

COMHAIRLE CHONTAE UÍBH FHAILÍ
MINUTES OF IN-COMMITTEE BUDGET MEETING
OF OFFALY COUNTY COUNCIL
HELD IN ÁRAS AN CHONTAE, TULLAMORE
ON MONDAY, 20TH DECEMBER 2010 AT 10.00 A.M.

PRESENT:

Cllr. B. Cowen (Presiding), Cllrs. N. Bourke, Cllr. M. Buckley, J. Butterfield, J. Carroll, P. Clendennen, D. Dolan, E. Dooley, S. Dooley E. Fitzpatrick, J. Foley, T. McKeigue, J. Leahy, T. McLoughlin, S. Moylan-Ryan, P. Ormond, D. Owens, G. Plunkett and L. Quinn.

APOLOGIES:

Cllrs. C. Hanniffy and N. Hogan.

IN ATTENDANCE:

Mr. P. Gallagher, County Manager, Mr. D. Kirrane, D.O.S., Mr. F. Heslin, D.O.S., Mr. D. Conlon, H.O.F., Mr. T. Shanahan, A/D.O.S., Ms. M. Cleary, Meetings Administrator, Ms. M. Hanlon, Financial Management Accountant, Mr. T. Mawe, Financial Management Accountant, Mr. D. Mahon, S.E.O., Mr. D. Hogan, S.E.

DRAFT BUDGET 2011:

Cllr. B. Cowen, Cathaoirleach, informed the members that the Corporate Policy Group had met on Monday, 13th December 2010 to discuss the Draft Budget proposals. He invited the County Manager to introduce the Budget proposals and the Head of Finance to highlight the significant areas from the Budget Report.

Mr. P. Gallagher, County Manager referred to the Draft Budget for the year 2011 which had been circulated in advance to each member of the Council. He stated that a summary report from the Directors of Service in respect of activities of their respective functional areas was enclosed.

The Manager advised that the Council is required to:

- adopt the Draft Budget, with or without amendment, and
 - determine, in accordance with the Budget so adopted, the annual rate on the valuation to be levied.
- The Council, he advised, is required to complete the statutory process within a period of 21 days i.e., 13th January 2011.

He advised that the Local Government Fund (LGF), in the sum of €14.139m, was notified to the Council on 9th December 2010. This, he noted, represented an 8.12% (€1.249m) reduction on the Council's LGF in 2010. The Manager advised that the LGF represented 23% of the Council's income. He informed the members that each area of expenditure was examined in detail and that in an effort to maximise income the Council was focusing on, and assigning additional resources, to revenue collection.

The Manager informed the meeting that Offaly Local Authorities have reduced staff numbers since 2008 from 538 (Whole-Time Equivalent – WTE) to 426 (WTE), i.e., a reduction of 112 or 21%. The Council's pension costs, he advised, will increase by €200,000 in 2011. The Manager advised that the reduction in resources, both financial and human, and the increasing requirement to conform to statutory regulations will unavoidably affect the delivery of services in 2011.

The decline in road grants between 2008 and 2010 was noted and the Manager advised that further reductions for 2011 were anticipated. The Manager acknowledged the work, commitment and effective response of all staff, and in particular outdoor staff and drivers, in responding to the severe weather at the start of 2010 and to the snow and icy conditions being currently experienced. He informed the members that the Council had submitted a claim from the National Severe Weather Fund, (national allocation of €15m), to the DEHLG.

The difficult economic situation being experienced by commercial businesses was acknowledged by the Manager and accordingly, for the third consecutive year he was not proposing an increase in commercial rates. He drew the members' attention to the table, set out in Appendix B, noting that Offaly Rate Multiplier ranked thirtieth from the thirty-four local authorities.

The Manager advised that the Draft Budget provides for a fire service as outlined in the *Draft Fire and Emergency Operations Plan* which, he noted, was still before the members for adoption.

The Manager acknowledged that the previous three years were very challenging for the Council and he envisaged an even more challenging year ahead. He thanked the members for their support, staff for their commitment and flexibility and the Finance staff for helping prepare the Draft Budget.

Mr. D. Conlon, Head of Finance, drew the members attention to Table A which summaries expenditure and income by programme group. Mr. Conlon noted that:

- the LGF was reduced by 23% and accordingly all areas of expenditure had been reduced;
- approximately 85% of expenditure is non-discretionary;
- expenditure cutbacks was affecting the delivery of services and this would become increasingly apparent in 2011;
- the Council were seeking to maximise its income. 297 additional water service customers were identified in 2010.

Mr. D. Conlon detailed the main areas where expenditure had been reduced and the main areas where the Council would seek to maximise income in 2011:

<u>Main Expenditure Reductions</u>	€k
Housing Maintenance	29
*DPG's - Net	358
County roads	88
Public Lighting	51
Water/ Sewerage Operational	571
Planning	39
Tourist Promotion	14
Community & Enterprise	40
MRA/BMW	23
Urban Village renewal	15
Heritage	5
landfill Operations/ Environment	185
Veterinary Services	15
Burial Grounds	4
Fires Services incl add €250k in 2010	310
Library Services	51
Arts	24
Election Costs	10
Central Overheads	171
<u>Increased Income</u>	
Reduced Landfill Income	-900
Misc Charges	40
House Rents	85

The Cathaoirleach and members thanked the Manager and Head of Finance for their overview of the Draft Budget 2011. The members expressed concerns over a number of the proposed expenditure cuts and sought clarification on a number of issues. The Management Team responded to their questions and clarified as follows:

- Each service area was required to initially identify between 6% and 7% reductions in expenditure in their service areas. Concerns had been expressed regarding the continuation of service delivery in a number of areas.
- The cumulative reduction in income will require a reduction in the delivery of services in 2011.
- The significant proposed cuts to water services in the sum of €571,000. The commencement of a number of water services projects will have to be delayed in 2011. The reduced expenditure on plant maintenance will have cost implications for the Council in the future and it was noted that the Council has little discretion with regard to reactionary maintenance, for example following periods of severe weather. Three Waste Water licenses were issued to the Council to date. A further twenty nine licences are to be issued in the coming months and compliance with these licenses will result in additional costs for the Water Services Section.
- The reduction in landfill income was notified to members over the past number of years. It was acknowledged that it is a very competitive market and that a number of local authorities no longer operated landfills. Savings in this programme will include a change to opening hours at the landfill.
- It was acknowledged that the number of planning applications had decreased in recent years. However, the Planning and Development (Amendment) Act, 2010 placed onerous obligations on the Authority including the requirement to vary each of the three Development Plans by July 2011. The level of engagement with members and the public, including the preparation of issue papers, in the preparation of Development Plans will be reduced.
- The Cathaoirleach Awards were being reduced by €5,000.
- It was proposed to reduce Tourism promotion by €15,000. Offaly and Laois County Councils are continuing to progress the cycle routes in the Slieve Blooms and currently the Councils are waiting for a response from Coillte.
- It is not within the Council's remit to disband Joint Drainage Boards.
- The Local Government Efficiency Review Group Report, issued in July 2010, included a number of important recommendations with regard to improving Local Authority income. It was recognised that it is essential that local government is adequately funded to provide the range of services and enforcement duties that are required to provide to a standard which complies with statutory obligations. The proposals included: to incentivise online motor tax applications; eliminate the "off the road" facility for car owners which is a self declaration process; social housing rents due to local authorities should be deducted directly from social welfare payments; planning fees should be increased with the aim of moving towards full cost recovery; levying of property and domestic water charges should be progressed as a matter of urgency. It was noted that the implementation of the recommendations on income generation can only be taken at national level.
- It was proposed to reduce the Arts Programme by €24,000. The programme provides support to a number of local artists, communities and community festival events. It also supports tourism in the county.
- It was not in the Council's remit to incentivise the collection of NNPR.
- The Director of Service for the Fire Services advised that he was not anticipating the Labour Relations Commission (LRC) process would be completed before 13th January 2011, i.e., the statutory date by which the Budget had to be adopted. A LRC meeting was held on 8th December 2010. A further meeting was arranged for 20th January 2011. The anticipated savings from efficiency measures and the introduction of rostering was factored into the Council's Draft Budget.
- The Executive was not in a position to comment in relation to the Report given to the members, the previous week by the SOS-DBK (Save Our Stations – Daingean, Banagher and Kilcormac) group. The Executive stated that a direct comparison with Laois County Council's Fire Service was not appropriate. The Manager advised that he had responded to correspondence received following the November monthly meeting but to date he had received no further communication on the issue.
- The Memorandum from the Department of Transport, notified to the Councillors earlier in 2010, was effective from 1st December 2010. The €500,000 cost incurred as a result of the change to

grant claims arising from the Memorandum will be met by the Roads Service. The Council's allocation to County Roads was being further reduced by €80,000. It was recognised that these cuts will pose a serious challenge for the service in 2011 and may result in difficulties in maintaining the outdoor workforce.

- Savings were achieved in 2010's Public Lighting expenditure due to a re-tendering process. However, the further savings, as outlined in the Draft Budget, would be achieved by lapsing the Public Lighting Maintenance Contract.
 - A reduction in the Town Council Demands could not be achieved in 2011 without identifying further expenditure reductions.
 - As a result of the reduced budgets a number of projects across all the service areas will be delayed.
 - Income increases had been factored in where possible, e.g., fire charges income was estimated to increase by €80,000.
 - The DEHLG provides a grant of €1 for each €1 that the Council spends on Disabled Persons Grants, i.e., Housing Adaptation Grants, Mobility Aid Grants and Older Persons Grants. 160 grants were provided in 2009-2010. It was proposed to:
 - (i) Reduce the budget from €2.04m in 2010 (80% funded by the DEHLG at a net cost to the Council of €408,000) to €1.25m in 2011 (80% funded, or €1m, by the DEHLG with the Council transferring €200,000 from Internal Capital Receipts and €50,000 from the Revenue Budget).
 - (ii) Reduce the maximum grants for Adaptation Grants, Mobility Aid Grants and Older Persons Grants from €30,000, €5,000 and €10,000 respectively;
 - (iii) Concentrate in 2011 on those applications which were categorised by the Occupational Health Therapist as Priority 1.
- It was acknowledged that applicants will have to wait longer for a grant to be awarded.
- It was acknowledged that a number of housing rents may be adjusted downwards due to reduced Social Welfare payments to householders. However, the increase in the number of persons renting will partially counteract this reduction.
 - The Council is obliged, by legislation, to charge the economic cost for providing commercial water. The Council will continue to work with commercial water customers and endeavour to ensure that all income is collected. Water will be disconnected only after every effort is made to collect the charges are exhausted.
 - The library book stock was significantly reduced in 2010. It was not proposed to re-open Shinrone library in 2011. As vacancies for part time branch librarians could not be filled opening hours across the service will be reduced in 2011.
 - The Council is statutorily obliged to carry out certain veterinary functions and provide a dog warden service. Reduced costs associated with the veterinary service were proposed for 2011. Recently enacted legislation will involve an additional workload for the Veterinary service. The Council works closely with the Department of Agriculture to ensure there is no duplication in farm inspections.
 - The reserve for future elections was being reduced by €10,000.
 - It was proposed to reduce Central Overheads costs by €171,000. The cost savings included cuts as follows: Corporate Services - €19,000; Postage - €5,000; Human Resources - €40,000; Advertising - €5,000; CORE HR System - €7,000; Finance Area - €42,000; Risk Management - €4,000; IT Services - €30,000.
 - The payment to the VEC is a statutory demand.

The Manager concluded the discussion by noting that quarterly budget reports would continue to be provided to the members.

A discussion on the SOS-DBK report circulated to members by the SOS-DBK group, ensued. It was acknowledged that the Executive had not received a copy of the report. It was agreed that Mr. F. Heslin, DOS, would meet with the Fire Service Sub-Committee (formed at an earlier Council meeting) to examine the SOS-DBK proposals. Following their deliberations the sub-committee would report back to the full council.

The Cathaoirleach thanked the members for their contributions and the Executive for their responses and clarifications. He acknowledged that the adoption of the 2011 Budget would result in a reduction in resources for a number of service areas. He summed up the reductions in allocations to Disabled Persons Grants, Housing Maintenance Programme, Roads and Public Lights and the Fire Service as the main areas of concern for the members. He suggested that the members consider the proposals further and that a further meeting in committee be held in advance of the Statutory Budget Meeting.

It was agreed to meet on the Draft 2011 Budget as follows:

- Meeting In-Committee at 10am on Friday, 7th January 2011, and
- Statutory Budget Meeting at 2pm on Monday, 27th January 2011.

This concluded the business of the meeting.

MINUTES CONFIRMED:

CATHAOIRLEACH

RUNAÍ

21st MARCH 2010