

COMHAIRLE CHONTAE AN GAILLIMHE

**MINUTES OF STATUTORY BUDGET MEETING FOR GALWAY COUNTY
COUNCIL HELD AT ARAS AND CHONTAE, PROSPECT HILL, GALWAY,
ON TUESDAY 20TH DECEMBER 2011**

ILATHAR:

CATHAOIRLEACH:

Mayor Michael Maher

BAILL:

Cllrs. T. Broderick, S. Canney, L. Carroll, S. Cunniffe, D. Connolly, M. Connolly, Cllrs. J. Cuddy, Comh S O’Cuaig, Comh T. Ó Curraoin, Cllrs. M. Fahy, P. Feeney, G. Finnerty, M. Finnerty, M. Hoade, E Mannion, T. Mannion, T McHugh, Comh. S. Ó’Laoi, Cllr. J. McClearn, J McDonagh, M. Noone, P. Roche, K. Ryan Comh S. Ó Tuairisg, Cllrs. S. Walsh, T. Walsh, T. Welby, B. Willers.

OIFIGIGH:

Ms Martina Maloney, County Manager, Messrs F. Gilmore, J. Cullen, K. Kelly, E. Cummins, Directors of Services; Mr. G. Mullarkey, Head of Finance; Mr. M. Owens, County Secretary & Meetings Administrator, Mr M. McGovern, Management Accountant, Mr. E. Molloy, Senior Engineer, Mr. A. Comer, Senior Executive Officer, Ms. L. Keady, Assistant Staff Officer, Ms. P. Delaney, Clerical Officer.

Thosnaigh an cruinniú leis an paidir.

Cllr. McClearn referred to the disruption of the December Monthly Meeting of Council, by members of the public opposed to proposals being considered by Government requiring the registration of septic tanks, to comply with a European Directive and complimented the Mayor on his handling of a difficult situation. He referred to the need to have appropriate procedures in place to prevent similar situations arising in the future. Cllr. McDonagh concurred with the sentiments expressed by Cllr. McClearn stating that the behaviour by members the public witnessed in the Chamber at the December Monthly Meeting was unbecoming and unacceptable and it was important that appropriate procedures be introduced for the attendance of members of the public at Council Meetings, to prevent a reoccurrence of same.

The Mayor agreed to a proposal from Cllr. McClearn, seconded by Cllr. McDonagh to convene a meeting of the Corporate Policy Group early in 2012 to consider the introduction of appropriate procedures to address the matter.

Cllr. Willers also complimented the Mayor for undertaking his role at the Meeting in such difficult circumstances and stated that whilst she recognised that everyone had a democratic right to protest, the Council also enjoyed a democratic right to conduct the business of the Council in a proper manner. She further stated that what occurred at the December Monthly Meeting was a horrible experience, that it raised health and safety issues that needed to be addressed and that in particular placards should not be permitted within County Hall. Cllr. Willers outlined that the actions of the protestors resulted in the Chamber being brought into disrepute and that the association by Members of the Oireachtas, and in particular the involvement of a former Government Minister, with such a protest was inappropriate.

Cllr T. Walsh also wished to be associated with the compliments to the Mayor for his handling of the matter and stated that there was no excuse or justification for the behaviour witnessed in the Chamber at the December Meeting. In reply to Cllr. T. Walsh, it was confirmed that no apology had been received by the Mayor or County Manager from Deputy O Cuiv in relation to the events that occurred at the Meeting.

Cllr. Canney concurred with the views expressed in relation to the need for a protocol to be put in place. He stated that the involvement by Deputy O Cuiv was regrettable and expressed the view that an apology for his actions should be forthcoming.

Cllr. S. Walsh stated that a number of Oireachtas Members were present at the protest and that as Deputy O Cuiv had no involvement in organising the protest, no apology was necessary.

The Mayor, in reply to a proposal from Cllr. D. Connolly, that his previous motion regarding providing grant funding on an income based system to support those with septic tanks who require remediation be revisited, stated that the issue was not on the agenda for today's meeting and accordingly it was not intended to facilitate further discussion of the matter at the Budget Meeting.

The Mayor invited the County Manager to present the draft Budget 2012 Report to the Elected Members.

BUDGET 2012

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The County Manager referred to the draft Budget for the year 2012 which had been circulated previously to each member of the Council.

She stated that a summary report from the Directors of Service in respect of activities of their respective functional areas was also enclosed. She stated that all statutory requirements had been complied with and that consultation had taken place with the Corporate Policy Group. The Corporate Policy Group considered the preparation of the Draft Budget at its meetings held on 8th November, 30th November and 7th of December 2011.

She noted that the Council is required to:

- a) Adopt the Draft Budget, with or without amendment and
- b) Determine in accordance with the Budget so adopted, the annual rate on the

valuation to be levied. The Council is required to complete the statutory process within a period of 21 days. This allows, for the adjournment, if necessary of the statutory meeting of the 20th December 2011, provided the process is completed by 9th January 2012.

Context of budgetary preparation

The County Manager noted that during 2011, the Council demonstrated its commitment to maintaining the services in the County. She acknowledged the commitment and support of staff to respond to the challenges this entailed and that the scarcity of resources has resulted in considerable change and contraction in the wake of the changing economic context in which the Council operates. She outlined that the Council has attempted to adjust to the reduction in resources which were available, while at the same time attempting to maintain essential services and respond to more onerous statutory compliance requirements, particularly in the water services area acknowledging that the Elected members and staff have shown resilience and flexibility in responding to the changed circumstances.

The County Manager stated that the Council is conscious of the difficulties being experienced by residents of the County, businesses and communities arising during this period of economic turmoil and is committed to ensuring the cost effective delivery of services, within the current financial constraints.

The County Manager acknowledged that the demands on the Council are continuing to change, in line with citizen needs and changes in national policies and approaches.

She noted that the focus in the provision of Social Housing has changed from direct provision to greater use of the Rental Accommodation Scheme, leasing and greater emphasis on the voluntary sector, with the Council making significant progress in addressing voids in 2011.

Following on from the severe weather experienced in the winter of 2009/2010 the Council, working with the Office of Public Works has continued its efforts at tackling a number of flooding issues throughout the county. To date 58 minor works schemes have been progressed and planning is continuing for the Major Schemes on the Dunkellin and Clare Rivers. The OPW has completed significant advance works at Claregalway bridge and work on Crusheeny bridge is currently underway. Galway County Council is also progressing work on the N18. Allocations for works in County Galway have amounted to €2.9m since the 2009 flood event. Annual expenditure levels in previous years have been less than €1/4m. The County Manager acknowledged that considerable work remains to be done and confirmed that the Council is committed to progressing the relevant projects, in partnership with the OPW, whilst acknowledging the support and assistance received from the OPW to date.

Income from various sources continues to decline including planning fees, fire certificates, parking charges etc.

The County Manager indicated that she was happy to report major progress on advancing the works under the Remedial Action List on the 27 public water supply schemes in County Galway which were identified by the EPA as in need of remedial works to ensure

that they met the required standard for water production and supply. Over the last number of years the Council has devoted significant resources to identifying the appropriate solutions for the plants in the county and advancing the necessary works through planning and implementation. The total cost of this programme is estimated at €12.5m which is part funded by the DOE. Most of the upgrades are now complete, and it is anticipated that the remainder of the work will be completed early in 2012. The completion of this remedial action programme has addressed significant vulnerabilities and risk factors associated with the production of drinking water on public supplies in the county, in particular Gort, Mid-Galway and Clifden. The County Manager stated she wished to put on the record her appreciation of the work carried out by the staff of the Water Services Unit and the financial support from the Department of the Environment, Community and Local Government which, together with our own resources, enabled this work to be completed. Of course, the introduction of more sophisticated technology and treatment systems in plants which previously had little treatment other than disinfection has resulted in increasing costs of water production particularly electricity, chemicals and sludge management. In addition, new schemes are coming on stream this year and will add to the cost base. The County Manager confirmed that these additional costs are reflected in the draft budget and are non-discretionary.

The year 2011 saw significant work on the forward planning front. Arising from a new legislative requirement the Council amended the County Development Plan to include a 'core strategy' in compliance with the Regional Planning Guidelines. The legislation also requires significant work on local area plans which is currently in progress. Also the commencement of the legislation in relation to the operation of quarries will lead to a large increase in workload, with an estimated 200 quarries in County Galway. Work is also continuing on identifying solutions in relation to unfinished estates. The County Wind Strategy was adopted in 2011 and has already proved valuable in clarifying the Council's policy in relation to proposals for harnessing the wind resource of the county to help with the national commitments to deliver renewable energy.

While the County Manager acknowledged that the level of resources available for road maintenance and improvement falls short of that which would be desirable, she confirmed that the Council will continue to adapt in an effort to make the best use of allocations.

	Roads Grant Funding	Council's own contribution
	€m	€m
2008	38.90	5.12
2009	35.39	4.09
2010	23.65	3.02
2011	21.80	2.71

The County Manager stated that the introduction of the registration system for septic tanks is also likely to impact on work programmes for 2012. During 2011, the Council has focused on effective management of the Council's resources through prudent revenue expenditure controls and limiting exposure to capital projects, timely recoupments, together with a review of work processes and practices in a number of areas. Galway County Council must respond flexibly to the changed demand for services. This will be achieved by maximizing value for money in the delivery of services, and prioritisation of compliance obligations in the context of reduced resources. Galway County Council

provides essential services and spends significant resources throughout the County. The 2012 Budget represents a valuable injection of funds to the County.

Budget 2012

The draft budget for 2012 envisages expenditure of €136 million which equates to a reduction of 5.5% on the budget adopted for 2011. This represents a significant further reduction in the resources available to the Council following on from the reductions since 2008.

TABLE 1: BUDGETARY TREND 2008 - 2011

2008 - Adopted Budget	€160 M
2009 - Adjusted Budget	€146 M
2010 - Adopted Budget(note: €3m of this sum is due to an adjustment in accounting treatment)	€149 M
2011 - Adopted Budget	€144 M
2012 – Draft Budget	€136 M

In line with previous approaches, the County Manager noted that the budget includes a figure for road grants based on the original 2011 allocation as the 2012 allocation has not yet been received.

The County Manager outlined the key influences in the preparation of the Draft Budget as follows:

(1) Local Government Fund

The Department of the Environment, Community and Local Government has formally advised Galway County Council that our allocation for the year 2012 will be €30.45m, a reduction of 7.3% on that received in 2011.

(2) Trends in Local Government Fund allocation is as follows: -

	Allocation	% Reduction
2008	€40.60m	
2009	€36.88m	9%
2010	€36.09m	2%
2011	€32.84m	9%
2012	€30.45m	7%
Cumulative Reduction (2008 to 2012)		25%

(3) Cost Reduction Achievements.

The changed economic circumstances since 2008 and the reduction in funding available to the Council from both National level and local sources has brought about significant cost reductions in the operation of the Council activities.

Significant savings have been achieved to date in

- A) Payroll costs
- B) Procurement
- C) Work practice changes

A key objective of the Public Service Agreement is to facilitate a significant reduction in the number of staff working in the public service, achieve substantial and sustainable savings on the Exchequer pay bill and maintain public services. Table 2 below gives an indication of the change between Quarter 4 2008 and Quarter 3 2011.

	Quarter 4:2008	Quarter 3:2011	Difference	%
Defence	11,265	10,169	1,096	9.73
Education	95,024	90,578	4,446	4.68
Health	111,025	104, 287	6,738	6.07
Civil Service	38,817	36,571	2,246	5.79
Justice	15,692	14,477	1,215	7.74
Local Government	35,008	30,089	4,919	14.05
State Agencies	13,060	11,709	1,351	10.34
	319,891	297,880	22,011	6.88

The County Manager noted that as was evident from these figures, the reduction in staff resource in the Local Government sector is by far the highest sectoral reduction.

She outlined that since the introduction of the moratorium on recruitment in the Public Sector the staffing levels in Galway County Council have been reduced significantly, noting that an analysis of staff changes from September 2008 to September 2011 indicates that the council has seen a net reduction of almost 280 in staff members. This represents a net reduction of almost 25%. In addition to this, the County Manager stated that it is anticipated that approximately 30 staff members will resign their positions before the end of February 2012. She noted that this change in staff numbers is dramatic and, together with the reduction in pay rates introduced in 2010, results in a reduction in the Revenue budgetary provision for current staff of almost 12.5%. The County Manager highlighted that superannuation costs borne by the council in full has increased significantly following a large number of retirements and that this was even more challenging in 2012 with the significant increase in anticipated retirements. This reduction in staffing numbers has had an impact on the council's capacity to deliver services, although the potential impact has been reduced by the willingness and flexibility shown by the remaining staff to meet service priorities.

The County Manager outlined that as resources reduce, both human and financial, it will be essential that the Council prioritise essential services in the assignment of staff and have realistic expectations regarding the levels of service that can be sustained.

Procurement

The County Manager advised that a regional procurement network has been established with the adjoining counties which has advanced joint procurement competitions and that the Council is utilising the National Procurement Service which has 45 national framework contracts in place for high spend requirements in areas such as ICT, office supplies and vehicles. Amendments are being made to the LA quotes system to improve its effectiveness, whilst tendering of electricity, public lighting maintenance and chemicals is also underway.

The County Manager confirmed that in 2011, the Council generated savings through the introduction of managed print services, the roll out of a new fuel card system and a new contract for cash collection and that there will be a continued focus on this work in 2012.

Public Sector Agreement (Croke Park)

The County Manager advised that the Croke Park Deal has provided a structure to manage change across the public sector in the years ahead and while much has been achieved to date in the Local Government sector and in Galway County Council in particular, further opportunities remain. She stated that in addition to the reduction in staff numbers, a number of actions which will impact on Galway County Council are being progressed at National level. The Council has prepared its own local action plan and interaction with the relevant Trade Unions is taking place, with a view to achieving further efficiencies and cost savings, noting that this was essential if the impact on service level of reduced resource availability was to be minimised.

The County Manager noted that the standardisation of annual leave across with public service will take effect in 2012, resulting in a reduction in leave entitlements for some staff and the removal of concessions such as 'race days' and privilege days.

She stated that the priorities in the reform process include the increased use of ICT , more use of the internet for information and service provision, shared services and changes to the process of public procurement, noting that Galway County Council has a long tradition of shared services including the provision of motor tax services, fire service and library service on behalf of the City, whilst the Council also carried out a number of services on behalf of Ballinasloe Town Council.

The County Manager referred to ongoing restructuring and re-assignment of duties that had taken place across the Council to take account of staff reductions and the requirement to maintain critical services. Examples included the re-assignment of a large number of staff to the Water Services area to ensure that this critical service is appropriately resourced. Engineering areas and depots having been consolidated and the number of functioning area offices being reduced. It was noted that this trend was likely to continue, with reducing human resources. She advised that the draft budget included a proposal to withdraw from the direct operation of Civic Amenity Sites with a view to reducing costs and freeing up the staff resource currently deployed. It was also noted that greater use of contractors to supplement the council's own resources in the Roads area was now essential.

The following was also noted:

- A number of staff have transferred to the Road Safety Authority.
- The Council has with the implementation of the Core payroll and Human resource management system, improved management information which is facilitating enhanced attendance management.
- The Council is implementing the Labour Court recommendation in relation to the standardisation of payment systems to part-time fire-fighters.

- The Council is supporting the employment activation schemes including placement of unemployed apprentices, graduate placement programme and work experience opportunities.
- A significant amount of savings have been obtained in areas such as office rental costs, including the relocation of the finance section staff from Liosban to HQ and a review of area office arrangements. In addition the council has introduced more cost effective managed print services.
- A number of staff are undertaking a training course in Bio-diversity which will assist the Council in fulfilling its legal obligations associated with the implementation of Strategic environmental assessment and appropriate assessment.
- The Valuation Office has developed an online facility to facilitate the Council in submitting requests for revaluation.
- The Department of Finance has taken over responsibility for the administration and processing of VEC pensions from the council.
- Employees who were previously paid weekly are now paid fortnightly, thereby reducing administrative requirements.
- It is anticipated that responsibility for issuing Driver licenses will transfer to a central agency, which will have implications for this council.

Local Government Efficiency Review Group Report

The County Manager noted that the report envisages savings accruing through further reductions in staff numbers, the use of joint administrative areas, shared services and procurement. Whilst, it envisages staff reductions ranging from 5-30% across various grades and functional areas.

She stated that whilst the Council is already very advanced on the issue of generating savings from procurement and energy, some of the gains made in 2011 will be eroded due to the price increases in the electricity sector and increasing cost of some chemicals together with the recently announced increase in the VAT rate. She noted that the council is continuing to invest in the area of water conservation and leak eradication which improves efficiency, whilst the network maintenance teams are responsible for reducing unaccounted for water and will build on the success of the capital expenditure on the water conservation project.

The County Manager advised that many of the items identified in the report require intervention at national level citing the recommendation for the direct deduction of social housing rent from social welfare payments, the proposal for more road tolls, economic cost recovery in planning, continuous registration of vehicles, water charges and a local property tax etc. noting that the Council awaits developments in this regard whilst aware that the Government is currently advancing proposals for the implementation of a household charge in 2012.

She noted that Local Government has been subject to previous reviews including the Indecon Report in 2006 which identified the funding gap which was emerging for Local Authorities and proposed a number of solutions including the introduction of economic

charges for services and stated that it will not be possible for Local Authorities to maintain required service levels in the absence of adequate financial and staff resources.

Water Services and associated charges

The County Manager acknowledged that the Members will be aware of the proposals in the Programme for Government to establish Irish Water, a State Company and that the Minister for the Environment, Community and Local Government was considering proposals for the transfer of water services provision from local authorities to the new water utility, noting that a decision had yet to be made around the format of the new entity.

She stated that Galway County Council awaits the outcome of this process and will have to consider the consequences locally for services and resources in due course, noting that in the meantime, the Council must continue to fulfill its mandate in relation to this essential service.

She advised that over the last number of years, the Council had prioritised the investment in Water Services infrastructure to ensure that the Council fulfilled its legal obligations and protected public health. She stated that this investment resulted in increasing costs of operation and maintenance associated with running new, more complex and upgraded facilities.

It was noted that the Draft Budget includes provision of €25.6m for the Water Services Division, representing 19% of the overall budget provision for 2012. It was further noted that this cost continues to increase as a proportion of overall revenue account expenditure and that the service also expands on an annual basis, particularly with the take over of group water schemes which are connected to the Galway County Council network.

The County Manager stated that the increase in costs can be accounted for by a number of elements:

- (i) More complex operation, maintenance and management arrangements.
- (ii) Take-over of Group Water Schemes
- (iii) New and upgraded plants coming on stream, (Council and DBO)
- (iv) Loan charges

National Water Pricing Policy

The County Manager advised that Galway County Council, in 2011, had borrowed almost €54m to cover the cost of capital investment, which is not met by the Department of Environment, Community & Local Government in the context of the National Water Pricing Policy. She stated that the cost of servicing water services borrowing in 2011 is €2.5m while in 2008, the corresponding figure was €1.3m, representing an increase of 192% in three years. It was noted that the requirement to borrow further funds to meet the Councils portion of the capital cost of projects will continue in the future as income from Development Contributions continues to deteriorate. The County Manager noted that the Council must continue to invest in Water Services infrastructure in accordance with the allocations in the Water Services Investment Programme if it is to meet the required environmental standards and service requirements.

The County Manager stated that in accordance with the National Water Pricing Policy, the costs incurred in the provision of water services are intended to be met through

charging the non-domestic consumer the economic cost of production for the proportion attributable to this sector, with the balance in respect of the domestic sector being recouped through the Local Government Fund. The recognition of the principal that the users of services should bear the economic cost of provision of these services is acknowledged, specifically in the report of the Fourth Commission on Taxation. She stated that applying this methodology, the County Council charge for water supply should be €1.62 per m³ noting that the charge in 2011 was set at €1.10 per m³. She referred to her previously stated position of wishing to bridge this gap, with the implementation of phased increases.

The County Manager outlined her proposal for an increase of 17 cent per m³ from €1.10 to €1.27 in the charge for commercial water resulting in a litre of water costing 0.00127 cent. She noted that in effect the subsidy to business in 2012 will be of the order of €1.65m p.a. She also outlined that the charge for waste water in 2011 is set at €1.17 whilst the economic cost for wastewater should be €3.38 and therefore she was proposing to increase the 2011 waste water charge by 18 cent.

The County Manager stated that while the costs of operation and maintenance of water services was continuing to escalate, the Local Government Fund allocation which was intended to meet the cost of supply to the domestic customer continues to reduce. Therefore, in the absence of domestic water charges there remains a significant shortfall in funding for the cost of water services, which is unsustainable. She advised that the Draft Budget included an income provision of €750,000 as an estimated contribution from the Department of the Environment to meet the increasing costs associated with the cost of supplying water services to the domestic sector.

She outlined that it was evident that the current approach to funding water services capital investment was unsustainable and must be amended to take account of the resource availability within the Local Government sector.

Trends in Charging:

Charge per M3	2008	2009	2010	2011	2012	Water Pricing Policy Cost 2012
Water	0.89	1.00	1.05	1.10	1.27	1.62
Waste Water	0.61	1.07	1.12	1.17	1.35	3.38
Consolidated	1.50	2.07	2.17	2.27	2.62	5.00

It was noted that charging less than the economic cost of water, restricts the availability of resources for other services whilst in addition, if it continues, it will impact on the Council's capacity to co-fund new Capital investment which is needed to ensure the legal compliance standards are met.

Commercial Rates

The County Manager confirmed that in view of the difficult trading conditions for many businesses at present, she was not proposing to increase the rate multiplier for 2012, noting that since 2008, Galway County Council has limited rates increases to just 1%.

It was noted that total income from commercial rates in the county for 2012 was estimated at €23.8m and was a vital component in allowing the Council to fulfill its statutory role and provide the required services throughout the county.

The County Manager advised that many of the costs incurred by the Council are non-discretionary costs in that they must be spent on particular services, citing as examples, Higher Education Grants, loan charges, statutory demands, pensions etc. She noted that the scope for reduction in costs and expenditure is therefore limited to discretionary items.

The County Manager outlined her concerns about the limited budgetary provisions for a number of activities, which was having or is likely to have an adverse effect on the services which the council provides. She stated however that unfortunately, due to the limited funds available, she was unable to make provision in the draft budget for any contingencies which might arise in 2012, citing as examples costs arising from severe weather events or other unexpected incidents.

She advised that the level of vacancy of local authority housing had been significantly reduced in 2011 and the majority will be available for letting early in the New Year. She further advised that the allocation for housing maintenance had been increased in 2011 to fund works on vacant units.

It was noted that a reduction had been made in the provision for the Councils contribution to Housing Grants reflecting the earlier changes in the co-funding requirements for Housing Aid Grants.

The County Manager also advised that the level of resources being provided to the roads programme was continuing to reduce, noting that the reduction of €300,000 in the allocation to county roads in the draft budget from the Councils' own resources would impact on the level of activity in 2012. She advised that as in other years, a full picture would emerge following the notification of grants from the Department of Transport and the NRA to allow compilation of the Roads Programme for 2012. The County Manager confirmed that the Director of Services for Roads was exploring options to further improve the efficiency of the road maintenance operations in 2012 whilst noting that the National Budget indicated an intention to discontinue the L.I.S. programme in 2012.

The County Manager referred to Galway County Council's strong tradition of supporting the various voluntary and community activities throughout the County across the range of services e.g. Golden Mile and other heritage activities, festivals and arts activities, economic and tourism activities, noting that this area of expenditure supports significant voluntary efforts in communities throughout the County and she acknowledged the support of the elected members in this regard. She advised that the draft budget included provision to continue to support Community activity through the work of the staff of the Community, Enterprise and Economic Development section and Heritage section and by the retention of grants largely at the level agreed in the adopted budget for 2011. She advised however that provision for co-funding of economic and tourism projects had been reduced significantly.

Non Rates Income

Non – Principal Private Residences (NPPR)

The County Manager advised that in July 2009, a €200 charge was introduced on non-principal private residences and that the Local Government Management Association had collected the charge on a shared service basis for local authorities. She advised that the legislation provided for self-certification and penalties for late payment noting that 85% of payments had been made on-line, reducing overhead costs. She confirmed that the Draft budget anticipated an income from this source for 2012 of €2M.

She stated that income sources from planning fees and fire safety certificates had seen significant reductions in 2011 and it was anticipated that this reduced level of income would continue in 2012. The County Manager also advised that it would be necessary in 2012 to increase charges for some services, citing for example, fire call outs and burial spaces.

Capital Investment in Infrastructure

The County Manager referred to the Medium Term Exchequer Framework for Infrastructure and Capital investment 2012-2016 recently published by the Department of Public Expenditure and Reform and advised that the report acknowledged that there would be a lower level of resources available for capital investment and consequently 'sharp prioritisation of investment is paramount'.

The County Manager noted that the main priorities identified included:

- Ensuring adequate maintenance of the National Road Network in order to protect the value of previous investments
- Targeting the improvement of specific road segments where there is a clear economic justification, including advancing two key PPP roads projects. The intention is to continue to pursue the Gort to Tuam PPP with a view to the project going ahead within the Framework period. Work will continue on the Galway City Outer Bypass (N6) to resolve the legal issues delaying the project. It is also intended to progress some relatively low cost targeted improvements on the National Secondary network where safety is an issue and in tourist areas.
- The Government plans to direct significant funding towards the maintenance and rehabilitation of regional and local roads, maintaining the current trend of allocating 85% of investment to this work. Some strategic improvement and safety schemes will be progressed.
- Alongside structural reform of the water sector, water services investment will be an important element. In the years to 2016, €1.6bn of exchequer resources will be committed.
- Water services investment will be a key focus of the Public capital Programme, with prioritisation of water conservation, compliance and capacity improvements e.g. Costello, improving waste water infrastructure including the East Galway Treatment Plant.
- There will be continuing investment in flood defence and mitigation.
- Funding for Oranmore Railway station will be provided. However the next phase of the Western Rail Corridor is deferred for further consideration in 2015.
- The Government plans to proceed with the Smarter Travel demonstration areas in a reduced manner to generate the maximum modal shift. Some funding will be available for cycle-lanes and cycle-ways, pedestrianisation projects, signage and traffic calming.

- Some funding will be available for Tourism projects associated with recreational walking and cycling.
- In relation to the Housing function the report refers to the need to improve energy efficiency of the social housing stock, deliver prompt turnaround of voids, limit local authority housing output and increase use of Voluntary housing agencies
- The Department of Transport, Tourism and Sport plans to launch two sports capital programmes to enhance local sporting infrastructure.

The County Manager referred to the Galway County Council capital programme for the three year period 2012 – 2014 attached to the Budget Report and advised that it had been informed by the Government Infrastructure and Capital Investment Framework, the availability of resources and consequently was less ambitious than previous programmes. It was noted that key features included the following trends:

Housing

- The move away from direct provision towards leasing of housing available in the market reduces the likely expenditure in this programme.
- Continuation of housing adaptations grants for older people and people with disability.
- Continued funding for energy efficiency retrofitting programme in the stock of social housing.

Water Services

- The three year capital investment programme announced by the Minister in 2010 sets the priority projects which we are anxious to progress valued at €131m
- Investment in the upgrading of rural water schemes to continue.
- Water conservation remains a key priority.

Roads

- The Council is anxious that the contract for the M17/M18 be advanced during the lifetime of the Framework, having regard to the availability of private sector funding.
- The Galway City Outer Bypass remains a key priority.

Conclusion

The County Manager noted that the preparation of the Draft Annual Budget for 2012 had been very challenging, in the context of increasing responsibilities and services standards, coupled with a reduction in the available resources. She stated her belief that the proposed Draft Budget would allow Galway County Council to deliver the optimum level of core services in 2012, having regard to available resources noting however that there was no provision for contingencies included. She stated that the proposed gross expenditure of €136m together with the capital programme spend estimated at €100m, represented a very considerable investment of monies in the development of the County and the delivery of services throughout the County.

The County Manager noted that if resources were available, there were many other valuable areas of activity the Council would wish to engage in stating however that the Council had already adapted to the challenge of delivering with less resources.

She stated that the Council would continue to advance the capital infrastructure programmes, particularly in water services, which would improve the competitiveness of County Galway and the attractiveness for further economic investment stating that as the Members would see from the reports of the Directors of Service, much progress was made in 2011 and would continue in 2012.

The County Manager expressed her appreciation to the members for their co-operation and support during 2011 recording her appreciation in particular to the Mayor, Cllr. Michael Maher and former Mayor Cllr. Jimmy McClearn for their commitment to the special responsibilities of the office of Mayor and their courtesy and co-operation in doing the business of the Council. She also acknowledged the assistance of the Corporate Policy Group in the discussion on the draft budget.

She thanked the staff of the Council for their dedication and flexibility during 2011 noting that the year was challenging with reduced human and financial resources and difficult weather conditions which brought increased workloads. She stated that the staff had proven themselves to be committed public servants who are anxious to maintain service provision at the highest level possible.

The County Manager also thanked the Council's Directors of Service and their staff for their rigorous examination of budget items for 2012 to identify areas for efficiency improvement and cost saving and in particular acknowledged the work of Mr. Ger Mullarkey, Mr. Michael McGovern, Ms Mary McGann and the staff in the Finance Unit. Noting that the preparation of the Draft Budget had been onerous and had been approached in a most meticulous manner.

She stated that the year 2012 would undoubtedly bring new challenges for Galway County Council but that she was confident that with support of the Members, Management team, and colleagues, the Council would provide valuable services in 2012 to meet the critical needs of the citizens and adapt flexibly to the changes required.

The County Manager recommended the Draft Budget to the elected members for adoption.

The Mayor thanked the County Manager and called on Mr. Mullarkey to outline the specific figures as presented.

Mr. Mullarkey stated that in order to deliver a balanced Draft Budget for the consideration of the Council, it has been necessary to reprioritise work and identify efficiency improvements and proceeded to outline the figures as below.

The following tables set out the expenditure and income breakdown proposed for 2012:

Expenditure by Programme Group	2011 Budget	2011 Estimated Outturn	2012 Draft Budget
		€	€
Housing and Building	11,673,973	12,153,785	11,928,351
Road Transportation & Safety	36,133,833	38,066,411	34,602,354
Water Services	25,122,403	24,547,415	25,586,948
Development Management	8,109,198	7,912,680	7,409,368
Environmental Services	18,421,961	18,042,714	17,501,117
Recreation & Amenity	8,249,765	8,165,649	8,292,863
Agriculture, Education Health & Welfare	25,568,360	24,594,560	20,614,508
Miscellaneous Services	11,047,982	10,304,401	10,426,570

Minutes of Budget Meeting held on 20th December 2011

Total	144,327,475	143,787,606	136,362,079

In the Draft Budget, the estimated Revenue Income anticipated is as follows: -

Estimated Revenue Income	2011		2012	
	€	%	€	%
Local Government Fund	30,335,000	21	28,105,841	21
Pension Related Deduction	2,500,000	2	2,350,000	2
NPPR	1,800,000	1	2,000,000	1
State Grants & Subsidies	56,021,502	39	50,807,843	37
Non-Domestic Water Charges	4,290,000	3	3,684,250	3
Local Determined Income	30,767,450	21	31,237,222	23
Other Income	18,613,523	13	18,176,923	13
	144,327,475	100	136,362,079	100

Expenditure Adjustments

The principal variances between the Budget for 2011 and 2012.

Service	Service Description	2012	2011	Change
		€	€	€
A01	Maintenance of LA Housing Units	3,775,445	4,091,297	(315,852)
B				
Division	Road Transport & Safety	34,602,354	36,133,833	(1,531,479)
C01	Water Supply	13,581,506	13,126,004	455,502
C02	Waste Water Treatment	5,925,462	5,463,730	461,732
E06	Street Cleaning	1,113,551	1,373,157	(259,606)
G01	Land Drainage Costs	2,362,244	862,244	1,500,000
G05	Educational Support Services	16,739,021	23,070,827	(6,331,806)
H10	Motor Taxation	2,516,024	2,694,627	(178,603)
	Subtotal of above	80,615,607	86,815,719	(6,200,112)
	Total Expenditure	136,362,079	144,327,475	(7,965,396)

Mr. Mullarkey noted that the reduction in Service E06 reflected the estimated out turn for 2011 whilst Service G01 reflected an increase in the provision towards essential works on land drainage districts, the vast majority of which is being funded by the OPW and for continued co-funding for flood alleviation measures to be advanced in 2012.

He stated that the reduction in Service G06 reflected the fact that the council no longer funds and recoups the costs associated with VEC pensions and in addition, noted that a lower expenditure and recoupment of HEG grants was being forecasted for 2012. He advised that in 2011, provision had been made to roll out motor tax, H10, to the regional offices, however, as the Department had indicated that there is no funding to establish the link to Shannon, this provision had been removed.

The Mayor thanked Mr. Mullarkey and opened the floor to discussion.

There were opinions and concerns expressed, questions asked and clarifications sought by the Members on the following:

The proposal to freeze the commercial rate level at the current rate was broadly welcomed though some councillors expressed regret that it had not been possible to reduce the rate in the current economic climate. Concern was expressed at the reduction in the Local Government Fund allocation which was noted had reduced by 25% since 2008 and at the proposed increase in water charges. It was noted that the increase in water charges would have to be borne by the business and agricultural sectors which had to contend with very adverse economic conditions at the moment.

Concerns were expressed at the reduction in funding for local roads, especially given that the national budget had indicated that motor tax rates were to increase in 2012. There was disappointment with the fact that the LIS scheme was no longer going to be continued. There were suggestions that the community employment scheme be expanded to facilitate works on local roads. Clarification was sought as to whether any decision had been made on the M17 / M18 Gort to Tuam motorway.

Clarification was sought on the level of funding proposed for the operation of the dog warden service at €205,000. It was also queried if the Council could conduct works under the heading register of electors on a bi-annual basis which had a proposed budget of almost €218,000

Clarification was sought as to whether there would be any impact on the councils funding if the proposed transfer of the driving licence function was to proceed.

Concern was expressed as to the adequacy of the funding being provided for the purchase of lands for new graveyards or for extensions to existing graveyards. Clarification was sought as to whether the current grant to local communities to maintain burial grounds was being maintained.

Clarification was sought in relation to office rental costs and it was noted that the Council proposed to close the Lackagh office in 2012. Clarification was also sought as to whether the funds raised under the NPPR heading of €2M were for any specific purpose.

Concerns were expressed at the level of water being lost through old networks and queries as to whether any additional funding was available to address this. It was suggested that dealing with unfinished housing estates should be made a priority in 2012. The funding for the Spiddal Sewerage scheme of €500,000 was welcomed

It was noted that the proposed household charge of €100 was being used to replace the government contribution to the Local Government Fund. Opinion was expressed that the Government should progress the amalgamation of local authorities with a view to reducing costs.

Clarification was sought in relation to the proposed expenditure under heading H0501 coroners fees, as to whether this was a flat fee or was it based on a fee per case. Clarification was also sought as to what the funding raised under the proposed septic tank charge would be used for. It was suggested that the Council should reduce its expenditure on consultants.

Concern was expressed at the decline in staff numbers especially the reduction on the outdoor frontline staff and the major impact this was having on the delivery of services at a time when the Council was facing an increased demand for services. It was suggested that the Government should consider lifting the moratorium on staff recruitment to enable the local authority to carry out the services required.

Clarification was sought on the amount borrowed to fund water services as to whether it was €46M or €54M. Clarification was also sought as to whether the Council had to bear the costs of advertising in relation to national roads.

The Councils contribution towards tourism initiatives was welcomed.

Clarification was sought in relation to the issue of funds not being available to fund the link to Shannon re the provision of motor tax facilities in regional offices. It was noted that the costs of Service B09 car parking exceeded the income raised. Clarification was also sought as to whether the council could impose rates on vacant buildings.

An update on the status of the Kiltormer sewerage scheme was sought. Clarification was sought on the amount of NPPR income to be collected in 2011.

Clarification was sought in relation to the amount of income to be received from the Local Government Fund with €30.45M noted on page 4 and €28.10M on page 9. Clarification was sought in relation to the amounts included under heading C03 cost of water collection vis a vis the income collected for water. Clarification was also sought in relation to the funding under heading A09 Housing Grants.

Responses to the issues raised were as follows:

The County Manager noted the concerns raised at the proposed increase in water charges but advised that the Council was required by the National Water Pricing Policy to recover the economic cost of water production by means of charging the non-domestic consumer the proportion attributable to that section with the balance in regard to the domestic sector to be recouped as part of the Local Government fund. She noted that the proposed charge for 2012 was still below the actual cost of production.

The County Manager shared the concerns in relation to the reduction in funding for local road maintenance but as noted with the Local Government Fund having been reduced by 25% since 2008 stated the Council just did not have the resources available. She noted that consideration was being given to the use of community employment schemes but that it would probably require a national initiative to progress. She also noted that the council was partaking in the various other employment initiatives being promoted by Government. She advised that there was no further information available as to the position in relation to the M17 / M18 motorway.

In relation to the operation of the dog warden service it was noted that the 2012 budget had allowed for the employment of 2 dog wardens, 2011 there was only 1, in addition to costs associated with the storage of abandoned dogs. It was also noted that the compilation of

the register of electors is a statutory requirement and would require national legislation to be amended to allow bi-annual preparation.

Income collected from driving licences are remitted to the Department of Environment similarly to motor tax and form part of the funding available for the Local Government Fund, the proposed transfer of the issuing of driving licences away from local authorities should have no impact on the councils funding assuming this funding arrangement remains in place.

In relation to queries on graveyards the County Manager stated that it was the Council's our policy to work closely with the local communities in relation to land acquisition for new burial grounds or extensions. She also confirmed that the grant to local communities towards maintaining graveyards remained unchanged in 2012.

It was noted that most area offices were actually owned by the council. It was also noted that an ongoing review of rented accommodation was carried out and this had resulted in the Finance department relocating to County Hall in late 2010. The proposed transfer of the Lackagh Office would generate savings of €46,000 in a full year with staff being redeployed to HQ and the Tuam Regional Officer. Income raised under the NPPR heading forms part of the Councils general funding.

With regard to coroners fees, it was confirmed that the payment includes a retainer together with fees that are paid on a case by case based on rates as determined by the Department of Justice. It was noted that the budget had allowed for the collection of the septic tank registration charge and would form part of the Councils funding for 2012. It was noted that due to the technical complexity of some projects e.g. the need for EIS studies, appropriate assessment, etc. that where the Council do not have the appropriate resources in-house then consultants are hired. It was also noted that the appointment of any consultants are subject to the appropriate procurement procedures.

The County Manager acknowledged the concerns expressed at the decline in staff numbers and its impact on the ability of the council to meet future service delivery demands. However she noted that under the Government's national recovery plan that there was a requirement on the local authority sector to reduce staff numbers and that the Council would have to adapt to the changed circumstances we are now operating in.

It was confirmed that the amount of borrowings in support of water services was €54m. It was also verified that the NRA fund the costs associated with advertising for national routes.

It was noted that the emphasis on motor tax collection was on promoting the on-line option and as a consequence funding for additional links from area offices to Shannon had been curtailed. In relation to the observation on car parking, it was noted that the costs included the repayment of loan charges associated with the purchase of the meters as well as an allocation of service support costs. However it was also noted that parking income has been declining in recent years reflecting the current economic environment. It was clarified that existing legislation does not permit the imposition of rates on vacant buildings.

It was confirmed that the Kiltormer sewerage scheme would not be progressing. It was also confirmed that approx €2m would be collected under the NPPR heading in 2012.

In relation to the income received under the Local Government Fund it was noted that this figure was made up of two elements the direct contribution from the Department of €28.1m and the income raised locally under the Pension Related Deduction of €2.35M to give a total of €30.45m. It was clarified that the heading C03 cost of water collection included costs payable to Celtic Anglian and a bad debt provision. It was noted that the co-funding of housing aid grants had changed resulting in the Council having to contribute a maximum of 20% as opposed to 33% for DPG /ERG type grant funding enabling the Council to budget for a similar level of gross expenditure at a reduced net cost to the Council.

ADOPTION OF BUDGET 2012

899

It was proposed by Cllr. McDonagh, seconded by Cllr. Cuddy and agreed to reduce Sub Service B0406 Local Roads General Improvement Works by €10,000 and to increase Sub Service F0302 Playgrounds by €10,000 as a contribution towards the Lackagh Community Playground.

It was proposed by Cllr Noone, seconded by Cllr Hoade and agreed to reduce Sub Service H0904 Expenses LA Member by €4,700 and to increase Sub Service F0302 Playgrounds by €4,700 to facilitate the Council in supporting the development of a community playground in Lackagh.

It was proposed by Cllr. McClearn and seconded by Cllr. McDonagh that Galway County Council hereby adopt the draft budget, amended as follows, for the financial year ended 31/12/2012

To reduce the proposed increase in water charge by 50% which would result in a reduction in income of €202,000.

The reduction in income of €202,000 to be funded as follows:

- Sub Service E0601 Reduce the provision for the Operation of the Street Cleaning Service by €50,000
- Sub Service F0204 Reduce the provision for the Purchase of books by €50,000
- Sub Service F0502 reduce the provision for Contribution to other bodies arts programme by €22,000
- Sub Service G0404 reduce the provision for Operation of Dog Warden Service by €10,000
- Service G Income increase the provision for other income by €10,000
- Sub Service H0905 reduce the provision for other expenses by €10,000
- Sub Service A0101 reduce the provision for Maintenance of LA Housing units by €30,000
- Sub Service A0103 reduce the provision for Traveller Accommodation Management by €10,000
- Sub Service E0901 reduce the provision for Maintenance of Burial Grounds by €10,000

As agreement was not reached in this regard a vote was taken.

Voting on the proposal was as follows:

AR SON: Cllr. T. Broderick, L. Carroll, J. Cuddy, S. Cunniffe, M. Fahy, P. Feeney, G. Finnerty, M. Finnerty, M. Hoade, S Ó Laoi, M. Maher, E. Mannion, T. Mannion, J. Mc Clearn, J. Mc Donagh, T. Mc Hugh, M. Noone, P. Roche, K. Ryan, S. Ó Tuairisg, T. Walsh, T. Welby, B. Willers (23)

IN AGHAIDH: Cllr. S. Canney, D. Connolly, M. Connolly, S. Ó Cuaig T. Ó Curraoin (5)

The motion was declared carried.

DETERMINATION OF THE ANNUAL RATE OF VALUATION FOR 2012

900

It was proposed by Cllr McClearn, seconded by Cllr McDonagh and agreed “That Galway County Council hereby determine in accordance with the Budget for the Financial Year ending 31/12/2012, the rates as set out in Table A and C as amended, to be the Rates on Valuation to be levied for the several purposes as set out in those tables for the Financial Year ending 31/12/2012.”

ESTIMATED EXPENDITURE AND INCOME OUTTURN FOR 2011

901

It was proposed by Cllr. McHugh and seconded by Cllr. Carroll and agreed.

“That Galway County Council approves the estimated expenditure and outturn figures for 2011 as set out in the Budget documentation”.

REPORT ON THE THREE YEAR CAPITAL PROGRAMME

902

It was agreed that the Council would note the Report on the 3 Year Capital Programme.

The County Manager thanked the Members for supporting the Draft Budget

The Mayor thanked the County Manager and the staff for the preparation of the 2012 Budget which was an onerous task in regard to the adverse economic conditions that currently prevail.

Chriochnaigh an Cruinniú ansin.