

COMHAIRLE CHONTAE UÍBH FHAILÍ

MINUTES OF IN COMMITTEE BUDGET MEETING OF OFFALY COUNTY COUNCIL HELD IN ÁRAS AN CHONTAE, TULLAMORE ON THURSDAY, 8TH DECEMBER 2008 AT 11.00A.M.

PRESENT:

Cllr. B. Cowen (Presiding), Cllrs. N. Bourke, M. Buckley, J. Butterfield, J. Carroll, P. Clendennen, M. Corcoran-Kennedy, D. Dolan, E. Dooley, T. Feighery, E. Fitzpatrick, J. Foran, C. Hanniffy, F. McDonnell, T. McKeigue, T. McLoughlin, S. Moylan Ryan, P. Ormond, D. Owens.

IN ATTENDANCE:

Mr. Pat Gallagher, County Manager, Mr. Michael Roche, D.O.S., Mr. Sean Murray D.O.S., Mr. Frank Heslin, D.O.S., Mr. Declan Conlon, Head of Finance, T. Mawe, Financial Accountant, A. O’Gorman, S.E.O., Ann Dillon, Acting S.E.O. (Meetings Administrator), & Ms. Natasha Troy, C.O.

APOLOGIES:

Cllrs. M. Fox & G. Killally.

INTRODUCTION

The Cathaoirleach opened the meeting and referred to Draft Budget Book for 2009 which had been previously circulated and asked the County Manager to elaborate on his comments in same. He also requested that Mr. D. Conlon, Head of Finance, brief the members on the details in the tables.

The County Manager, Mr. P. Gallagher directed the members’ attention to the Budget Book and supplementary material. He began by making reference to Circular Fin 8/2008, dated October 16th 2008, received from the Department of Environment Heritage & Local Government which determined the period November 25th 2008 to January 13th 2009 as the prescribed period for County Councils to hold their Budget Meetings. He advised that the Corporate Policy Group had met with the Management Team on 1st December to consider the Draft Budget. He informed the members that the Statutory Budget Meeting is scheduled for 15th December 2008 at 2p.m. and that the process of considering and adopting the Budget must be completed within the prescribed period of 21 days, which in effect means that the process must be completed within 21 days, by the 5th January 2009.

ISSUES & RECOMMENDATIONS:

The Manager stated that the 2009 Budget has been framed in the context of:

- The dramatic change in the general economic climate over the past year has been swift and drastic and acknowledged that Ireland has officially entered a recession. He advised that it is in the context of this general economic climate that we have to frame our budget for the coming year.
- Our Local Government Fund allocation being reduced by 5.8%.
- The requirements of Central Government announced in July 2008 for public bodies to reduce payroll costs by 3% and a reduction of 4% in the public service pay budget in the national Budget for 2009; advertising, consultancy and public relations expenditure must also be reduced by 50%.
- The ongoing increase in inflation of 4% together with pay increase inflation having to be also absorbed/paid.
- Increasing regulatory, statutory regulations and standards that we are expected to comply with, monitor and maintain.

He advised that Offaly County Council's allocation under the Local Government Fund for 2009 was €16,225,526. The allocation represented a reduction of 5.8% on the 2008 allocation amounting to €97,331.

In referring to the direction from Central Government for Local Authorities to reduce payroll costs by 3% and advised that in monetary terms this reduction equates to €728,000 for Offaly County Council and stated that these reductions will be a particular challenge for Offaly County Council. He informed the members that measures which are being taken include: non-filling/deferral of some permanent posts and a severe curtailment of overtime pay, non-renewal of temporary contracts and non-replacement of staff on leave. In addition to this requirement, he said it has been necessary for budgetary purposes to increase our overall reduction in payroll costs to 4.4% which equates to €1.2million in 2009.

With regard to Commercial Rates, Mr. Gallagher stressed that there is no buoyancy in our rateable valuation for 2009. He noted that a 1% increase in rates brings in €76,000 income to Offaly County Council. He said this highlights our dependency on our Local Government Fund allocation and income from Goods & Services. He advised that all revenue sources have been reviewed in preparing the 2009 budget, and increases provided for where judged reasonable and achievable. He emphasised that there is a clear need to increase the proportion of Council income generated from commercial rates and to bring the rate in Offaly progressively in line with rates in comparable counties. Notwithstanding this, he has endeavoured to minimise the effect of current financial constraints on the rates, and so the draft budget proposes a rate increase of 3.2% which is 20% below the

**ISSUES &
RECOMMENDATIONS
(cont'd)**

current rate of inflation of 4%.

Mr. Gallagher spoke on the subject of the increasing cost of water services. He considered the rise in costs to be attributed to two principle factors i.e. historic under funding and new E.C. and National regulations. He stated that in Offaly's water services, the focus has been on compliance with standards and legislation and on capacity trying to ensure that the growth of Offaly's economy is facilitated by the timely provision of water services infrastructure. In the area of compliance he mentioned a number of initiatives which have been undertaken over the past 4 years, which included the following:

- The Area basing of water services
- The introduction of a water conservation programme aided by €3m of DoEHLG funding
- The implementation of a water infrastructure digital database
- Increased training and up-skilling of staff
- Improvement works
- Augmentation of supplies

He advised the increased estimate for water services 2009 is attributable to:

1. The mainstreaming of the water conservation initiative
2. Provision for new legislation:
 - a) Drinking Water Regulations
 - b) Wastewater Discharge Licensing Regulations
 - c) Water Services Act
 - d) Health & Safety Act and subsequent regulations
 - e) Sewage Sludge Regulations

He added that additional costs incurred by the Council in the transfer of water services functions from the Tullamore and Birr Town Councils are offset by contributions from the Town Councils towards these costs.

The County Manager, on the subject of the Landfill confirmed that Offaly County Council have applied to the Environmental Protection Agency for a licence to increase our tonnage capacity from 40,000 tonnes per annum to 100,000 tonnes per annum. He stated that we have anticipated in our budget that our licence will be granted and that, in line with current marked expectations we will Landfill 60,000 tonnes in 2009. In addition regulations imposed on us mean that we will have to incur additional cost of €29,000 for monitoring and management of our landfill site. These costs are included in the budget.

**ISSUES &
RECOMMENDATIONS
(cont'd)**

With regard to Planning & Economic Development/Midland Gateway he advised the Draft County Development Plan 2009-2015 is in its final stages of consideration and is expected to be adopted in early 2009. This, he said, will set out a clear development framework for the county for the years ahead, in association with the variation adopted in 2008 to the Tullamore & Environs Development Plan. He noted that reviews of the Tullamore & Environs and the Birr & Environs development plans are currently underway. The Council participates in the development of the Midlands Gateway, primarily through its infrastructure development programme and through the Midlands Gateway Implementation Forum and he stated that it was with regret that no funds had been approved under the Gateway Innovation Fund in 2008 and none have been allocated for this purpose in 2009. He emphasised that number of planning applications received in 2008 was 50% lower than 2007 and this level of reduced activity is anticipated for 2009 also.

Mr. Gallagher spoke about Capital Spending/Development Contributions and in this regard he advised that as indicated in our LGF allocation letter, he included a report on development contribution income and disbursement for the period to October 31, 2008. In the context of the current economic climate and falling planning permissions, it is certain that we will have a substantially reduced level of income in this area in 2009 which will curtail our ability to deliver on major capital infrastructure projects in the coming years pending an upturn in economic activity. This report will be included in the Budget Document in the future. He also included a report which indicated our three year rolling capital programme, which presents the situation as is hoped to proceed, however, as indicated previously the level of funding available from Central Government, Development Contributions and other sources will govern the level of activity that we can undertake. He advised that our Housing capital allocations from the DoEHLG have substantially reduced and will severely curtail activity for 2009 and probably 2010.

Mr. Gallagher was pleased to advise that we have retained the same net allocation of €408k for Disabled Persons Grants. The new schemes, Housing Adaptation Grants, HSG Aid for All Older People Grant and the Mobility Aid Grant replace the previous grant scheme. He noted that the level of refund from the DoHELG is increasing from 66% to 80%, thus we will be able to leverage more money from the scheme and therefore, will have extra income to disburse. He advised that the total gross expenditure in our budget for 2009 is €2.040 million as compared to €1.224 million in 2008. He also maintained the level of grants and supports to community groups on the various programs at 2008 levels. He mentioned that revised arrangements were introduced this year to improve the Council's performance in housing repair and maintenance.

**ISSUES &
RECOMMENDATIONS
(cont'd)**

The County Manager advised that it was his intention in 2009 to further implement a programme of rationalising the administration/processing functions undertaken by Offaly Local Authorities. He informed the members that in 2007/2008 we commenced the amalgamation/consolidation of debt collection for water/sewerage services into a Central Revenue Collection Section. It is intended that in 2009/2010 we continue to focus on the integration of: Housing Capital Management; Planning; Payroll/HR; Accounts Payable; Rates; Bank Reconciliation and further elements of Revenue Collection. This programme will yield economies which will go some way towards trying to absorb the substantial current reduction in our funding. As indicated in 2008, it was Mr. Gallagher's intention to commence providing motor taxation services in Edenderry & Birr but regrettably, due to our current financial situation and restriction we will be unable to proceed with this intention at this time.

The council continues to be the subject of increasing regulatory compliance cost in areas such as Health & Safety, Water and Wastewater, Environment, Audit and Risk Management, Freedom of Information and Official Languages Act. He stressed that resources to deal with these have not been included in our funding from Central Government and many of the regulations carry the threat of criminal conviction for non-compliance. He added that it is getting more and more difficult to continue to absorb this extra activity without the appropriate funding and resources.

Mr. Gallagher indicated that it is likely that the reduction in financial and human resources will impact on the delivery of some of our services. He acknowledged the commitment and flexibility of staff to minimise this impact and to continue to work with management to review and revise our ways of working to ensure the highest possible level of service to the public and the elected members. He emphasised that it is important that management, staff and elected members stay focused in these times of challenge on our overall commitment to serve the people of the county and to promote its economic, social and cultural development.

Mr. Gallagher noted that in 2008 the CPG were provided with quarterly financial reports, and the Director of Services report their financial performance to the Manager on a regular basis. 2009 will require more vigilance in monitoring performance against budget to ensure that value for money is achieved and overruns do not happen.

In his conclusion he thanked the elected members and the staff of the Council for their support over the past year. He expressed his appreciation to the current Cathaoirleach, Cllr. B. Cowen and his predecessor Cllr. E. Dooley for their commitment to the special responsibilities of the office of Cathaoirleach and for their courtesy and co-operation, along with the CPG in doing the business of the Council.

**ISSUES &
RECOMMENDATIONS
(cont'd)**

He acknowledged and thanked the members of staff who retired in 2008 and remembered all associated with the Council who have passed away during the year.

He also thanked the members of the Management Team for their continued support and commitment and expressed his appreciation to all members of staff for their dedication and commitment to doing the Council's work on behalf of the people of the County. He thanked Mr. D. Conlon, Head of Finance and his staff for their work on the budget for 2009.

HEAD OF FINANCE

Mr. D. Conlon, Head of Finance in referring to the Budget 2009 advised that he was not anticipating a cumulative deficit. He noted that the Department's Circular which setting out the LGF General Purpose Allocations for 2009 and instructions relating to rates, development contributions, cost savings etc. had been included in the Budget Book. He stated a detailed review of all income and expenditure had been undertaken and as a result areas which could be looked at are consultancy, travel and increments.

He informed the members that an alternative format to Table A had been circulated prior to the meeting. He advised that the Estimated Adjusted Gross Expenditure and Income for 2009 is €24,597,802 which is down by approximately €12,000 on 2008. He highlighted figures in each group, net of Income & Expenditure. He also made reference to increased water charges and reduction in pay costs.

**ISSUES RAISED BY
THE ELECTED
MEMBERS:**

The members raised the following items:

- Development contributions – outstanding charges
- Landfill; costs, granting of licence,
- Compliance costs
- Payroll/staff reductions
- Query re calculations in the roads report
- A1% rates would raise €76K in revenue, 3.2% = €248K
- Pay awards
- Increments
- Travel & subsistence
- Housing capital
- Building Energy Costs
- Arts Centre
- Human Resources – staff numbers
- Disabled Persons Grants
- Wastewater discharge
- Midlands Gateway
- Housing Aid for the Elderly
- Roads – works
- Financial Reports

**RESPONSE BY
COUNTY MANAGER &
MANAGEMENT TEAM:**

The County manager thanked the members for their consideration of the draft Budget and supplementary reports and gave the following responses to questions raised:

- Development contributions – there are outstanding charges of €m.
- Landfill – costs relate mainly to compliance. Granting of licence is anticipated.
- Compliance – need to pay money to meet audit regimes set down, EPA can set regimes which must be adhered to, staff can be held criminally liable.
- Payroll - package to be implemented fairly, necessary to go beyond 3% to minimise impact on rates, 30+ less staff this time next year, work need to be prioritised, will progressively impact on service delivery.
- Query re calculations in roads report - €43 – €46.3m, section impacting on budget county roads. N7 should read N6. Income not fixed until allocation in Jan. Capital works are estimates. National secondary improvements – balanced.
- Rates: Table A €284K = 3.2% + small increase of net rate of valuation, inc is €285K including valuation.
- Pay awards €356K – 2.5% Pay award Sept T16, 11 month pay pause Sept '09. Full year cost of Sept '08 & Sept '09
- Increments: Salary scale, moving on to next points on scale.
- Travel and subsistence down for staff only. 15% reduction.
- Housing – €5.74m indicative capital allocations, €1.2m to €2m of increase in Dept grants for DPG, roughly €20K per applicant.
- Building Energy Costs –training costs, costs of inspections, absorbed in revenue, statutory duties.
- Arts - €2m grant aid, active discussions, intend to meet the Dept in early New Year.
- DPG's – works are contracted out, monitoring etc. by OCC staff(80-100 apps per year).
- Wastewater discharge – know costs of licensing, not sure of requirements of licensing.
- Midlands Gateway – concept still government policy. €30m Gateway Innovation Fund Application. Necessary to have a programme in place for Tullamore Variation in preparation for when funding becomes available.
- Housing Aid for the Elderly – consideration of need as well as order of receipt of applications, flexibility for specific urgent cases.
- Roads – scheme mid year, understood Area members are informed, will ensure next year.
- Financial Reports – tight vigilance on management of budget, next CPG will discuss.
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ADJOURNMENT:

The meeting was adjourned until two o'clock.

The Cathaoirleach, Cllr. B. Cowen, began by stating that although it is proposed to increase Rates by 3.2%, there is a consensus among the members for a 0% increase in support of the business sector. Due to the increase in Water Services Income, he enquired as to whether it is proposed to increase water charges and requested the Management Team investigate other ways of making the cuts.

Mr. Gallagher, County Manager confirmed that he was not proposing an increase in water charges and the increase is due to commercial water metering and the take over of Birr & Tullamore Water Services, as that income is now being given to Offaly County Council.

ISSUES RAISED BY THE ELECTED MEMBERS:

The members raised the following items:

- Motor Tax facilities in the Areas as previously proposed
- Tourism funding
- Fire Service positions
- Roads programme – is it a wish list?
- Farm Inspections
- Housing – vacancies, schemes
- Percent for Arts Scheme
- Licensing fees
- Bonuses

RESPONSE BY COUNTY MANAGER & MANAGEMENT TEAM:

The Manager and the Management Team gave the following responses to queries raised:

- Motor Tax facilities – given the current, temporary situation at the moment regarding funding, staff and extra costs, we are not in a position this year to provide Motor Tax in the Areas.
- Tourism – Funding to Ely O'Carroll not included in €50,000.
- Fire Service – positions in Ferbane/Banagher, funding in place, provisions made for 09/10.
- Roads programme – awaiting feedback, normal works won't be affected, emergency works won't be affected, cuts in overtime only.
- Farm Inspections – 72% of water up to standard by 2015, there is an onus on us under nitrates directive and drinking water regs, required by statute to carry out inspections.
- Housing – no of vacant houses have dropped significantly. Housing Schemes for the Elderly won't impose any extra charges unnecessarily.
- Arts Scheme – policy in draft format.
- Licensing fees – E.P.A. 400,000.
- Bonuses – there are no bonuses, Management are paid in line with contracts, pay determined by benchmarking or review body, Report 2000 set out wages to be part based on performance.

The Cathaoirleach thanked the members for the patience over the course of the day and asked that the members consider the discussions carefully.

NEXT MEETING:

It was agreed to reconvene on Monday 15th December at 10.00am.

This concluded the business of the meeting.

MINUTES CONFIRMED: -

CATHAOIRLEACH

MEETINGS ADMINISTATOR

18TH MAY 2009