

**COUNTY
MANAGER'S
REPORT**

1. Introduction

I submit for your approval and adoption the Draft Budget for Revenue purposes in the sum of €159,020,886 for the year ending December 31, 2010. This is around €20m less than the adopted Revenue Budget of €178,818,288 in 2009 (and around €6m less than the outturn of €165m predicted in 2009).

The Capital Programme Budget is predicted to outturn at €74.771m in 2009. The Budget for 2010 has taken account that there will be little funding for Housing Construction in 2009 (whereas we had an allocation of €18m in 2009). As a result our capital allocation in 2010 may be of the order of €60m.

Our combined Draft Revenue and Capital Budget for 2010 is likely therefore to be of the order of €220m which is almost 50% less than our highest combined Outturn of €444.8m in 2007 (i.e. the Council's expenditure in 2007 was €444.8m which is double the Budget we will have in 2010). This is the stark reality of the scale of the challenge we meet in reducing our pay and other costs to balance expenditure and income.

The 3 Year Capital Budget 2010-2012 will be considered by the Council early in 2010.

2. Income and Expenditure 2010

The Gross Revenue Expenditure and Sources of Income for 2010 are set out in Table 1 below:

Table 1

Gross Revenue Expenditure by Service Division	€m	Sources of Income	€m
Housing and Building	15,552,614	State Grants	48,091,639
Road Transport & Safety	39,411,820	Local Government Fund	40,140,416
Water Services	28,552,493	Rates	21,935,917
Development	12,922,695	Water Charges	9,500,000
Management	14,821,823	Receipts from Charges/Fees/Goods & Services	39,352,914
Environmental Services	7,057,945		
Recreation and Amenity	19,542,109		
Agriculture, Education, Health & Welfare	21,159,387		
Miscellaneous Services			
Total	159,020,886	Total	159,020,886

3. Balancing Expenditure with Income in 2010: Key Considerations

Income and expenditure in the Revenue Budget for 2010 as set out above has been balanced having regard to the underlying key considerations:

- **Payroll Savings**

Budget 2010 announced a reduction in pay rates across the public service. This will result in payroll savings accruing in the Local Government Sector in 2010. Local Authorities are to retain 65% of the payroll saving to be realised in their Authority in 2010. The remaining 35% of the savings will revert to the Exchequer. The precise detail of the arrangements to be put in place for calculating the saving, its reporting and other arrangements will be notified in due course.

- **Local Government Fund**

The Minister for the Environment, Heritage and Local Government informed us on 14th December, 2009 (after this Budget Book had been prepared) that he has made a provisional General-Purpose Grant allocation from the Local Government Fund for Donegal County Council for the year 2010 of €38,913,388. This is a reduction of €1,227,028 on the 2009 allocation. This reduction which will be offset by the payroll savings of 65% which we can now retain.

- **Commercial Rates**

The Commercial Rates have not been increased. If the Members wish to reduce the rates, an amount corresponding to this reduction will have to be taken out of Revenue expenditure. Members have requested me to present options for reducing expenditure corresponding to a 3% reduction in the rates. Options for reducing the Commercial Rates by 3% will be presented at the Budget meeting.

- **Water/Wastewater Charges**

The volumetric charge for Water Services (water and sewer) for 2010 remains at €2.31 per cubic metre. The standing charge will be reduced from €290 to €175. The shortfall arising from this reduction will be funded from buoyancy in revenue achieved through the identification of additional commercial water accounts.

- **Landfill Gate Fees**

The landfill gate fees will be retained at €105 per tonne. The anticipated increase of €10 in the Government levy (from €20 to €30) will be absorbed by the Council as part of the €105 charge.

- **Non-Principal Private Residences Income**

The income of €2.0m in 2009 from Non-Principal Private Residences is predicted to increase to €2.5m in 2010.

- **Council Housing Rents**

There will be no increase in rents. This will enable tenants dependent on Social Welfare payments to have their rents reduced under the Differential Rent Scheme in proportion to their reduced income

- **Housing Grants**

€500,000 has been provided in the Revenue Budget for housing grants. An additional €300k is being provided at the request of the Members for housing grants from internal capital receipts in the capital budget to augment this €500k in the revenue budget, i.e. €800k will be available as 25% matching funds to draw down €2.4m in grants (if this level of grant is made available by the Department).

- **Use of Credit Balance in the Building Programme**

In adopting the 2009 Budget, the Members agreed to use a credit balance of €4.272m in our Capital Account in balancing the Revenue Budget, as it turns out we may only require €3m so I am proposing to retain the balance of €1.272m for balancing the Revenue Budget in 2010.

- **Value for Money/Costing**

The following is an extract from the Local Government Fund General Purpose Grant Allocations 2010 letter to from the Department:

"The Minister is aware of the many initiatives undertaken in recent years to support efficiency and value for money in the local government sector, including the new financial management systems, five-year multi-annual capital investment programmes, value for money auditing, expanding e-enablement and the new costing system which will facilitate authorities in assessing their unit costs over time and in comparing costs, on an appropriate basis, with other local authorities. In addition, the establishment of audit committees with a wide remit and financial expertise will, over time, improve efficiency and value for money.

To further this efficiency objective, the Minister is to establish a Special Group to undertake a new independent efficiency review of local authorities. The Group will examine the cost base of local authorities and advance a new efficiency drive to achieve greater value for money, best use of resources, eliminate inefficiencies and contribute to the national requirement to address the imbalance in the public finances. The Group is to complete its work by mid 2010.

The 2010 budgetary process is an opportunity for Elected Members and management to continue to widen and deepen their examination

of the scope for efficiencies and rationalisation of expenditure arrangements in all service areas in 2010”.

In the remainder of this report I am setting out in detail, work which is underway for some time in Donegal County Council to achieve value for money. I am also making detailed proposals in paragraphs 5-9 of this report to respond to the Department's request on how Donegal County Council can contribute to the national discussions on how the Local Government Sector and the Public Service generally can best address the imbalance in the public finances.

4. Analysis of Gross Revenue Expenditure

Our Gross Revenue Expenditure of around €159m was broken down in Table 1 (on page 2) into the 8 Service Divisions. Further analysis of this expenditure is required by expenditure elements to decide how much of this €159m is fixed and how much is discretionary expenditure. This further analysis will help the Council to take decisions about priorities and choices in the use of the discretionary elements of the Budget. Table 2 below sets out the main elements or items of expenditure:

Table 2: Analysis of Gross Expenditure by main expenditure items	%	€m
Payroll	42%	66,924,309
Goods and Services (Materials, Energy, Contracts, Expenses)	26%	41,927,888
Fully Recoupable Grants/Contract Items (e.g. Higher Education Grants)	21%	32,966,231
Part-recoupable Grant Schemes	1%	1,736,000
Statutory Demands	1%	1,243,390
Loan Charges	6%	9,894,700
Irrecoverable Rates/Bad Debts	2%	3,328,368
Development Fund Contributions	1%	1,000,000
Total	100%	159,020,886

It will be clear from this analysis that much of the €159m Budget is fixed (pay of permanent staff, statutory demands, loan charges) or is contra-expenditure (e.g. grants which are fully recouped like Higher Education Grants - if expenditure is reduced there is a corresponding reduction in income). Our focus therefore must largely be on the discretionary expenditure of €42m approximately for goods, services and contracts as we target savings and achieve value for money.

5. Measures being taken to reduce expenditure

5.1 Overall Reduction in Payroll Costs

- (a) Table 3 below sets out the details of our Revenue payroll for 2008, 2009 and Draft Budget 2010. Payroll costs (net of pensions) for staff employed by Donegal County Council have reduced by €6.2m from €58.2m to €52.0m over a two year period i.e. a reduction of about 10.6%.

	Annual Financial Statement 2008 €m	Adopted Revenue Budget 2009 €m	Estimated Outturn 2009 €m	Draft Budget 2010 €m
Salaries & Wages	58,191,700	57,575,575	56,944,178	52,006,281
Pensions (DCC)	6,226,925	5,457,800	6,953,520	6,818,028
Pensions (VEC)	5,843,530	6,500,000	8,100,000	8,100,000
Total	70,262,155	69,533,575	71,997,698	66,924,309

- (b) Table 4 below sets out the combined Capital and Revenue payroll over the same period. The combined payroll bill was reduced by €12m (or around 17%) between 2008 and 2010. A key issue highlighted in Table 4 is the reduction in the payroll costs which are rechargeable to Capital grants. This has reduced from €9.8m to €4.1m i.e. we have to absorb €5m additional payroll costs in our Revenue Budget as a result of the huge reduction in our Capital Budget. These reductions in staff numbers reflect the 50% reduction in our overall expenditure since 2007.

	Annual Financial Statement 2008 €m	Adopted Budget 2009 €m	Estimated Outturn 2009 €m	Draft Budget 2010 €m
Salaries & Wages	68,013,721	65,924,577	64,050,857	56,126,847
Pensions (DCC)	6,226,925	5,457,800	6,953,520	6,818,028
Pensions (VEC)	5,843,530	6,500,000	8,100,000	8,100,000
Total	80,084,176	77,882,377	79,104,377	71,044,875
Adjust for Capital Rechargeable	9,822,021	8,349,002	7,106,679	4,120,566
Total	70,262,155	69,533,375	71,997,698	66,924,309

- (c) To cope with the major reductions in Revenue and Capital Budgets intensive work has been undertaken since July 2008 to reduce payroll costs. It began with the Government's direction in July 2008 to reduce pay costs by 3%. The Council anticipated at the time that far greater reductions than 3% would be required in the context of the level of reductions emerging in our Revenue and Capital funding. As a result, we took some very difficult decisions in relation to all non-permanent posts at that time, in anticipation of further reductions being required in expenditure. 238 employees were put on protective notice, of which
- 71 Employees had contracts expire before December 31, 2008 which were not renewed;
 - 49 Employees had contracts expire before March 31, 2009 and were not renewed;
 - The vast majority of the remaining 118 employees did not have their contract renewed when they expired (apart from those who were entitled to Contracts of Indefinite Duration).

5.2 Overall Reduction in Staff Numbers

- (a) Further reductions in the annual paybill (net of pensions and lump sums) arose from the following measures introduced by Government since March 2009:
- *Incentivised Scheme of Early Retirement (9 offers accepted)*
 - *Incentivised Career Break Scheme (10 applications approved)*
 - *Non-Renewal of Temporary Contracts (19 contracts to expire in the final quarter of 2009 with an additional 33 contracts to expire in 2010)*
 - *Retirement of staff aged 60 and over (Over 50 staff have retired in 2009)*
- (b) Reduction in Staff Numbers from 30/06/09 to 30/09/09

Table 5

Staffing Return Date	Staffing Numbers - Total Staff (Includes Core Staff and Contract Posts - including Temporary / Seasonal Employees). Does not include Retained Firefighters and non-DoEHLG Posts	Number (headcount)	Number of Approved Posts as per DoEHLG	Whole Time Equivalent of employees in these posts in their substantive grades
30-Jun-08	Total Staff	1391.00	1347.50	1344.00
31-Dec-08	Total Staff	1241.00	1194.50	1193.30
30-Sep-09	Total Staff	1100.00	1068.50	1063.50

- (c) The figures presented in the table above (table 5) confirm that overall there has been a reduction of 280.50 whole time equivalent posts within Donegal Local Authorities over the period from 30th June 2008 to 30th September, 2009. Based on the most up to date information available at this time, it is evident that the return to be submitted for 31st December, 2009 will show a further reduction from the figure of 1063.50 posts.
The overall reduction in W.T.E. posts since June 2008 represents almost a 21% reduction in the numbers employed at that time.
- (d) In my report to the September Council Meeting, I gave an update to the Elected Members in relation to the overall position with regard to staffing numbers. I indicated at that time that further reductions were anticipated over the remainder of 2009 and into 2010. I also outlined the impact of these reductions in staff numbers on our paybill i.e. a reduction of €3.5m in 2009 from €70m (net of pensions) to €66.5m - a 5% reduction.

I can also confirm that the overall reduction will be somewhat offset by the filling of permanent vacancies in key posts and the continuation or creation of a small number of contracts in situations where redeployment of existing staff is not an option. Each of these cases will require specific sanction from the DoEHLG. In addition, staff returning from existing career breaks will be re-employed. It is projected that the total number of such posts to the end of 2010 is 21.

5.3 Implications for services of reducing staff numbers

The reduction in staff numbers by 280.5 W.T.E's and reductions which are anticipated over the next 5 years will have major implications for the services provided by Donegal County Council unless a detailed plan is prepared and agreed with staff and their representative organisations on how such reductions will be organised and managed so as to minimise their impact on the level of services to be provided by the Council. The following are some of the implications we are dealing with:

- (a) Reduction in the number of Capital Projects

The dramatic reduction of circa €220m in our capital budgets, e.g. from a peak of circa €288m in 2007 to an estimated €60m in 2009, has had major implications for the number of staff we employ.

Apart from the significant loss of jobs to the Council and the county arising from this reduced programme of capital projects (ranging from major road and water/waste water projects to town and village renewal projects co-funded from development levies), we have to transfer around €5m of pay costs to our revenue account and absorb many of the permanent and pensionable posts within our overall approved complement of staff (an example in 2010 will be the redeployment of staff in the housing construction programme to revenue services as little funding is expected for housing construction).

(b) Redeploying staff in Revenue Funded Services

The non-replacement of staff who have retired or are absent for other reasons has placed significant pressures on many services where cover depended on redeployment and flexible working arrangements. This has required very careful and sensitive discussions and negotiations with both individual members of staff and Unions. I did brief the Elected Members in late 2008 as to the strategy we proposed to adopt in relation to this matter. Overall the strategy has served us well and while I acknowledge the concerns expressed by the Elected Members, the Council was left with little option as a consequence of the current financial realities.

(c) Meeting the Challenge of funding the Payroll in the 2010 Budget

To calculate the payroll requirement for 2010 adjustments to the figures set out in returns to the Department on staff numbers have to be made to prepare the Council's own budget, i.e. to discount the numbers employed and funded through the Town Councils. 977.5 W.T.E. posts in DCC will be funded in 2010, together with retained fire-fighters and non-DoEHLG posts (Civil Defence Officer, Veterinary staff, Coroners and employees of the County Enterprise Board paid through the Council) - all of which are not included in the staff returns to the Department. These figures will help the Members to reconcile the figures for staff employed in each service division with the total number employed by the Council.

- (d) Preparing for further reduction in Staff Numbers between 1/1/2010 and 31/12/2014

If the Council is to prepare service plans to maintain or improve priority services, it needs to know not alone the number of staff reductions since June 2008 (280) but also how many staff and with what skills it will lose over the next five years. To do this we need a manpower plan over at least the next five years to identify initially the numbers who will retire and then predict the numbers resigning, taking career breaks or being absent for other reasons. Discussions can then be better informed with staff and their Unions on determining the staffing levels needed to maintain required levels of service within the levels of replacements approved, resources available and changes in working arrangements and practices to deliver continuous improvement and productivity.

Table 6 below sets out the numbers retiring in each of the next 5 years and best estimate of the savings in payroll net of persons.

Year	Number of Staff	Estimated nett pay savings				
		2010	2011	2012	2013	2014
2010	13	148,351	314,637	314,637	314,637	314,637
2011	13		99,679	249,010	249,010	249,010
2012	17			158,397	372,239	372,239
2013	13				104,660	294,770
2014	17					170,199
Total	73	148,351	414,316	722,044	1,040,546	1,400,855

If the Council is to lose a further 73 posts through retirements over the next five years, it needs also to calculate the number of vacancies that will arise for other reasons and the number of posts that will need to be replaced if services are to be maintained at required levels. It then needs to establish if it has a sustainable pay bill at current pay rates. Government is seeking to establish whether changes in the organisation and management of services can be made to generate savings which will avoid the need for further reduction in pay rates. While the national context may make it very difficult for the Council to negotiate a programme of changes and improvements with the Unions locally, the national context is outside of our control, and we need to prepare local

plans for negotiation which will show how changes can be implemented to generate the productivity savings needed to prevent further cuts in pay. I believe the approach to change management and performance improvement which the Council has developed over the past ten years is comprehensive enough to demonstrate in a measurable and transparent way how these productivity savings can be achieved. I will return to the change management programme later in the report.

5.4 Non-Pay Expenditure

While the major focus of our attention over the past 2 years has been on the payroll budget (it is the single largest item of expenditure at 42% of the total Revenue Budget) work has also been undertaken on various elements of non-pay expenditure and on income collection. Some examples of the ongoing work are set out below:

(a) Procurement and Purchasing

As can be seen from the analysis of our expenditure, circa. €42m is spent on goods and services, which are procured and purchased each year to deliver services within each of the Service Divisions. A major analysis has been undertaken of the range of goods, products and services that we procure each year, the range of suppliers from whom they are procured and the number of staff involved in the procurement and purchasing arrangements. It is intended to completely re-configure the procurement/purchasing work process. I intend to appoint a Purchasing Manager who will be responsible to the Head of Finance and will have authority to engage with a network of Purchase Managers within each Service Division, to plan and control procurement and purchasing. The Purchasing Manager will also manage our relationship with our network of suppliers to explore avenues for driving down costs. We have targeted savings in the order of 6%-7% from these measures. In addition the Council will engage with other Local Authorities/Public Service Agencies to explore the possibility of combined procurement and purchasing arrangements through shared services.

(b) Energy Savings

The Council has already undertaken a major review of Energy costs and has recently signed a contract with a new supplier to realise an annual savings of circa. €200,000. A similar approach will be taken

to the procurement of public lighting, maintenance/energy supply and a sum of €150,000 is targeted in this area.

6. Measures being taken to increase Income Collection

The arrangements for collecting income across all streams are being significantly re-configured. A senior member of staff will be appointed to coordinate the work involved in income collection in the Public Service Centres and Electoral Areas, to ensure that multiple accounts for the same customer are linked and pursued in a seamless way e.g. customers who pay rates, water charges, development levies, connection fees, etc, should have the payment of their accounts coordinated and where difficulties arise, negotiations can take place on payment plans, etc. In the same way where a customer is both a debtor and a creditor to the Council, the offsetting of the Councils debt against money due will be our policy. These improved income collection arrangements will be linked to a strengthened Debtor Management function at Headquarters.

The €200 charge on Non-Principal Private Residences is a vital source of additional income and the resources to pursue enforcement of the charge will be strengthened in the reconfiguration of our income collection work process.

I will brief the Council further on these changes early in the New Year when plans for the re-structuring of the Central Service staffing are linked to the changes which are to take place in the Public Service Centres/Electoral Areas.

7. Managing Change to Cope with Reductions in Staff Numbers

7.1 The context in which changes have to be made

The scale of the changes facing Donegal County Council measured in terms of the overall reduction in Revenue and Capital budgets, reduction in staff numbers, in pressure to reduce overall costs and costs to businesses as well as in representations from Members and demands from the public to maintain and improve priority services is of an order which the Council will not have experienced before. The most critical change to be managed by far arises from the ongoing reduction in the number of staff. Providing cover for posts which become vacant because of the non-renewal of contracts, the non-filling of vacancies or from temporary absences arising

when staff are on career breaks, maternity or sick leave will continue to be the biggest challenge to maintaining or improving current levels of service. In discussion within County Partnership and in negotiations with IMPACT, SIPTU/LAPO, SIPTU and UCATT it has been agreed that management must determine the staffing levels needed to maintain required levels of service and cover for absences and then seek agreement from staff and unions about the level of service to be delivered. Until this exercise is completed the Council is not in a position to make public statements about the impact of staff reductions on future levels of service. The new format in which the budgets for each directorate is being presented this year enables the staffing numbers and pay budget for every service to be linked to the level/output of the service. If the number of staff is reduced then the processes for delivering each service has to be improved if levels of service are to be maintained. Managing improvements in the way we process the work with reduced staff becomes the key challenge for management and will demonstrate in a transparent and measurable way the increased productivity needed. Success in planning and managing these changes will require a level of cooperation and flexibility from staff in relation to their redeployment, retraining, adaptation to new ways of doing things and of tracking progress and performance that amounts to a major culture change. Ironically this cultural shift is required at a time when their pay will be cut, their colleagues will not be replaced, their opportunities for career advancement limited and the public attitudes in some quarters towards them being far from sympathetic because so many others are perceived to have fared much worse than them in the economic downturn.

Notwithstanding the very difficult national environment in which these changes have to be made in Donegal County Council the challenges they present have to be addressed. It is the only route to a solution to the current crisis in the public finances.

7.2 Managing Change in the Deployment of Staff and Resources to Deliver the Members' priorities

If the priorities of the Members for the maintenance of the Council's frontline services are to be delivered, then many changes will have to be made in the way we organise and manage our resources to deliver these services with huge reductions in staff numbers. The challenge for management is to decide how to make these changes with agreement from staff and their representative organisations. To help the Council management plan the changes needed it can draw on a framework which has been developed over almost ten years of research since the days of Better

Local Government and decentralisation. The framework is being used by each Director of Service to reconfigure both their pay and non-pay budgets to align them to the priorities for each service as determined by the Members. The format also enables the directors to show the number of staff (expressed in W.T.E's) that are available to deliver these priority services. This is the first time we have presented all our services (currently listed under 121 headings) in a way which shows how inputs (staff, budgets, other resources) are linked to outputs and service levels via the work processes used to convert our resources into services to the public. The new format contains the first four steps (work prioritisation, budgets/staff numbers, service levels and work processes) in a new 12-step framework which has been created for the Council to show how changes can be planned and managed to improve performance.

This holistic approach to managing change in public services (which we are calling the Whole System of Work) has been developed over the past 10 years in Donegal. It started with BLG when Donegal was selected as a pilot site to implement the programme for change. The Council received initial funding of €6.5m in the late 1990's to help develop a decentralised model of public service delivery from Public Service Centres with the potential to integrate the delivery of Council services with those provided by other public service agencies to the populations of each Electoral Area. Donegal County Council's framework for Change Management is now complete. It was submitted in March 2009 to the Local Government Audit Service in response to their questionnaire about how councils are implementing performance improvement measures (with the intention of rating and benchmarking Local Authorities in their approach to Performance Improvement). As a follow up to this response, I have recently invited the Local Government Audit Service to have an independent evaluation done of our investment in this work (circa. €2.5m of the €9m cost of developing the system) and to confirm that it is a true innovation created from R&D work that could not have been procured through open tendering. The new change management system is underpinned by software support which links the 'human systems', i.e. the staff, their roles, their working activities and working relationships, to all our other systems using the principle that change can only be delivered by starting with individual members of staff and the implications of any change on their own work. I have provided circa €180k in our capital budget for technical support and training of staff in the use of this system in 2010 as I am satisfied that it will pay for itself many times over and should attract further Government funding for pilot testing. The reason why we needed a new system to manage change is that all other attempts over the past twenty-five years to reform public services have failed as a result of which the OECD was invited by

Government in 2007 to review the Irish public service. In their major report the OECD has proposed a wide range of reforms to integrate the Irish public services while at the same time acknowledging that no over-arching framework is available to management to implement the changes they recommend. I believe the system developed by Donegal County Council in its role as a pilot site for Better Local Government/Decentralisation can make a significant contribution to creating such an over-arching framework.

7.3 Using the Resources of the ERNACT Project to help deliver the Public Service Reform Programme

The ERNACT EEIG has been an important resource in helping to develop telecommunications infrastructure, software solutions, projects and partnerships to promote integrated public services within the County, on a cross-border basis and across regions. Some of the project funding for ERNACT can be used to test how best to plan and manage the implementation of changes to improve the delivery of services within Donegal County Council in partnership with Local Authorities across the border and in partnership with many European Public Service agencies.

In recognition of this contribution, Donegal County Council and Derry City Council underwrite the ERNACT organisation. Funding was accrued in 2007 in the sum of €99,584, in 2008 in the sum of €84,514 and in 2009 in the sum of €41,907. Provision is included to pay €41,336 in the 2010 Draft Budget.

I am seeking the endorsement of Donegal County Council for the underwriting agreement as outlined above and an endorsement to continue financial support to the end of 2010 when it can be reviewed again.

8. Managing Change to help the Reconfiguration of Directorates and Reorganisation of Electoral Area Services

(a) Reconfiguration of Directorates

In a report to Council on July 20, 2009, I proposed to reconfigure the services (pro-tem) into five directorates as follows:

1. Corporate/Housing
2. Roads/Housing Capital
3. Water, Environment and Emergency
4. Community and Planning
5. Finance

This will be done from January 1, 2010 when a new Acting Director of Service and a new Acting Head of Finance take up their posts.

(b) Reconfiguration of Electoral Area Management Structures and the staffing of Public Service Centres

It was proposed to provide a full-time Area Manager in each of the five Electoral Areas for each of the three directorates with a decentralised service in the PSC's i.e Corporate/Housing (Non-Capital), Roads/Housing (Capital) and Water, Environment and Emergency Services.

Following consultations with Unions and staff, it is proposed to complete assignments to these posts in January following which new Electoral Area Management Teams can begin working with the Members.

(c) Review of Central Services/Services at Headquarters

Over the past four months all staff have been consulted about options to reconfigure Central Services and rebalance the relationships between Headquarters and the Areas in delivering services.

Some of the key areas being prioritised initially include:

- Purchasing procedures and procurement policies including review of Purchase to Pay Procedures/Central Invoice Matching
- Recording certification and processing of time and attendance
- Income collection/credit control services
- Sharing/pooling staff resources - e.g. reporting on site suitability for development

It is proposed to have more detailed plans prepared by mid-January for consultation with staff, the Unions and Members on how various services will be reconfigured as between Headquarters and Areas e.g. Planning. In addition an Accommodation Plan will be finalised having regard to our options in Lifford to move out of leased accommodation and create a Public Service Centre for the Stranorlar Electoral Area, reduce our costs as well as the options to utilise vacant space in the Milford Office.

As Members will be aware, the changes proposed to the reconfiguration of Directorates and the Electoral Area Management Structures are unique to Donegal County Council. The Council is the only public service authority that was funded by Central Government in the late 1990's to pilot-test a Public Service Centre based decentralised model of service delivery. The

decentralised model is used to deliver the Council's own frontline services to each Electoral Area and is being used to explore the potential for interagency coordination in the provision of the services of other agencies (e.g. HSE, DSFA, FAS, Comhairle, etc) to citizens in each Electoral Area who are the common customers of the Council and of the other agencies. The independent information and advisory services delivered by Comhairle/Donnegal Citizens Information Services Board are being used to help us develop an interagency model of cooperation.

Arising from our record of pilot-testing the principles in *Better Local Government - A Programme for Change* including the PSC-based decentralised model of delivery and building on the strength of our working relationship with staff and their representative organisations, I intend to continue discussions with the Unions on the benefits of protecting this pilot-site testing work despite the problems which have arisen in the national pay talks and the national industrial relations environment it has created. Amongst the main benefits of continuing the pilot work would be that of demonstrating in a measurable and transparent way how to bridge the gap between income and expenditure in the public finances, in the context of the policy to be adopted on public service pay.

9. The Service Priorities of the Council in 2010

9.1 The four multi-annual priorities

In each of our annual budgets for many years now we have taken a multi-annual approach to achieving the following four key objectives:

- a) To improve the way we maintain our basic services, e.g. roads, water, housing etc.
- b) To improve our infrastructure by increasing our capital expenditure
- c) To make continuous improvement in how we organise and manage our services
- d) To support business and economic development generally, both directly and through the staff support we provide for the County Development Board

The pursuit of these priorities in 2010 will be set out in each Director of Service report (and in the capital programme early in the New Year). Each Director of Service has set out a clear framework that links staffing levels and other resources to the services prioritised by the Members within our reduced budgets. The Directors of Service will present their individual reports on Budget Day. Particular attention has

been paid to the need to maintain basic frontline services to those most in need - Adaptation Grants for Elderly and Disabled, Social Housing options for those unable to provide from own resources, responsive maintenance services to ensure a safe and adequate water supply is available, the road network surfaces are maintained and drained and local communities and voluntary organisations provided with reasonable levels of financial support. In addition, Members have asked us to maintain support for enterprise promotion, community development and for marketing facilities, natural resources and tourism products in search of economic recovery.

10. OVERVIEW

Draft Budget 2010

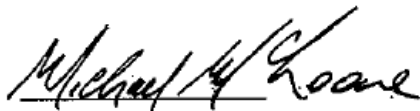
	€	
Total Expenditure		159,020,886
Income	€	
State Grants	48,091,639	
Water Charges	9,500,000	
Other Income	36,412,970	94,004,609
<u>Net Requirement</u>		<u>65,016,277</u>
Local Government Fund	40,140,416	
County Charge	<u>2,939,944</u>	<u>43,080,360</u>
To be levied from Commercial Rates		21,935,917
(This amount requires an Annual Rate Multiplier on Valuation of €74.46 for 2009, which represents a zero increase on the 2008 Multiplier and Valuation of €74.46).		<u>65,016,277</u>

RECOMMENDATION

I recommend that the Council adopt the draft estimate as furnished with a zero increase on the existing commercial Rates Multiplier on Valuation of €74.46.

10. Acknowledgements

In acknowledging the contribution of Directors of Service and their staff in the preparation of this Draft Budget. I want to single out the contribution of Bartley McGlynn, Acting Head of Finance, for his leadership and commitment in taking up the post pending the formal filling of the position and his enormous achievement in having the Draft Budget presented to the Members before Christmas. The cooperation he has received from all sections of the Council is a mark of the high esteem and respect in which his lifetime's work for Donegal County Council is held. He will thank the staff in his own Department for their contribution. Finally, I want to thank Virginia McLoone for the unique insights and experience she has brought to the Manager's Office while Patricia is on leave, and Margaret Irwin for her unfailing capacity to deliver accurate documentation under the pressure of impossible deadlines.


M. McLoone
County Manager