer Funding: The 'Needs and Resources' Model

The Green Paper should re-evaluate and review the 'Needs & Resources' model used to distribute the Local Government Fund. Under this model, County and City Councils receive substantially differing allocations of funding. Thus, some local authorities rely heavily on State grants to fund their expenditure, whilst others fund a larger percentage of their expenditure through commercial rates and business charges. Dublin City Council and the other GDA local authorities are amongst the lowest recipients of funding under this model.

The revenue received from Central Government through the Local Government Fund (L.G.F) is used to finance the general day-to-day expenditure needs of local authorities and the non-national roads programme. This model determines the 'correct' level of expenditure for each service provided and the income available through the collection of commercial rates and goods and services charges. The resulting funding gap in the local authority's budget is subsidised by an allocation from the L.G.F. Thus, there is no standard allocation to each local authority per head of population in their borough. Instead, local authorities with a sizeable amount of rateable properties in their borough are considered to have a higher level of available income. This reduces their 'funding gap', and under the 'Needs and Resources' model, results in the local authority receiving a lesser allocation from the L.G.F.

Dublin Chamber believes that, as the L.G.F is designed to assist in the provision of day-to-day local government services, the sum allocated to each authority should more closely reflect the number of people utilising their services. Services offered by Dublin City Council and other GDA local authorities are used not only by the local population, but also by people and firms from across the country due to the large concentration of facilities and infrastructure in the region. However, the allocations of funding per head from Central Government through the L.G.F to Councils in the GDA are amongst the lowest nationwide. Indeed, the allocation per head can differ by as much as a factor of five. In 2006, Leitrim County Council was the main beneficiary under the 'Needs and Resources' model receiving €489.94 per capita, almost 5 times more than South Dublin at €99.79.

Winners and Losers under the 'Needs & Resources' model 2006

	Winners (Top 12)	**Allocation per capita**	**Losers (Top 12)**	**Allocation per capita**
1.	Leitrim CoCo	€489.94	South Dublin CoCo	€99.79
2.	Longford CoCo	€386.95	Louth CoCo	€108.96
3.	Roscommon CoCo	€351.74	Galway City Council	€121.77
4.	Waterford CoCo	€331.67	Fingal CoCo	€126.42
5.	Mayo CoCo	€282.85	Kildare CoCo	€128.41
6.	Cavan CoCo	€282.61	Clare CoCo	€133.05
7.	Sligo CoCo	€273.03	Cork CoCo	€142.51
8.	North Tipperary CoCo	€269.37	Wicklow CoCo	€148.75
9.	Donegal CoCo	€262.30	Wexford CoCo	€153.20
10.	South Tipperary CoCo	€259.80	Meath CoCo	€160.43
11.	Monaghan CoCo	€ 257.34	Waterford City Council	€175.43
12.	Laois CoCo	€ 253.97	Dublin City Council	€182.28

Source: CSO Preliminary Census 2006; Indecon Report

If the goal of the 'Needs and Resources' model is to create an even playing field, in terms of compensating local authorities that do not have a high concentration of business located in their borough, then the model has failed. The model has only served to ensure that those who receive less from the L.G.F. counterbalance by charging business higher costs. The amount paid by a typical business to their local authority through commercial rates and charges, including water, waste and development levies, differs widely across Councils. Dublin City Council is ranked the second most expensive local authority in which to establish a small start up industrial business of 15 persons, with an annual cost of €208,897. This is over two and a half times that of the least expensive, Cavan County Council at €83,020.[7]

We believe that Government should improve the L.G.F to ensure ratepayers experience fairness in grant distribution. It is important that that the grant allocation received by a local authority is not overly negatively affected simply because the area is enterprise-focused. In the interim, any local authority that spends more than target on a service, or fails to collect rates from rateable properties in their borough, should be penalised by a reduction from the L.G.F. The Department of the Environment, Heritage and Local Government currently estimate that local authorities will receive an additional €15m per annum by ensuring new commercial properties pay rates immediately.

4. A Mayor for the Greater Dublin Area

4.1 Efficiency

The need to encourage local authorities to focus more upon delivery of services in an efficient and cost-effective manor is highlighted by the omission of these objectives in their mission statements. For example, the mission statement of Dublin City Council Corporate plan 2005-2009 reads:

> 'To foster a vibrant, attractive, safe and environmentally sustainable capital city with a strong human focus and to advance and promote the physical, social, cultural and economic environment of the city, through effective civic leadership and through the active democratic participation of our citizens.'[8]

In addition, Dublin Chamber believes there is a critical need to increase the current levels of public information and analysis of the performance of the Irish local government system. Whilst there has been improved use of indicators across a wide range of services since 1996, there remains a substantial amount of work to be engaged in to build upon these changes.

Although the recent publication of Local Authority Performance, using a suite of 42 Service Indicators, gives some insight into service level improvements, the absence of transparent financial Key Performance Indicators that compare the cost of providing services with similar private sector costs makes these service indicators incomplete as a measure of efficiency.

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[7] Based on IBEC calculations, the above figures are based on the following business: Industrial enterprise, 15 workers, Consume 400,000 gallons of water per year, Produce 100 tonnes of land filled waste per year, Rental income, used for calculating commercial rates, is €200,000, Facility is 1000 m2 in size.

[8] http://www.dublincity.ie/Images/corpplaneng_tcm35-12562.pdf

Clearer quantitative measures should be put in place to ensure that the targets agreed can be publicly measured and their achievement publicly verified. It is important that all performance indicators are combined with a standard costing system to make management accounts more transparent and unit costing possible for more meaningful comparative national benchmarking. Central and local government must also seek to learn from international best-practice.

4.2 Greater Dublin Area Authority

In 2000, Dublin Chamber called for the establishment of a 'Greater Dublin Area Authority' (GDAA). In our report, '*Beyond Boundaries; A Proposal to Manage the Greater Dublin Area'*, we proposed the establishment of a GDAA with a remit that would cover the Dublin Metropolitan and Hinterland areas. We articulated that the GDAA's functions should include the development and management of the principal infrastructural projects and programmes that cross Dublin City Council and the six County Councils of Dun Laoghaire / Rathdown, Fingal, Kildare, Meath, Wicklow, and South Dublin. We highlighted that whilst the existing local authority structure should continue, as projects and programmes require support and delivery at a local level, there was a need for a more co-ordinated strategic approach to be taken at regional level to efficiently and effectively address the issues which spanned the broader territory of the Greater Dublin Area. In this 2000 report, we outlined a structure and strategy for, a 'Greater Dublin Area Authority'. This is presented on the following page.

The Dublin Chamber of Commerce continues to believe that a 'Greater Dublin Area Authority' should be established to oversee the coordinated functioning of the whole Dublin City Region of County Dublin, Kildare, Wicklow and Meath. We note some engagement in a 'shared services' model on a regional basis across the areas of fire, water, drainage, central laboratory and motor tax. The 'shared services' model provides an opportunity to outsource a number of functions. However, a further rationalisation of structures is required, extended to focus on the other issues that currently span the seven local authorities' borders. This further collaboration will help to realise economies of scale and greater efficiency levels in the operation of local government in the Dublin City Region.

Dublin Chamber proposal for Greater Dublin Area Authority, 2000

Structure
Establishment of a 'Greater Dublin Area Authority' as a statutory organisation to manage major infrastructure development in:

- Planning and land use
- Transportation
- Waste management facilities
- Water provision
- Waste water services

The GDAA should be managed by a Chief Executive and a board, appointed by Government. To ensure speedy decision making, the number of board members should not exceed twelve. Local authority management should be represented on the board.

A Dublin Transport Authority should be a constituent part of the GDAA.

There should be delegation of powers and resources from central government to the GDAA, including the allocation of financial resources for the main functions outlined above.

Local authority services in the GDA should be reorganised for more locally delivered services.

Management
The GDAA should work from the principle that the local authorities will be the providers of services, under contract from the GDAA. This model parallels that of the NRA and the ERHA, which provides the funding and the direction for the delivery of projects via local agencies.

Delivery of service should be on a most efficient provider basis.

There should be transparent value for money indicators on all projects contracted to local authorities.

Economic Development
The GDAA should work with State agencies and other public and private sector authorities to enhance the role of the Greater Dublin Area as an attractive area for investment.

It should involve business people in a wide range of advisory and economic committees or task forces.

Source: 'Beyond Boundaries; A Proposal to Manage the Greater Dublin Area', Dublin Chamber of Commerce.

4.3 Role of Mayor for Greater Dublin Area

The Dublin Chamber considers it essential to establish and to have the leadership of this GDAA fulfilled by the appointment of a directly elected Mayor with "real" power and real accountability. Public elections to this position will bring several benefits to the region's citizens, including increased transparency, visible leadership and enhanced accountability. Dublin City Region is run by unelected City and County Managers. Whilst these individuals have extensive knowledge of, and experience in, the operation of local authorities, the business community would like to see a greater degree of accountability and enhanced leadership within the governance structure of the City Region. We believe that the Greater London Authority and that of the city of Baltimore are good examples of how a GDAA might operate.

The existing inadequate infrastructure stock and lack of coherent urban design within the Dublin City Region is contributing to rising business costs and a diminishing quality of life, leading to a reduction in the region's competitive performance. Concerted effort is needed to address these competitiveness black spots if potential investors are to be enticed to invest in the region and existing businesses retained. The business community considers the availability of locational factors (such as road and rail infrastructure, airport and port access, water and waste facilities) and also labour supply factors (including centres of population, public transport networks, social infrastructure and life quality factors) before they make long term investment decisions. Accordingly, they must be able to find out these key parameters with certainty if they are to be attracted to the Dublin City Region.

As the OECD highlights, it is the effectiveness of the governance of a metro-region (city region) that will provide the environment in which economic activity and the general population will thrive. Given the existing fragmented management structure in the Dublin City Region, a single accountable person should spear-head the management and delivery of the range of core issues which impact upon the Dublin City Region, including:

- Planning and Development;
- Economic development;
- Strategic land use and planning;
- Transport management;
- Road maintenance;
- Dublin Bay, waterways and mountains;
- Delivery of educational and health facilities in line with residential development;
- Waste management facilities;
- Water provision;
- Waste water services; and
- Housing.

The Mayor for Dublin should be responsible for creating a clearly defined, over-arching strategy for the Dublin City Region which shall foster competitiveness and plot positive, integrated and coordinated regional development over the next twenty years and beyond. This strategic vision must learn from, and redress, past failures to integrate land use and planning during the piecemeal delivery of transport, social and economic infrastructure, and ensure that all future developments are planned and delivered in a coordinated holistic fashion. The Mayor should also introduce a performance and output monitoring system, along the lines of the CitiStat system used in Baltimore, in order to drive efficiencies at regional level.

Furthermore, the Mayor should champion a marketing campaign of the Dublin City Region internationally, selling it as an attractive region with integrated infrastructure, coordinated leadership, easy access to external markets, an excellent highly skilled labour force, a centre of innovation and change and a tourist and conference destination with every facility necessary. The experience of London where Mayor Livingston synchronised a regional effort to secure the hosting of the 2012 Olympics is an example from which the Dublin City Region can learn.

As argued above, the Dublin Chamber believes that the establishment of a 'Greater Dublin Area Authority' would help maintain the competitiveness of the Dublin City Region. Savings can be achieved through more modern procurement methods, the further exploitation of the 'shared services' model and the elimination of duplication.

These savings should be passed on to all users through reductions in business and domestic charges and rates. Furthermore, public elections would apply positive pressure on the Mayor to ensure that those under their leadership improve their performance and expenditure levels.

Dublin Chamber calls on the Department to outline clearly how the future funding gap/shortfall in local government financing shall be addressed especially given that creating the position of Mayor for the GDA and their administration shall require additional funding. The upcoming green paper must outline the funding structures that shall be put in place between the Mayor's office and the existing Local Authorities. It is important that Exchequer funding into the budgets of the local authorities in the Dublin City Regions is not reduced and also that the Mayor is given adequate resources to successfully carry out his/her duties. The creation of this new office should coincide with a change in administration of taxes. It is necessary that a direct linkage is created between local service usage/benefits and local taxes, so that revenues raised in an area are spent in the area. This will provide the electorate with a direct, clear and transparent link between the taxes they pay for goods and services provided at local level and the quality and efficiency of those services, following the principles underlying the introduction of Business Improvement Districts.

In recommending the establishment of a post of Mayor overseeing a Greater Dublin Area Authority, it is not our intention to add an additional layer of bureaucracy to local government. In the short run, we accept that the existing local authority structure should be retained. However, we believe it is appropriate that the Green Paper consider the long term structure of local government in the light of an overarching body – the Greater Dublin Area Authority. The system of governance introduced in the Greater London Area is illustrative in this regard. The Mayor should report to a directly elected Assembly which, in turn, operates a Strategic Policy Committee structure with representatives from business.

4.4 Example: Mayor of London

The British Government in establishing the Greater London Authority (GLA) and the role of Mayor of London made a few critically important decisions, which should be analysed in light of any review of the existing Local Government structure in the GDA.

The first critical decision the British Government took which ensured that the Greater London Authority and Mayor of London were successful was that they delegated real autonomy and resources to these offices:

- The Greater London Authority (GLA) was established in 2000. Unlike any previous local or regional government in the United Kingdom, it is made up of a directly elected Mayor (the Mayor of London) who is elected by a single constituency of 7.3 million people and a separately elected assembly (the London Assembly). There is a clear separation of powers within the GLA between the Mayor, whose executive role requires making decisions on behalf of the GLA, and the Assembly which has a scrutiny role and is responsible for appointing GLA staff. The Assembly scrutinises the Mayor's activities, questioning the Mayor about her/ his decisions. The Assembly is also able to investigate other issues of importance to Londoners, publish its findings and recommendations and make proposals to the Mayor.
- The GLA has no taxing power and has very few resources (except congestion charges). It largely depends on national transfers. Its budget amounted to GBP 4.7 billion in 2002-2003, and most of the cost of the GLA itself is met by a central government grant, with a small contribution from London council taxpayers.

Secondly, the government recognised the need for a regional wide approach to addressing London's problematic areas, which were essentially issues which spanned across the 33 local authorities in the region - transport, planning, economic development and regeneration, the environment, police, fire and emergency planning, culture, and public health. This decision to take a regional approach was necessitated by the need to address the failure in the area of transportation in particular. Given that the development of transport services, transport and land use integration, safety and public transport standards, the integration of airport and ports developments and institutional arrangements for the coordinated funding, procurement, construction and delivery of transport infrastructure and services in the Dublin City Region are the factors on which our future competitiveness and attractiveness rests, the governance response taken in London is one which should be enthusiastically considered for the Dublin City Region.[9]

Whilst the proposed introduction of a Dublin Transport Authority (DTA) goes some way towards addressing the transportation black spot in the GDA, the continued delay in its establishment and the continued weakening of its powers as the proposal moves ever slowly towards implementation is diluting its potential effectiveness. Whilst the Dublin Chamber called on the Department of Transport to up the tempo in the setup of a DTA and ensure that by 2008 it is fully operational and has 'teeth' in our submission into their *Statement of Strategy 2008-2010*, we believe that there would also be merit in looking at the issue of the DTA and its powers and functions in light of the creation of a Greater Dublin Area Authority under the leadership of a directly elected Mayor in the Green Paper.

5. Conclusion

Steps must be taken immediately to address the rising funding deficit of local authorities. Business currently bears a significant proportion of this funding burden through the payment of commercial rates and various business charges. This dependence on firms as a financial crutch is a major concern for the business community. High levels of business costs impact negatively upon the competitiveness of business environment and reduce the attractiveness of the Dublin City Region as a location for investment and jobs.

It is imperative the cost savings are made, efficiency pursued and transparency levels increased. The Department of Environment, Heritage and Local Government and the Department of Finance must audit the performance and financial activities of Local Authorities and hold them accountable for any underperformance that occurs. Dublin Chamber would encourage the Departments to combine existing performance indicators with a standard costing system nationally, to make management accounts more transparent and comparative unit costing benchmarking more meaningful***.*** Dublin Chamber would also like to see a clear and publicly available plan quantifying how the problem of future Local Authority funding shall be addressed in full, as we remain skeptical of how the projected funding gap of €1.5bn by 2010 shall be met. We broadly support the recommendations from the Indecon report, *Indecon Review of Local Government Financing*, outlined in Appendix 1.[10]

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9 See Appendix 2

10 http://www.environ.ie/en/Publications/LocalGovernment/Administration/FileDownLoad,1944,en.doc

Dublin Chamber believes that in the longer-term the creation of a ‘Greater Dublin Area Authority’ under the leadership of a directly elected Mayor would help to ensure that business and domestic payers of rates and charges are receiving adequate returns for their outlay. In the shorter term, the inclusion of state occupied property and non-principal private residencies as rateable properties would go some way to alleviating financial pressure on Dublin City Council. Furthermore, the ‘Needs and Resources’ model used to allocate the Local Government Fund must be amended to ensure its objectives are realised.

Dublin Chamber welcomes the commitment to introduce a directly elected Mayor for Dublin with executive powers by 2011. Given the fact that many of the key issues impacting upon the competitiveness and attractiveness of the Dublin City Region are ones which span the existing borders of seven local authorities (Dublin City Council, Dun Laoghaire / Rathdown County Council, South Dublin County Council, Final County Council, Kildare County Council, Wicklow County Council and Meath County Council) we believe that this position of Mayor should be for the entire Greater Dublin Area and should be accompanied with the establishment of a ‘Greater Dublin Areas Authority’. We believe that a model paralleling that of the highly successful Greater London Authority (GLA) and Mayor of London should be introduced.

Appendix 1:

Main Recommendations of Indecon Report:	
	Funding Recommendations
1.	Indecon recommend a significant increase in the level of resources available to local authorities over the period to 2010. Our estimates suggest that, based on current policies, there will be a requirement by 2010 for additional expenditure <u>in nominal terms</u> of the order of €1,000 to €2,000 million per annum compared to 2004 expenditures, if levels of service provision are to be maintained. When existing sources of revenue are taken into account this equates to an estimated funding gap of between €415 to €1,500m.
2.	We recommend a significant change in the system of local government financing, with a move towards more locally based sources of funding. While this will assist in meeting the additional resources required over the period to 2010, the principal reasons why this change is essential relate to the need to improve accountability and flexibility in decision making, to facilitate an acceleration of efficiency measures and to ensure a radical realignment between the cost of providing services and the demand for such services.
3.	We recommend that changes in the system of local government should be directed at increasing the share of local authority expenditure that is funded locally. The two key elements of this should comprise an increase in local charges and the introduction of selected targeted local taxation.
4.	We recommend that local authorities should charge the full economic costs of providing services on behalf of central government.
5.	We recommend an increase in certain charges where less than full economic costs apply, but would caution against an overestimation of the significance of these changes as a source of increased revenues.
6.	We recommend the extension of water charges on an equitable basis. In particular, we recommend the introduction of water charges on non-principal private residences and water metering on all commercial properties.
7.	We recommend the introduction of mechanisms to secure a contribution to local authorities' general funding requirements from non-principal private residences and from commercial buildings not currently covered by commercial rates. There are a number of options that could assist in achieving this objective, including the extension of rates to such properties or an element of locally determined stamp duties.
	Expenditure Recommendations
8.	We recommend that the proposed restructuring of the methods of funding local government should be used as a platform to accelerate efficiency improvements in local authority expenditure programmes.
9.	We recommend a radical change in the incentives facing users of local authority services to improve efficiencies and reduce the costs of local authority services. This includes a wide range of measures (for example, incentives to local authority tenants to minimise maintenance costs, the charging of services to reduce excess demand, and differential pricing to direct users to lower cost delivery mechanisms).
10.	We recommend a continuation and acceleration of the use of alternative delivery mechanisms to secure the most cost efficient delivery of local authority services. In particular, we believe there is potential for increased cost-effective contracting of services and the shared provision of services between local authorities.
11.	We recommend that where local authority services are contracted to private sector local monopolies, that an appropriate regulatory framework is established to protect consumer interests and to prevent monopoly rents being generated (i.e. excessive profits).
12.	We recommend that the provision of local authority services should be delivered on the most cost effective geographic basis, which due to economies of scale, may not in many cases be aligned with current local authority structures. This will require the provision of services either on a shared basis or by tendering services on a national or regional basis.
13.	We recommend the introduction of significant structural and information changes to facilitate local authority managers and policymakers to implement on-going efficiency improvements. These include changes in, and standardisation of information on local authority expenditures; changes in legislation to permit councils to appoint outside experienced specialists to audit committees; the establishment by all local authorities of audit committees focussed on securing on-going efficiency; and the enhancement of the Department's audit role in promoting value for money or the extension of the Comptroller and Auditor General functions to local authorities.
14.	We recommend that the functions of local authorities and other agencies be subject to on-going assessment to ensure that costs are minimised and that the appropriate functions are undertaken by local authorities. Specifically we believe there may be merit in reviewing current responsibility for the Disabled Persons Grant scheme and for consideration of the merits of transferring water services to a regional or a national agency

Appendix 2:

GREATER**LONDON**AUTHORITY

Mayor's Office

City Hall
The Queen's Walk
More London
London SE1 2AA
Switchboard: 020 7983 4000
Minicom: 020 7983 4458
Web: www.london.gov.uk

Mr Ronan King
President
Dublin Chamber of Commerce
7 Clare Street
Dublin 2, Ireland

RECEIVED
12 SEP 2007
CEO OFFICE

Date: 10 SEP 2007

Dear Mr King

I am writing with regard to our meeting on 30 May and our discussion on the model of a directly elected Mayor.

The Greater London Authority (GLA) Act of 1999 created the position of a directly elected London Mayor. The idea was to revive local government through an American-style model of strong local leadership. The people of London elect a Mayor every four years under the Supplementary Vote System. As Mayor of London, I have strategic powers over a wide range of issues, ranging from London's transport system, to policing, economic development and the environment. Recognising the success of the new system and the clarity and strategic overview it brings to the city, the Government are now extending these powers in a number of areas – planning, skills, housing (the Bill to do so is currently in Parliament).

The model of a directly elected Mayor brings several benefits to a locality and its citizens. The model:

1) Provides **Visible Leadership** of the locality - people are free to choose who governs their city and represents their views. Everybody knows who their leader is, which makes it clear who leads the strategic decision-making on issues that affect them.

2) Provides **Clarity as to Where Power lies** – the separation of powers between the Mayor and the Assembly makes a clear distinction between the Mayor's powers and the Assembly's powers. Under this system, the Mayor has executive powers – they make the decisions, the Assembly scrutinise the decisions and work of the Mayor, but they cannot overturn those decisions.

3) **Enhances Accountability** – the transparency of a directly elected Mayor leads to greater accountability. The separation of powers makes it possible for those exercising power to be held to account by citizens and scrutiny bodies.

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4) The model can provide **Effective Partnership Working** – elected Mayors can be very effective in partnership working. Directly elected Mayors are able to influence other agencies and put together coalitions that achieve substantial benefits for local people. As Mayor of London, I oversee the budget and appointments to the boards of several other public bodies in the GLA Group. This includes Transport for London (TfL), London Development Agency LDA), the Metropolitan Police Authority (MPA), London Fire and Emergency Planning Authority (LFEPA), London's planning and development framework and more recently, the London Skills and Employment Board.

5) Whilst directly elected Mayors may have relatively limited 'formal' power, their **'leadership' power is enormous** – personal endorsement by voters is difficult to argue with. This gives the elected individual greater clout.

May I take this opportunity to wish you all the best in your efforts to adopt such a model in Dublin.

Yours sincerely

Ken Livingstone
Mayor of London

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