

COMHAIRLE CHONTAE AN GAILLIMHE

**MINUTES OF STATUTORY BUDGET MEETING FOR GALWAY COUNTY
COUNCIL HELD AT ARAS AND CHONTAE, PROSPECT HILL, GALWAY,
ON MONDAY 17TH DECEMBER 2012**

ILATHAR:

CATHAOIRLEACH:

Mayor Thomas Welby

BAILL:

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

OIFIGIIGH:

Ms Martina Maloney, County Manager, Messrs Frank Gilmore, J. Cullen, K. Kelly, E. Cummins Directors of Services; Mr. G. Mullarkey, Head of Finance; Mr. Michael Owens, County Secretary, Mr. M. McGovern, Management Accountant, Mr. Evan Molloy, Senior Engineer; Mr. S. Groarke, Administrative Officer.

Thosnaigh an cruinniú leis an paidir.

The Mayor invited the Co Manager to present the draft Budget 2013 Report to the Elected Members.

BUDGET 2013

The County Manager referred to the draft Budget for the year 2013 together with a report detailing the main provisions 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 is also enclosed. She stated that all statutory requirements had been complied with and that consultation had taken place with the Corporate Policy Group. In accordance with statutory requirements the Draft Budget was considered at meetings of the Corporate Policy Group on the 22nd and the 30th of November 2012.

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 which is scheduled for 17th December 2012, provided the process is completed by 6th January 2013.

She then presented the following report to the Council.

Context of Budgetary preparation

During 2012, the Council continued to maintain the services in the County. This was particularly challenging due to the reduction of almost €780,000 in Local Government Fund which was notified to us mid-year. The threat of further cuts was averted when more than 65% of households in the County paid their household charge. This was very welcome and I thank those who paid and thereby facilitated the continued delivery of services during the year. The Council will continue to pursue the outstanding sums up to the time that responsibility transfers to the Revenue Commissioners.

I wish to acknowledge the commitment and support of staff throughout 2012. The scarcity of resources both human and financial has resulted in considerable change and contraction in the wake of the changing economic context in which we are operating. The Council has continued to adjust to the reduction in resources which were available, while at the same time attempting to maintain essential services. Elected members and staff have shown resilience and flexibility in responding to the changed circumstances.

Demands on our Council are continuing to change, in line with citizen needs and changes in national policies and approaches.

Demand for some services is continuing to increase. For example, the net housing need in Galway County in 2008 was 1,077 households. The comparable figure now is 3,116. Usage of the Library Services has increased by 21% since 2008. While the number of planning applications has declined, the revised arrangements in relation to Quarries generated significant workloads. In addition the review of Local Area Plans has required the assignment of considerable resources. Increased attention is also required to deal with the unfinished estates in the County. Reductions in the work of the Local Authority will arise from the implementation of the new Student Support system (SUSI) and the transfer of the Driver Licensing arrangements to the RSA.

The Council has continued its endeavours to reduce costs in 2012. The staffing level continues to decline. In 2012 a further 53 employees left Galway County Council and have not been replaced, bringing the total reduction in staffing numbers since 2008 to 336.

During 2012, 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. The Council has worked to maximise value for money in the delivery of services, while prioritising legal compliance obligations in the context of reduced resources.

Savings have been achieved through revised procurement arrangements. A continued focus on energy efficiency is also yielding savings. The Council is co-operating with initiatives at national level to explore the Business Case for Local Authorities sharing services in some areas. This was a key recommendation of the Local Government Efficiency Review. Costs have been reduced through closure of area offices and in the facilities management area. The water conservation programme is also delivering significant savings, as is the leasing of the Civic Amenity sites. Savings have been achieved in the operation of the Coroners and Inquests service. The council is endeavouring to improve Customer service through greater use of on-line services such as 'Fix your street'. The Council has also utilised the Croke Park Agreement to deliver change and savings in 2012.

Major progress continues in the improvement of water services infrastructure in the county. Many long-awaited sewerage schemes such as Clifden, Oughterard, Claregalway and Miltown, Kinvara and Athenry are being progressed with a number of projects to commence in 2013. The assistance and co-operation of the Department of the Environment in this regard is greatly appreciated. Significant improvement has also been made in the operation and maintenance of schemes since the completion of the Remedial Action List. Galway County Council is responsible for the operation of 35 Public Water Supplies (PWS) serving a population of 132,270. The recently published EPA Report indicated that microbiological compliance in Galway County Public Water Schemes was 100% in both 2010 and 2011. Chemical compliance levels increased from 99.0% in 2010 to 99.6% in 2011. This performance is a testament to the endeavours of all staff in the water services area.

The year 2012 also saw progress in the Roads area with many schemes being progressed under the pavement and minor improvements. Progress continues in addressing the issue of flooding throughout the County, in association with the Office of Public Works. The Community and Enterprise Unit continued its very valuable work with communities throughout the county. The Council continues to support the strong voluntary commitment evident throughout the county. The success of Galway communities in both the National Tidy Towns competition and the All-Ireland Pride of Place Awards is an acknowledgement of the valuable work undertaken. The 'Living Landscape Conference' in Clifden and the Regional MeetWest in Athlone initiatives were major successes during 2012. Work on the establishment of the 'Made in Galway' brand for local food and craft producers has been beneficial for local producers. The involvement of the Council in the Job-Bridge and other work placement initiatives has proven very beneficial for both the participants and the Council.

Challenges and opportunities in 2013

Household Charge and Local Property Tax (LPT)

The Household Charge will not be continued in 2013 and will be replaced by the new Local Property Tax (LPT). The LPT will become operational on 1 July 2013 resulting in a half year LPT charge in 2013. A full year charge will apply from 2014 onwards and the LPT will be

administered by the Revenue Commissioners. The Revenue Commissioners will take responsibility for the collection of outstanding 2012 Household Charges from 1 July 2013.

'Putting People First'

The year 2013 will see considerable change in the Local Government sector, with the commencement of the implementation of the Reform Programme 'Putting People First'. The Local Authority's role in the local economic sphere is increasing with the establishment of the Local Enterprise Offices and the proposals for better alignment between the Local Government and Local Development sectors will see revised working arrangements. The Council will continue to support the Job-Bridge work placement programme and will be an active participant in the new Social Employment Scheme for Local Authorities which was announced in this week's National Budget.

Irish Water

In April 2012, the decision was taken by Government to establish a new public utility company to manage the public water supply and to introduce domestic water charges with effect from 2014. The new company, called Irish Water, will be a wholly owned public water utility and will be a subsidiary of Bord Gais.

The creation of this new entity will have a significant impact for local authorities who are currently responsible for delivering water and wastewater services. There will be a transition period from 2013 to 2017 during which responsibilities will transfer to Irish Water. The Department of Environment, Community and Local Government is devising an implementation plan and has established a Project Management Office to oversee the process. A water services regulator will be established within the Commission for Energy Regulation (CER) who will determine the basis on which people will be charged for water. The Council is anxious to ensure that the level of service to the customer is maintained in the transition phase.

The challenge that now faces all local authorities is to ensure a smooth and equitable transfer of responsibility that provides a platform for service improvement without detrimentally impacting on the remaining operations which the council must deliver.

The movement of water services away from local government will have a far-reaching impact on the funding structure of local government. This is an issue which has to be directly addressed in the establishment of Irish Water.

The water services operational budget represents more than 32% of the council net expenditure and 20% of the gross budget provision. Capital expenditure on water service is also a major component of the council's capital spend. It will be important that the value of the asset base and accumulated liabilities are fully recognised and that the council is not disadvantaged in the transition. The council currently shows an asset value for water services in its final accounts of approximately €310m. The Council is also carrying a debt of €53m in

respect of its borrowing to put in place the water services infrastructure. In addition the council has, over time, invested significant funding from its own resources to put in place the relevant infrastructure.

The impact of increased overhead costs on the other Council services will have to be factored in. Currently Galway County Council employs more than 130 staff directly on water services. The impact of the transition to Irish Water on these staff must be fully addressed. The issue of pensions and retirement benefits of current and former staff will also require a resolution. The parameters for the Service Level Agreements (SLA's) – under which Local Authorities will continue to operate and maintain water services as agents of Irish Water – will need careful consideration.

In 2013 the Council will continue to deliver water services, both operations and capital investment. It will cooperate fully in the gathering and supply of data to assist in the implementation of the transition to Irish Water. A Water Services Transition Office has been established by the CCMA to coordinate the collection and presentation of information to ensure consistency of approach by all Local Authorities.

Roads funding

While the level of resources available for road maintenance and improvement falls short of that which would be desirable, the Council will continue to adapt in an effort to make the best use of allocations. The table below sets out the position in relation to funding in recent years.

	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
2012	20.80	2.60
% reduction from 2008 to 2012	46.53%	49.21%

The continuing decline in funding for the Roads programme is a cause of concern. The Council has recently completed a condition survey of local roads and a similar survey was carried out on Regional Roads by the DOT/ NRA. These surveys will assist in the identification of problem areas and assist in the prioritisation process for funding distribution. The current maintenance cycle is inadequate and not in line with best practice and will result in on-going deterioration of the road network unless the current slide in resource availability is reversed.

Septic Tanks Registration and Inspection Regime

The introduction of the registration system for septic tanks will impact on work programmes for 2013, with the initiation of the Inspection system in line with EPA guidance.

Fire Service

Work commenced in late 2011 on a major policy initiative under the auspices of the National Directorate for Fire and Emergency Management to review fire services and to devise an appropriate Fire Safety Strategy. The resulting policy document 'Keeping communities Safe' will address some long-standing issues around standards, consistency of approach and value for money. It is anticipated that this document will be launched in early 2013. Galway County Council will then review the local arrangements in line with the national policy and develop a plan for adoption by council having regard to this guidance.

Shared Services

The Local Government Efficiency Report identified the implementation of shared services as a key priority for the Local Government sector. Currently a Local Authority Shared Service Programme is being advanced which will examine 29 areas of activity which may benefit from a shared or combined approach, including areas such as ICT, HR, elements of the Finance function, veterinary services, procurement, internal audit. The outcome of the analysis will identify work streams where the sector could improve efficiency and deliver Value for money from a combined approach.

Budget 2013

Galway County Council is conscious of the difficulties being experienced by residents of the County, businesses and communities during this period of economic turmoil and is committed to ensuring the cost effective delivery of services, within the current financial constraints. This has informed the proposals for expenditure contained in the draft budget and the decision not to increase commercial rates at this time.

Galway County Council provides essential services and spends significant resources throughout the County. The 2013 Budget represents a valuable injection of funds to the County.

The draft budget for 2013 envisages expenditure of €127 million which equates to a reduction of 6% on the budget adopted for 2012. 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 - 2013

2008 - Adopted Budget	€160 M
2009 - Adjusted Budget	€146 M
2010 - Adopted Budget(note: €3m of this sum is due to an adjustment in	€149 M
2011 - Adopted Budget	€144 M
2012 – Adopted Budget	€136 M
2012 - Adopted Budget adjusted for the Reduction in Local Government	€135M
2013 – Draft Budget	€127M

In line with previous approaches, the budget includes a figure for road grants based on the original 2012 allocation as the 2013 allocation has not yet been received.

Key influences in the preparation of the Draft Budget.

(1) Local Government Fund

The Minister for the Environment, Community and Local Government has informed us that the provisional General-Purpose Grant allocation from the Local Government Fund for Galway County Council for the year 2013 is €27,400,744 representing a reduction of 2.51% on the original allocation from the Local Government Fund in 2012. This is supplemented by the pension deduction from Staff of Galway county council which is estimated at €2.075m, giving a combined figure is €29.47m.

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

	<i>Allocation</i>	<i>% Reduction</i>
2008	€40.60m	
2009	€36.88m	9%
2010	€36.09m	2%
2011	€32.84m	9%
2012	€30.45m	7%
2012(revised)	€29.67m	3%
2013(LGF plus pension deduction)	€29.47m	3%

(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) Public Service Agreement 2012-2014

A) Payroll Costs

A key objective of the Public Service Agreement (Croke Park) 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. There has been an 8 per cent drop in numbers employed in the public service from 2008. The biggest drop proportionally has been in the non commercial state agencies (19 per cent), local authorities (14 per cent) and the justice sector (13 per cent). The smallest drop proportionally has been in the education sector (3 per cent). It should be noted that the number employed across all Local

Authorities has reduced by 8,432 or 22.6%. In fact this figure exceeds the Employment Control Framework for the sector for 2015 by 669.

As is evident from these figures, the reduction in staff resource in the Local Government sector is very significant. The proportionate reduction in Galway County greatly exceeds the national reduction at 29%.

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 14%. Staff payroll (excluding pension costs) amount to approximately 32% of current revenue expenditure. However, it should be noted that superannuation costs borne by the Council in full has increased significantly following a large number of 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 Council is currently commencing a workforce planning exercise to identify the likely future requirements in staffing, having regard to the available finances and the need to deliver priority services.

As resources reduce, both human and financial, it will be essential that we prioritise essential services in the assignment of staff and have realistic expectations regarding the levels of service that can be sustained.

B) Procurement

The Council has continued to participate in the Regional Procurement network and co-operated with initiatives advanced by the National Procurement Service.

In 2012 a new framework for Plant Hire & Road Making Materials was introduced which involves mini-competitions being organised by the Machinery Section on behalf of the entire organisation to deliver greater efficiency. New 2 year contracts were put in place for Water Treatment Chemicals. There have been dramatic price increases of raw materials within the chemical industry in the last year. However the Council has managed to hold prices relatively stable with a small saving projected for 2012. A new arrangement for the purchase of Laboratory Reagents was put in place which generated estimated savings on a full year are in the region of €29,000. Expenditure on print and stationery was reduced by €40k from 2011(14%). A combined Regional Procurement Network (WLAPN) tender for the Cash Collection Service was accepted with estimated savings to GCC in the region of €40,000 per annum.

Fuel cards were introduced for the Council's fleet in order to monitor fuel efficiency. This has now been expanded to cover the Library Vehicles and the Warden Vans. The National Contracts for the supply of Personal Protection Equipment (PPE), paper, stationery and printing

and janitorial products are expected to yield savings of between 8% and 16.5%. The council is co-operating with the National Contract for the supply of energy which was effected by the NPS for all local authorities in 2012. A new Corporate Procurement Plan was published and the Procurement Officer participated in the Meetwest initiative to provide information to local companies who are interested in becoming suppliers to Local Authorities.

C) Public Service Agreement 2012-2014

The Croke Park agreement has provided a structure to manage change across the public sector in the years ahead. While much has been achieved to date in the Local Government sector and in Galway County Council in particular, further opportunities remain. 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 on an on-going basis, with a view to achieving further efficiencies and cost savings. This is essential if the impact on service level of reduced resource availability is to be minimised.

In the second reporting phase of the Public Service Agreement, 2010 to 2014, which spanned the period 1st of April, 2011 to the 31st of March, 2012, Galway Co. Council achieved payroll savings of €3.05 million which is considered to be a significant saving. In addition to payroll other significant savings have been made in the areas of procurement and work practice changes. Energy usage savings in the region of €387,000 have been achieved.

At a National Level, standardisation of annual leave across the public service came into 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. It is expected that a change in the length of the working week will be rolled out for all staff in 2013. Uncertified Sick Leave entitlements have halved and are now managed on a 24 month rolling basis instead of a calendar year as heretofore. Significant reductions are also proposed to certain certified sick leave entitlements and are expected to be rolled out in 2013. Implementation of the outcome of the National Review of Public Sector Allowances is also currently taking place across Galway Co. Council.

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. 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. The Council also carries out a number of services on behalf of Ballinasloe Town Council. Galway Co. Council is participating actively in all initiatives identified at local or national level.

A number of staff have transferred to the Road Safety Authority in 2012, The Council is continuing to support the employment activation schemes including placement of unemployed apprentices, graduate placement programme and work experience opportunities. Galway Council is currently facilitating 35 Job-bridge Internship Placements across all work and

disciplines. Many of the Council's Interns have been successful in obtaining permanent employment either during their placements or after their placements have ceased.

Ongoing restructuring and re-assignment of duties has taken place across the Council to take account of staff reductions and the requirement to maintain critical services. Examples include 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 have been consolidated and the number of functioning area offices has been reduced. This trend is likely to continue, with reducing human resources. The greater use of contractors to supplement the Council's own resources in the Roads area is now essential.

Water Services and associated charges

Over the last number of years, the Council has prioritised the investment in Water Services infrastructure to ensure that we fulfil our legal obligations and protect public health. This investment results also in increasing costs of operation and maintenance associated with running new, more complex and upgraded facilities.

The Draft Budget includes provision of €25.806m for the Water Services Division. This represents 20% of the overall budget provision for 2013. While every effort is being made to control costs and deliver efficiencies, this cost continues to increase as a proportion of overall revenue account expenditure. 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.

National Water Pricing Policy

Galway County Council, in 2011, has borrowed almost €53m to cover the cost of capital investment which is not met by the DoE in the context of the National Water Pricing Policy. The cost of servicing water services borrowing in 2012 is €2.5m. In 2008, the corresponding figure was €1.3m. This represents an increase of 192% in four years. 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, until such time as responsibility is transferred to Irish Water.

As previously mentioned, 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 principle 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. Applying this methodology, the County Council charge for water supply should be €1.70 per m³. The charge in 2012 was set at €1.19 per m³. I signalled

in previous budgets that I was anxious to bridge this gap, with the implementation of phased increases.

Accordingly, I am proposing an increase of 18 cent per m³ from €1.19 to €1.37 in the charge for commercial water. A litre of water will now cost 0.00127 cent. In effect the subsidy to business in 2012 will be of the order of €1.7m. The charge for waste water in 2012 is set at €1.26. The economic cost for wastewater should be €3.32. I also propose to increase the 2012 waste water charge by 19 cent.

In addition, while the costs of operation and maintenance of water services is 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. The Draft Budget includes an income provision of €500,000 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.

The establishment of Irish Water and the introduction of Water Charges as proposed will help to address the current shortfall in water services funding.

Trends in Charging:

Charge per M3	2008	2009	2010	2011	2012	2013	Water Pricing Policy Cost 2013
Water	0.89	1.00	1.05	1.10	1.19	1.37	1.70
Waste Water	0.61	1.07	1.12	1.17	1.26	1.45	3.32
Consolidated	1.50	2.07	2.17	2.27	2.45	2.82	5.02

Charging less than the economic cost of water restricts the availability of resources for other services.

Commercial Rates

In view of the difficult trading conditions for many businesses at present, I do not propose to increase the rate multiplier for 2013. Since 2008, Galway County Council has limited rates increases to just 1%.

Total income from commercial rates in the county for 2013 is estimated at €23.9m and is a vital component in allowing the Council to fulfil its statutory role and provide the required services throughout the county.

Expenditure proposals

The following tables set out the expenditure and income breakdown proposed for 2013:

Expenditure by Programme Group	2012 Budget	2012 Estimated	2013 Draft Budget
		€	€
Housing and Building	11,888,351	11,245,703	11,066,804
Road Transportation & Safety	34,592,354	35,038,295	35,396,666
Water Services	25,586,948	25,580,318	25,806,028
Development Management	7,409,368	6,956,530	7,177,261
Environmental Services	17,481,117	17,279,663	17,228,539
Recreation & Amenity	8,235,563	7,899,912	8,150,197
Agriculture, Education Health &	20,604,508	15,606,877	11,896,773
Miscellaneous Services	10,411,870	9,502,358	10,255,400
Total	136,210,079	129,109,656	126,977,668

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

Estimated Revenue Income	2012		2013	
	€	%	€	%
Local Government Fund	28,105,841	21	27,400,744	22
Pension Related Deduction	2,350,000	1.5	2,075,000	1.5
NPPR	2,000,000	1.5	2,150,000	1.5
State Grants & Subsidies	50,807,843	37	43,026,874	34
Non-Domestic Water Charges	3,527,250	3	3,550,000	3
Local Determined Income	31,237,222	23	31,437,810	25
Other Income	18,181,923	13	17,337,240	13
	136,210,079	100	126,977,668	100

Expenditure Adjustments

I attach hereunder a table setting out the principal variances between the Budget for 2012 and 2013.

Service	Service Description	2013	2012	Change
		€	€	€
A01	Maintenance of LA Housing Units	3,299,620	3,735,446	(435,826)
D06	Community & Enterprise	795,999	902,682	(106,683)
G01	Land Drainage Costs	903,098	2,362,244	(1,459,146)
G05	Educational Support Services	9,346,807	16,739,020	(7,392,213)
C01	Water Supply	13,942,117	13,581,506	360,611
	Subtotal of above	28,287,641	37,320,898	(9,033,257)
	Total Expenditure	126,977,668	136,210,079	(9,232,411)

Many of the costs incurred by the Council are non-discretionary costs in that they must be spent on particular services, for example, Higher Education Grants, loan charges, statutory demands, pensions, chemicals, materials etc. The scope for reduction in costs and expenditure is therefore limited to discretionary items.

Unfortunately, due to the limited funds available, I have been unable to make provision in the draft budget for any contingencies which might arise in 2013, for example costs arising from severe weather events or other unexpected incidents.

The reduction in service A01 arises largely due to a reduced labour cost as a consequence of staff retiring in 2012 in addition to restructuring our loan borrowings to fund capital works. The reduction in service D06, Community and Enterprise, is as a result of funding for the social integration programme no longer being available.

The largest reductions occur in service G01, Land drainage costs, where the majority of the flood relief works have been completed, this expenditure was largely funded by the OPW. The Claregalway scheme is advanced directly by the OPW. The proposed Dunkellin Scheme will advance to planning application stage in 2013 and works will be advanced as part of the Capital programme. Service G05, Educational support services, where the processing of student grants has now moved to a new central processing agency SUSI and what we are in effect providing for are those students who commenced studies prior to 2012 progressing to the following year. As these students complete their studies Galway County Council will no longer have an involvement in the processing of Higher education grants.

In relation to C01, water supply, an additional provision has been made towards anticipated higher energy costs arising from works undertaken on the RAL programme in 2011/ 12

Galway County Council has a 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. This area of expenditure supports significant voluntary efforts in communities throughout the County I acknowledge the support of the elected members in this regard. The draft budget includes 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 2012.

Non Rates Income

Non-Principal Private Residence Charge

As announced in the context of Budget 2013, the Non-Principal Private Residence Charge will remain in existence for 2013 but will not be in place for 2014. The Draft budget anticipates an income from this source for 2013 of €2.15M.

Income sources from planning fees and fire safety certificates have seen significant reductions in 2012 and it anticipated that this reduced level of income will continue in 2013.

Capital Investment in Infrastructure

Amongst the main priorities identified in the Capital Programme for 2013-2015 are:

- Progressing the Gort to Tuam PPP with a view to the project going ahead within the next few years. 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, in particular the N59.
- The Council will continue to progress water services investment until the transition to Irish Water is effected, with prioritisation of Capital Schemes on the WSIP, water conservation, compliance and capacity improvements eg the Costello scheme and improving waste water infrastructure including the East Galway Treatment Plant
- There will be continuing investment in flood defence and mitigation.
- Work will be completed to facilitate the opening of Oranmore Railway station.
- The Council will continue to work with Failte Ireland on the development of the tourism product including the Oughterard to Clifden Greenway, the Wild Atlantic Way Orientation plan and proposals around Portumna.
- The Council will advance the Ballinasloe library project
- The Council will advance the proposals for fire station investment
- The Council will continue to advance housing projects in line with DOECLG requirements including energy efficiency of the social housing stock, limited local authority housing output and the increased use of Voluntary housing agencies.

Conclusion

She advised that the preparation of the Draft Annual Budget for 2013 had been challenging, in the context of increasing responsibilities and services standards, coupled with a reduction in the available resources. She stated that the proposed Draft Budget will allow Galway County Council to deliver the optimum level of core services in 2013, having regard to available resources. However, there is no provision for contingencies included. The proposed gross expenditure of €127m together with the capital programme spend estimated at €100m, represents a very considerable investment of monies in the development of the County and the delivery of services throughout the County.

She stated that the Council would continue to advance the capital infrastructure programmes, particularly in water services, which will improve the competitiveness of County Galway and the attractiveness for further economic investment, until the transition to Irish Water is completed. As you will see from the reports of the Directors of Service, much progress was made in 2012 and will continue in 2013.

She expressed her gratitude to the elected members for their co-operation and support during 2012. She stated that she wished to record her appreciation to the Mayor, Cllr. Tom Welby, and the former Mayor Cllr. Michael Maher 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 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 2012. They have proven themselves to be committed public servants who are anxious to maintain service provision at the highest level possible.

She expressed her gratitude to the Council's Directors of Service and their staff for their rigorous examination of budget items for 2013 to identify areas for efficiency improvement and cost saving. In particular, she wished to acknowledge the work of Mr. Ger Mullarkey, Mr. Michael McGovern, Ms Mary McGann and the staff in the Finance Unit. The preparation of the Draft Budget this year had been onerous and has been approached in a most meticulous manner and she thanked all involved in delivering the draft budget.

She advised that the 2013 will undoubtedly bring new challenges for Galway County Council but was confident that with support of the Members, Management team, and colleagues the Council will provide valuable services in 2013 to meet the critical needs of the citizens and adapt flexibly to the changes required.

She then recommended the Draft Budget to the Council for adoption.

The Mayor Cllr. Tom Welby then proceeded to initiate the debate on the Draft Budget.

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

The proposal not to increase the commercial rate for 2013 was broadly welcomed and it was noted that the Council had limited rate increases to just 1% since 2008. Opinion was expressed that there should be rebates of rates for small, startup businesses. Concern was expressed at the proposed increase of 18 cent per m³ for commercial water charges from €1.19 to €1.37 and the increase of 19 cent for wastewater from €1.26 to €1.45 per m³. The continuous rise in water charges had to be borne by the business and agricultural sectors which had to contend with very severe economic conditions. The agricultural sector had to contend with very adverse weather conditions, falling prices and major increases in costs such as diesel in 2012. It would also have a detrimental effect on the business sector –particularly small businesses which are struggling to survive in a severe economic downturn and it was noted that there was a potential for business closures and job losses.

Clarification was sought in regard to whether the Council would have any influence in regard to the rates of water charges set by the Regulator once Irish Water is established. Clarification was sought as to whether the proposed new property tax would be levied on local authority houses and whether there would be variations in the rate bands which would be set by local authorities in the future. Clarification was sought as to the methods employed by the Council in the collection of monies due in regard to charges such as rates, water charges and development levies. Clarification was sought on why the proposed income from fire services was lower than the projected outturn for 2012.

Concern was expressed at the significant reduction in road grants for maintenance and improvement from €38.90 million in 2008 to €20.80 million in 2012 which is a reduction of 46%. It was noted that the cycle for road maintenance is now 30 years whereas 14 years would be considered the norm. This would lead to a significant deterioration of the road network. It was noted that the Council had undertaken a condition survey of the local roads in 2012 and that a similar survey was undertaken by the DOT/NRA on the regional roads. Opinion was expressed that there were many complaints about the condition of the roads. Clarification was sought in regard to the route selection process for the R336 Bearna to Scríob via Ros a Mhíl route.

Concern was expressed at the large reduction in the level of staff employed by the Council of 336 since 2008. The loss of frontline outdoor staff was of particular concern and it was noted that this resulted in the loss of significant local knowledge. Opinion was expressed that the Council should endeavour to retain the level of outdoor staff. Clarification was sought as to whether it was Council policy to replace the loss of outdoor staff by tendering work out to contractors and whether the current embargo on the recruitment of staff was still in place.

Clarification was sought in regard to the provision of a new fire station for Connemara, following the recent national review of the fire service and the proposed publication of the policy document "Keeping Communities Safe" Opinion was expressed that out of 10 fire stations in the county-only one was located in Connemara which had a larger population than counties such as Longford and Leitrim. It was noted that new fire stations were planned for Ballinasloe and Mountbellew. Members expressed the view that the 50 mile area between Galway City and Clifden does not have effective fire cover at present.

The work done by the OPW in conjunction with the Council on flood alleviation measures was welcomed and it was noted that the majority of the flood relief works have now been completed. Concern was expressed that parts of Connemara are at risk from flooding and that some rivers, streams and drains need to be cleared. Clarification was sought as to whether the expenditure incurred on Service G01 Land Drainage costs was fully recoupable to the Council.

The progress made on the development of the water services infrastructure including the water conservation measures was welcomed. Clarification was sought on the current status of the Genamaddy and Spiddal sewerage schemes and the DBO contract for the

Claregalway sewerage scheme. Clarification was sought in regard to the volume of unaccountable water in the network and the measures the Council propose to undertake to deal with it. Clarification was also sought in regard to the proposed EPA guidelines on septic tanks.

The funding proposals for the following was welcomed: Casla Civic Amenity site, promotion of the Irish Language, provision of the outdoor gym at Rinville Park, grants scheme for community groups and festivals, the Ballinasloe Library and the funding of 2 projects from the Landfill Liason Fund in conjunction with Greenstar.

The announcements concerning the new local authority Community Employment scheme and the new grants scheme for the remediation of domestic Septic tanks was also welcomed.

Concern was expressed at the loss of functions to bodies such as SUSI (HEG grants), Road Safety Authority (Driver Licences) and the proposed transfer of water services to Irish Water. The processing of HEG grants for first time applicants by SUSI was subject to criticism. It was noted that there is a considerable delay in processing grants for students. Concern was expressed that the business and agricultural sectors would be subject to increased water service charges once Irish Water take over the function.

Querys were raised in relation to the level of fees paid by the Council to Consultants. Clarification was also sought on the expenditure incurred on the Coroner service and on Courthouses for the Department of Justice.

Concern was expressed that the waiting list for Council houses had trebled from 1,077 in 2008 to 3,116 in 2012 and that very few Council houses are been built in rural areas. Clarification was sought as to whether funding for long term leasing could be used for the provision of council housing.

Clarification was sought on the following items (a) the variance between the projected outturn and the budget for 2012 in respect of Sub Service A0702 Long Term Leasing (b) the variance between the projected outturn and the budget for 2012 in respect of Sub Service A0501 Homeless Grants Other Bodies (c) what service A0301 Debt Management and Rent Assessment related to (d) why was service A01 Maintenance of Local Authority Housing broken down into the Sub Services A0101 to A0103 and (e) clarification of the position in relation to the collection of the household charge.

Concern was expressed that the qualifying age guidelines were raised from 60 to 70 years in regard to grants for Housing Aid for the elderly and that this should be reviewed by the SPC again. Opinion was expressed that priority should be given to the Disability Grant scheme and that more social housing should be constructed for the disabled in rural areas. Opinion was expressed that the Rental Accomodation scheme was going well.

Concerns were expressed that utilisation of the National Procurement Service (NPS) entailed that the Council was not giving business to local companies who pay commercial rates and that a regional procurement initiative should be progressed to ensure local businesses are given an opportunity to tender. Clarification was sought on the savings on energy.

The meeting was advised that the Board of Galway Airport had written to the members seeking funding of €100,000 from the Council as time was running out for it to remain a viable entity. The airport had proven its value as a community asset and had potential for the development of enterprises such as an aircraft maintenance facility, a flight training school, a transport hub such as a base for a park and ride facility and use for medical evacuations. The airport was established 27 years ago and over 300,000 passengers used it in 2007. A business plan has been made for the airport which has the support of its main financial backers.. It is a strategic asset in regard to the promotion of the County for business and tourism and has the potential to attract UK routes in the future. Concern was expressed that Galway City Council did not use it as a park and ride base in December as it has a large carpark with 600 spaces. Opinion was expressed that central government should provide funding for the airport as it is providing €66 million per km for the expansion of the DART network. A proposal was made that the Council provide contingency funding of €50,000 provided a number of conditions were met.

Responses to the issues raised were as follows:

The Manager noted the concerns raised regarding the proposed increase in water charges and the impact on the business and agricultural community. She advised that the Council was not charging the full economic cost of water production at the present rates and that it was in effect providing a subsidy to commercial water users. She noted that the Council is required by the National Water Pricing Policy (NWPP) to recover the economic cost of water production by charging commercial water users the proportion attributable to that sector with the balance in regard to the domestic sector to be recouped from the Local Government Fund. She advised that the Council would have no influence on the water charge rates set by the Regulator of Irish Water in the future.

She noted that the legislation regarding the new property tax had just been published and that it indicated that in some circumstances it would apply to local authority housing and that the Council were awaiting further clarification from the Department. She confirmed that the property tax would be collected by the Revenue Commissioners and that the legislation included provisions for local authorities to vary the rates in the future.

The Manager shared the concerns expressed in regard to the substantial reduction in road maintenance and improvement grants since 2008 and its impact on the road network. She agreed that the current maintenance cycle was inadequate and not in line with best practice but the Council had to endeavour to make best use of the allocations it received.

She confirmed that the Council had undertaken a digital and visual survey of the local roads in order to prioritise those in the worst condition and most urgently in need of repair. A similar survey was undertaken on the regional roads by the NRA and Department of Transport.

She explained that the reduction in staff numbers arose largely as a result of the age profile of staff and the fact that early retirement was sought on a voluntary basis. She confirmed that the recruitment embargo was still in place. She confirmed that the Council engaged external contractors to supplement the Council's own resources in regard to roadworks. She confirmed that the expenditure on service G01 Land Drainage costs is recouped to the Council by the OPW.

In response to concerns expressed in regard to the volume of unaccountable water in the network the Manager advised that the Council was continuing to implement water conservation measures which had yielded significant reductions and would also continue to promote water harvesting measures. She explained that the hiring of consultants was subject to normal procurement rules and that they were engaged largely in relation to projects of a technical nature which required a level of expertise that was not available from our in house resources.

She confirmed that the Council had a statutory obligation in regard to the Coroner Service and still had a legal obligation in regard to the maintenance of some courthouses, however this cost was recouped from the Department of Justice. She explained that the savings on energy usage was due to a combination of a result of the retendering of the energy contract together with more efficient usage e.g. more efficient pumps in pumping stations etc. and ensuring that each location was on the correct tariff based on usage.

She advised that the Council was required to adhere to the conditions of the National Procurement Service (NPS) but that it was working in conjunction with the City Council and adjoining councils to develop a regional basis for procurement. The provision of assistance to local businesses in the utilisation of the tendering process will be examined. She confirmed that the local authority shared services programme is being progressed with the examination of 29 areas of activity which may benefit from a shared /combined approach.

In regard to the query on the collection charges Mr. Ger Mullarkey, Head of Finance advised that the Council worked in conjunction with its customers and provided options such as tailored payment plans, direct debit facilities, etc. He also outlined that the council used all mechanisms at its disposal in the recovery of outstanding charges which included legal action where necessary. In regard to the query on a rebate of rates for small, startup businesses he advised that there was no provision in the current legislation for this. He noted that the projected income from fire services in 2012 included a once off recoupment from another local authority of approx €50,000. He explained that Service

A0301 Debt Management and Rent Assessment related to the costs associated with the assessment and collection of housing rents. He noted that the division of Services into the various Sub Services was introduced with the implementation of the costing model and was set out in statute. He advised that the collection rate for the Household Charge was over 66% in regard to County Galway and that the Council would continue to collect the unpaid amounts until the Revenue Commissioners assume responsibility for it in July 2013.

Mr Jim Cullen, Director of Services provided clarification in regard to the current status of the Glenamaddy, Spiddal and Claregalway Sewerage schemes and the EPA guidelines in regard to septic tanks. Mr. Frank Gilmore, Director of Services advised that a report on the route selection process for the R336 Bearna to Scríob via Ros a Mhíl will be made available in the near future. In regard to the request for flood alleviation measures for Conamara he advised that the specific areas under threat from flooding should be reported to the Senior Engineer so that a case can be made to the OPW under the minor works scheme.

In regard to the requirement for a new fire station in Connemara Mr Eugene Cummins, Director of Services advised that following the publication of the report “Keeping Communities Safe” which is the outcome of a review of the fire service in Ireland it will be necessary to prepare a service development plan for the local fire service. This will be reflected in the form of a new draft Section 26 Plan which will address service delivery structures for the next decade. The updated draft Section 26 Plan will then be presented to a full meeting of the County Council.

He explained that the expenditure on service A0702 Long Term Leasing of Housing was recouped from the Department and the reason the budget was not expended in total in 2012 was due to the fact that the Council has difficulty in sourcing houses in particular areas of need with the required standards. He also advised that the projected expenditure on Service A0501 Homeless Grants-Other Bodies for 2012 reflected the actual demand for this service in 2012 and it was 90% recoupable from the Department. He also confirmed that the budget for long term leasing cannot be used for the housing construction.

PROPOSAL TO AMEND DRAFT BUDGET

It was proposed by Cllr Dermot Connolly , seconded by Cllr Sean Canney to amend the draft budget for 2013 as follows:

1. To redirect the Conference Allocation for Councillors towards the provision of Lighting.
2. To amend the SPC chairpersons allowance to €2,500 (Service H0902) and redirect the savings of €12,500 to Community & Enterprise.

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

Voting on the proposal was as follows:

AR SON: Cllr Broderick, Cllr Canney, Cllr. Connolly, Cllr. O Cuaig, Cllr. O Curraoin, Cllr. G. Finnerty, Cllr. Hoade, Cllr. T. Mannion, Cllr. Noone, Cllr. O Tuairisg (10)

IN AGHAIDH: Cllr Carroll, Cllr. M. Connolly, Cllr Cunniffe, Cllr Fahy, Cllr Feeney, Cllr M. Finnerty, Cllr Hynes, Cllr. O Laoi, Cllr Maher, Cllr E.Mannion, Cllr McCLearn , Cllr McDonagh, Cllr McHugh, Cllr Roche, Cllr T Walsh, Cllr Welby, Cllr Willers (17)

Abstain: Cllr Cuddy, Cllr Ryan (2)

The motion was not carried

PROPOSAL TO AMEND DRAFT BUDGET

It was proposed by Cllr Malachy Noone , seconded by Cllr Mary Hoade to amend the draft budget for 2013 as follows:

1. To reduce the provision for Local Representation /Civic Leadership in Service H0904 Expenses LA Members by €4,400 and increase the provision for Community Sport and Recreational Development in Service F0401 Community Grants. THE impact of same will be to transfer €4,400 from the Councillors Conference Allocation to the provision of Community Grants in order to facilitate the provision of a grant to the Claregalway Day Care Centre-subject to the normal requirements pertaining to community grants.

The motion was agreed.

PROPOSAL TO AMEND DRAFT BUDGET

It was proposed by Cllr Sean Canney , seconded by Cllr Dermot Connolly to amend the draft budget for 2013 as follows:

1. To transfer €4,700 from Service H0904 Expenses LA Members to a community project in Corofin village playground.

The motion was agreed.

PROPOSAL TO AMEND DRAFT BUDGET

It was proposed by Cllr Seosamh O’Cuaig , seconded by Cllr Tomás O’Curraoin to allocate his conference allowance in 2013 to Ionad na nÍmirceach in Carna, Conamara.

The motion was agreed.

ADOPTION OF BUDGET 2013

It was proposed by Cllr Jimmy McClearn, seconded by Cllr Jarlath McDonagh that Galway County Council adopt the draft budget for the financial year 2013 subject to the no increase in water and wastewater charges and that the estimated reduction in income of €411,000 be funded from the following sources.

- Service A0102 Maintenance of Traveller Accomodation Units-reduce provision by €25,000
- Service B0405 Local Roads General Maintenance Works-reduce provision by €50,000
- Service B0603 Traffic Improvement Measures-reduce provision by €50,000
- Service D0901 Urban and Village Renewal-reduce provision by €25,000
- Service E0601 Operation of Street Cleaning Service-reduce provision by €86,000
- Service F0204 Purchase of Library Books-reduce provision by €150,000
- Service G0201 Operation of Piers –reduce provision by €25,000

They also proposed and seconded that motion that €50,000 in contingency funding be provided for Galway Airport to be funded by an increase in the collection rate for fire service charges. This is subject to the following conditions to be met by the deadline of the 28-2-2013.

1. That Galway City Council also provide funding of €50,000
2. That the Department of Transport provide funding of €100,000
3. That the Airport must generate €500,000 in commercial activity.

If the funding was not used it would be transferred to service 70204

The Manager raised her concerns at the proposed cutback in funding for local road maintenance, streetcleaning and the implications for the library service. She reiterated that the Council was not charging the full economic cost of water production but the adoption of the budget was a reserved function of the Council.

The motion was agreed.

DETERMINATION OF THE ANNUAL RATE OF VALUATION OF 2013

It was proposed by Cllr McClearn and seconded by Cllr Maher and agreed

“That Galway County Council hereby determine in accordance with the Budget for the Financial Year ending 31/12/2013, 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 31/12/2013”

ESTIMATED EXPENDITURE AND INCOME OUTTURN FOR 2012

It was proposed by Cllr McClearn and seconded by Cllr Maher and agreed

“That Galway County Council approves the estimated expenditure and outturn figures for 2012 as set out in the Budget documentation”.

REPORT ON THE THREE YEAR CAPITAL PROGRAMME

It was proposed by Cllr Feeney and seconded by Cllr T Walsh and 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 Co Manager and the staff for the preparation of the 2013 Budget which was an onerous task in regard to the adverse economic conditions that currently prevail.

Chriochnaigh an Cruinniú ansin