

**COUNTY  
MANAGER'S  
REPORT**

## Réammhrá

Tá roinnt mhaith ag Tarlú maidir le staid airgidis na tire ó rinne an Aire Airigidis ráiteas faoi dhroch staid an gheilleagar í mí Iúil. Tá na rudaí seo ag cur isteach ar chursaí airgidis an tearnáil phoiblí agus ar chursaí airgidis an Chomhairle sa gcóthéacs seo:

- Tuigtear go bhfuil an ioncaim measta ón taille €200 ar darna tithe phríobháideach san aireamh cheana féin san Chiste Rialtas Aitiúil agus go ndeanfar laghdú ar soláthar an Chomhairle ón Chiste muna ndeantar an suim atá luaite go náisiúnta (€40 mln) a bhailiú in iomlán.
- Laghdú í ngníomháiocht in earnálacha éagsúla ag eascair ón chulú eacnamúil, m.s iarrataisí pleanála, ceangailtí uisce, oscailtí boithre srl.
- Feidirteacht go gcaithfear a thuilleadh sabháiltí a dheanamh de bharr titim measta í gcáin de €10/12 bln in áit an €3 bln a bhí tuartha í mí Iúil (10% de chaiteachas reatha an rialtais ag braith ar íasachtaí, an rialtas ag togáil €15 mln san lá ar íasacht chuige seo, agus é curtha in iúl ag an Aire Airigidis nach feidir leanacht ar aghaidh le seo).

Mar fhreagra ar na dushláin atá curtha romhainn tá cur chuige cuimsitheach curtha le cheile againn chun na hathráithe agus an ath-eagrú atá ag teastaíl a chuir í gcrích le go mbeidh muid abalta an laghdú atá ag teastaíl a dheanamh maidir le costaisí pá agus costaisí eile sa gComhairle.

Tá seo á dheanamh í gcothéacs laghdú ar thailí uisce, tailí dramháil agus moladh nach ndeanfar aon ardú ar rádaí.

Tá ról lárnach ag an Chomhairle Chontae maidir le forbairt iomlán an chontae ó thaobh cursaí eacnamúil, soisialta agus chúlúrtha dhe.

Tá an Chomhairle ag obair í bpáirtnéireacht le gach earnáil agus gach eagrais í gcothéacs Bord Forbartha Chontae Dhun na nGall. Tá stratéis an chontae "An Strateís 2002 - 2012" á chuir í bhfeidhm ar bhonn leanúnach.

Tá cruthú fostaíocht mar an phríomheacht í gcothéacs na hoibre seo. Tá an dí fhostaíocht méadaíthe go mór ins an chontae le tamaill anuas (c. 15,000 dí-fhostaithe, meadú de thart fá 70% ar an tam seo anuraidh). Leagann seo dushlán suntasach romhainn agus is dushlán é a mbeidh muid ag dul í ngleic leis gcothéacs an Bord Forbartha agus chomh maith le sin í gcothéacs Tosaíocht Geata an Iar-Thuaisceart.

Beidh Fo-Choiste Eacnamiul á bhunú faoi scáth an Bord Forbartha agus beidh seo á usáid chun príomheachtaí a leagan síos agus cur chuige coordáithe idir gach eagrais a chinntiú.

Beidh tacaíocht an rialtais agus na Ranna Stáit ábharacha ag teastáil le go mbeidh muid abalta na torthaí seo a bhaint amach.

Tá feidirteachtaí ar leith ag an réigiún seo ag eascair as ár súiomh san Íar-Thuaiseart agus na feidirteachtaí áta ann chun forbairt treas-tearainn a chuir chun cinn. Chun go mbainfear an leas is fearr as seo, tá gá le na structuir agus na modhanna oibre cúí a aontú agus a chuir í bhfeidhm.

*Tá obair ar bhonn treas - teorainn á dheanamh againn le na blianta anois agus í 2009 beidh muid ag dul í bpáirt le eagraisí cúí í nDoire agus áiteonna eile agus ag cur béim ar leith ar an ghné seo de fhorbairt an reigúin. Beidh greasán á fhorbairt againn le na dreamanna abharacha ó thuaidh chun a chinntiu go ndeafar an reigiúin iomlán fhorbairt agus a chuir chun cinn. Tá na fadhbanna agus na feidirteachtaí céanna ag baint leis an dá thaobh den teorainn agus deanann sé ciall iomlán cur chuige coordaithe a bheith idir muid.*

## 1. INTRODUCTION

I submit for your approval and adoption the Draft Budget for Revenue purposes in the sum of €178,818,288 for the year ending December 31<sup>st</sup> 2009. This is €231,921 in excess of the 2008 adopted revenue Budget.

In addition, a budget of €214.951m for the Capital Programme (as part of a three year 2009 - 2011 rolling programme) was presented to the Elected Members at a Council meeting on December 4, 2008.

The total planned expenditure by Donegal County Council, for both revenue and capital, in 2009 is €393.769m. For the first time in a number of years, this combined budget is a reduction on the previous years due to the downturn in economic activity - a reduction of €95.144m or a 19% reduction on the 2008 budget. The budget is consequently the most challenging faced by Donegal County Council in recent times. It requires the Council to meet significant increases in costs in a number of services in the face of significant reductions in many sources of income. This will require us to take some exceptional measures. These difficulties may be further compounded by the problems anticipated in collecting rates and charges from a commercial sector badly hit by the economic downturn and the extremely adverse changes in the euro to sterling exchange rate. However, the budgets are still very significant to maintain services and to continue with a level of development that will support and contribute to the economic recovery of the County if spending is prioritised and tightly controlled.

While Donegal County Councils adopts an annual Budget as part of its statutory responsibility, it continues to frame the annual Budget within a 5-7 year strategic plan to ensure that strategies to achieve longer term objectives are not compromised within the annual budgeting cycles. Even in the current economic climate, the Council continues to frame its spending plans in a way which supports the four key strategic aims from our Corporate Plan:

1. To maintain and continuously improve our existing services and assets
2. To invest in priority infrastructure to support the growth and development of the County and attract job creating investment
3. To modernise our systems for delivering an improved quality of services to customers in efficient and cost effective ways and in ways which promote consultation with and participation by citizens in decision-making processes

4. To take the lead in partnership with other stakeholders to promote the balanced economic, social and cultural development of the County within national and cross-border spatial plans for the North West region.

The key features of the Revenue Budget promoting these objectives are highlighted in this report, which also acknowledges the financial constraints in relation to meeting the requirements of individual Directors of Service for additional resources. These additional resources needed to meet growing statutory demands in some services (for example, E.U. Directives on protection of the environment, water quality, etc) in the face of having to reduce staffing levels, payroll and non-pay costs across the board.

## Revenue Budget: €178.818m

**Objective 1:**      *To maintain our existing assets and services and to target continuous improvement in their standard and quality.*

The draft Revenue budget of €178,818,288 is mainly focused on this objective. The detailed reports by each Director of Service on their revenue expenditure proposals for 2009 describes the scope within their draft budget for maintaining the assets and services we have or for expanding or upgrading their range, standard or quality.

It is not my intention to summarise the contents of each Directors' report but instead to focus on some of the key priorities within each Directorate and on the extent to which various issues, problems and requirements identified by Directors can be addressed in the 2009 Budget.

- **Housing and Building**

**(i) Direct Housing Assistance:**

The draft budgeted expenditure should enable 1,100 individual/families to receive direct housing assistance in 2009 in the form of re-housing under the Social Housing Programme, Voluntary Housing or RAS or assistance by way of improvement grants for those housing themselves.

**(ii) Housing Maintenance:**

The Budget of €1.901m provides for an increase of €19,100 for housing maintenance over the 2008 provision to maintain our stock of 3,334 houses. Of this budget, €300,000 is being made available from internal receipts from the capital fund for the refurbishment and maintenance of vacant houses. The Central Heating Programme was completed in 2008 with heating having been installed in 148 dwellings at a cost of €744,279. Over the 5 years of this Programme, heating has been provided in 806 homes at an overall cost of €4.9m. Under the E.U. Programme for Peace and Reconciliation 2000 - 2006, revitalization works have been carried out at 13 estates across the six Electoral Areas.

**(iii) Rental Accommodation Scheme (RAS):**

The Rental Accommodation Scheme continues to be considered as an important option to meet the medium/long-term housing needs, particularly in the current economic climate and a target of 20 voluntary and 100 private rented transfers has been set for 2009. The total number of persons housed under this Scheme since 2004/2005 is 800.

**(iv) Housing Grants:**

In the 3 year Capital Programme 2009 - 2011 the following provisions were included in the report.

*“ The Council currently operates three grant schemes:*

- (a) The Housing Adaptation Grant for People with a Disability;*
- (b) The Mobility Aids Grant Scheme;*
- (c) The Housing Aid for Older People Scheme.*  
*(this scheme was operated by the HSE until 1<sup>st</sup> August 2008)*

*In July 2008, the Council was advised by the Department, that the Housing Aid for the Elderly, operated by the HSE, was being discontinued. The Department encouraged liaison between the HSE and the Council during the transitional period. Meetings were held with the HSE to explore how to deal with emergencies of a health care related nature and in this regard, the Council set aside a limited fund to respond to such situations to the end of 2008. No indication has been received from the Department if this arrangement is to continue in 2009.*

*The current allocation for all Grants in 2008 was €4.2m. To mid October, 2008, €3.1m (623 applications) has already been spent with works to a value of €1.3m (134 applicants) presently underway. Commitments in respect of grants which have already been approved but not yet commenced amount to a value of a further €2.2m (425 applications) leaving the current financial exposure at €6.6m. Having regard to the current exposure, relative to the allocation, all current grant approvals contain the provision that funding will not be available until 2009.*

*There is a revenue provision of €972,100 (€68,000 increase on 2008) in the 2009 Draft Budget to enable the Council to continue to fund these grants. This will generate an overall spend of approximately €4.587m in 2009, an increase of €339,000 on 2008.*

*Outside of the Dublin and Cork Local Authorities, Donegal has the highest spend on grants.*

*In addition to making a direct revenue provision to fund the Council's contribution on the grants to be paid in 2009, provision is also made in Draft Budget 2009 for loan charges of €800,000 to repay loans raised to fund the old DPGs/ERGs scheme".*

In the determination of the Draft Revenue Budget for 2009 it is now proposed that counter funding for these grant schemes will be sourced in 2009 from Internal Capital Receipts rather than from revenue provisions (as stated in the Capital Programme report quoted above) due to the difficulties of balancing this revenue budget. The Council will work with the Housing Division of the Department of the Environment Heritage and Local Government to prioritise the use of Internal Capital receipts and to seek greater direct assistance from them in relation to development and provision of all Housing needs in these difficult economic conditions where housing supports required are likely to increase well beyond the resource capacities of Local Authorities.

**(v) Traveller Accommodation:**

A new Traveller Accommodation Programme 2009-2013 is at an advanced stage. Under the current plan, 36 out of the 47 traveller families in the programme in need of permanent accommodation have now been accommodated, 2 halting sites were provided and 4 families declined offers of accommodation.

**(vi) Income:**

On the income side, rental income is estimated to increase to €7.815m (from €6.9m in 2008).

- **Roads & Transportation**

**(i) Road Maintenance:**

The budget for the roadworks programme (revenue and capital) has grown significantly over the past number of years from €43.7m in 2001 to approximately €70m in 2008. The total maintenance draft budget for 2009 is €14.6m and is made up of own resources of €4.2m; national roads maintenance of €2.6m and non-national road maintenance of €7.8m. Due to reduced staff numbers and less money, the Roads Service is committed to examining new work practices and reforms that are being discussed in the wider public

service. Work will be prioritised at Electoral Area meetings and every effort will be made to achieve as much value as possible from the €14.6m allocation for road maintenance and to follow up on any reforms on new methods to deliver a more cost effective service.

**(ii) Restoration Programme:**

A new 3 year Restoration Programme (2008 - 2010) was submitted to the DoEHLG in 2007 which allows for the strengthening of a further 662kms of non-national roads (215km in 2008; 216kms in 2009 and 231kms in 2010). Grants under this Scheme will be announced towards the end of January 2009. During 2008, projects to the value of €7.425m were funded under the EU Co-Financed Scheme and Members agreed and prioritised schemes for improvement works on non-national roads to the value of €8.910m. Roinn na Gaeltachta Grants of €1.5m and Clár/Coillte Grants of €123,800 were used to fund specific road works during the year.

**(iii) Public Lighting:**

Provision of €1.263m is included in the draft 2009 budget for maintenance of public lighting. Provision of €92,800 is also made for Member's lights and €157,200 for the new lighting improvement programme giving a total of €1.513m - an increase of €188,000 or 17.5% on the 2008 provision.

**(iv) Non-National Road Design Office:**

The Director's Report sets out in detail the work activities/work programmes, including the status of projects, of the Non-National Road Design Office including the regional roads signage scheme, strategic planning projects, transportation projects, urban and village renewal programme, Council land bank development and the road safety measures being undertaken to tackle the unacceptable number of road fatalities in the County.

**(v) Safety Management:**

Our safety management systems continued to be strengthened during 2008 and the pro-active management of our risks has resulted in those risks being much more effectively controlled during 2008. A significant programme of training is well underway to ensure that roadworks staff qualify for a FAS CSCS registration card from July 2009 in accordance with the new legal requirement.

- **Water, Environment & Emergency Services**

**(i) Water Supply and Sewerage:**

The draft Budget for 2009 of €28.2m is greater than last year (an increase of €1.8m on the 2008 provision). Expenditure on water services has been increasing consistently over the past years, from just over €9m in 1999 to the current estimate.

Approximately 24 million cubic meters of drinking water were produced during 2008. 88% of households have a piped water supply, mainly from a public supply but many are served from group water supply schemes. Water is extracted from eighty-eight separate water sources throughout the County. 38% of households are connected to a sewer.

**(ii) Design, Build, Operate Schemes:**

The first Design Build Operate (DBO) schemes in the County moved into operational mode in 2008 comprising one water supply Scheme (Letterkenny Boreholes) three wastewater plants and a wastewater sludge treatment facility (Donegal Bay Group A Scheme) and a metering contract (the Non-Domestic Metering Project). The combined cost of these three operational contracts against the revenue budget in 2009 will be of the order of €2.5m. This represents an additional expense on the Council to meet, in particular, new standards of treatment and disposal for wastewater. In drafting the budget, a sum of €1m is assumed as a contribution from the DoEHLG towards the domestic element of the DBOs.

**(ii) Water Accounts/Charges:**

In 2009, 9,400 non-domestic customers will receive bills - an increase of 1,400 over 2008. These additional accounts have enabled us to spread the cost of the non-domestic services over additional consumers and to reduce volumetric charges from €2.41 in 2008 to €2.31 in 2009 (a reduction of 5% over 2008 or a reduction of 45c per 1,000 gallons) and to reduce the standing charge from €350.00 in 2008 to €290.00 in 2009 (i.e. a 17% reduction). The combination of this new and reduced charging structure and additional consumers will enable us to maintain gross income at €8.815m although the gap between our income and full cost recovery has increased (i.e. an income of €8.815m from the non-domestic sector against the cost of providing the service which was €9.2m in 2008 and will be €11.4m in 2009).

**Table 1: Comparison of Charges between 2008 and 2009**

	Per Cubic Meter		Per 1000 gallons	
	2008	2009	2008	2009
Waste Water	€0.96	€0.96	€4.36	€4.26
Drinking Water	€1.45	€1.35	€6.59	€6.13
Water and Waste Water	<b>€2.41</b>	<b>€2.31</b>	<b>€10.95</b>	<b>€10.49</b>

**(iii) Waste Management (Division E):**

Most areas of the County are now served by the 64 bring bank sites, which provide glass and can recycling. Of these sites, 52 also have a textile recycling bank, while paper and plastic recycling banks remain at 2 locations. The Carndonagh, Laghey and Stranorlar Civic Amenity Sites continue to attract large volumes of recyclable materials and it is envisaged that the new sites in Letterkenny, Dungloe and Milford will prove equally popular. The operation of Civic Amenity Sites has proven very expensive, costing €576,500 in 2008 while income from charges amounted to €47,000. In addition, the cost of operating bring banks and other recycling activities cost a further €446,000 which was offset in part from a recycling grant of €250,350 received from the DoEHLG. €992,200 has been provided in the draft budget for 2009 to operate the six Civic Amenity Sites with an estimated income from usage charges of €315,500 (i.e. the budget will enable the three new civic amenity sites in Letterkenny, Dungloe and Milford to open in April 2009).

**(iv) Landfill Operations/Charges:**

The Council's landfill site at Ballynacarrick, Ballintra is now the only waste disposal site accepting waste in the County. Remediation works continue on the other closed landfills but some works may not proceed in 2009 unless grant aid is made available by the DoEHLG. The landfill charges for 2009 will be €125 per tonne, which came into effect in December 2008, and is a reduction of €17.50 on the landfill charge for the majority of 2008 (i.e. €142.50 per tonne). The new charge will realise an income of €3.680m (down €750,000 from 2008).

**(v) Waste Awareness:**

The Director's Report sets out details of the measures being taken to promote waste awareness, including the Schools Environmental Education Programme, Green Schools Programme and publicity campaigns. Two mobile litter units were deployed throughout 2008

and the draft budget for 2009 provides for a continuation of a Litter Warden Programme.

The total non-pay expenditure for waste management in 2009 is €4,626,238 against an anticipated income of €4,276,500. The gap between income and expenditure must be funded from own resources.

- **Planning & Economic Development**

- (i) Development Control:**

- For the first time in a number of years the level of planning applications has fallen considerably in 2008. From a high of 9,353 planning applications in 2006, the estimated number of applications for 2008 will be 5,000. The fall in applications is mainly in the multiple developments and agriculture categories but high numbers of applications are still being submitted for single houses and extensions. While the number of applications has decreased, planning enforcement activity has increased significantly during the year with 720 cases to October 30, 2008 under investigation (compared with 407 for 2006).

- (ii) Planning Fees:**

- The planning fees receipts in 2008 were estimated at €1.950m. The outturn is estimated at €1.2m, arising from the reduction in applications. The estimate for fees in 2009 is €1.2m, i.e. a reduction of 38% on the budget for 2008.

- (iii) Central Planning Unit:**

- 2008 has proved to be the busiest year so far for the Central Planning Unit. The County Donegal Development Plan - Variation No. 1 2008 was adopted in 2008. The Bunrana and Environs Development Plan 2008 - 2014 and the Killybegs Local Area Plan were also adopted in 2008. In addition, amendments to the Newtowncunningham and Lifford Local Area Plans were adopted in 2008 and a number of other Plans have progressed through the statutory process. Work on the new approach to the preparation of Electoral Area based Local Area Plans, which was adopted by the Elected Members in 2008, will continue to be progressed in 2009. During 2008, the Council made grant aid of €174,000 available for projects under the Conservation Grant Scheme.

**(iv) Service Improvements:**

A major objective of the planning service in 2008 was to reduce the level of invalid applications which were running at an average of 25%. This has been achieved as to date in 2008 invalid applications have been reduced to an average 16% with some areas significantly lower. Service improvements in the planning service will continue to be progressed in 2009. A Site Suitability Assessor panel has been set up which will become operational in February 2009 and which will have benefits for both the applicant and the planning service. In addition, it is proposed to pilot the on-line submission of certain categories of planning applications in 2009.

- **Community, Enterprise & Cultural Services**

The draft budgeted expenditure of €9.903m covers expenditure in the two Divisions of this Directorate - Community and Enterprise and Cultural Services.

**(i) Development Fund Management:**

The total development fund managed by the Directorate in 2008 of €3.455m which benefited 392 projects covers the Council Community Development Fund Initiative (€540,000 with an equal allocation of €90,000 to each Electoral area); Council Members Development Fund (€154,868); Council Tourism Development Fund (€138,000); Donegal Led Peace II Task Force (€2,606,705) and Council Bursaries (€16,300).

**(ii) Development Initiatives/Programmes:**

In addition, projects under the play-ground programme, the mini pitch development programme and the walking and cycling programme were progressed in 2008. It is proposed to maintain funding provisions in the 2009 budget to Donegal Tourism Ltd and the Donegal International Airport to assist in their efforts in marketing the tourism product and resources of the County. The Directorate also works closely with the Irish Film Board to market Donegal as a location for film making which has direct and indirect benefits for the County. As a result of these efforts, two major productions were undertaken in the County in 2008 with a number of other European television programmes also filmed in various parts of the County during the year.

The Director's report describes the huge diversity of economic and social development activity being funded through this division including arrangements to bid for and draw down funding under Peace III and Interreg IV funding programmes.

**(iii) Cultural Services - Library Services:**

The Cultural Service Division funding covers Libraries, Arts, Heritage, Archives and a range of other cultural activities with a total budget of circa €5.473m. The number of annual visits to Donegal libraries, including adults and children, is over 320,000. 23% of visitors accessed library resources via the internet with 77% visitors, therefore, not accessing library services online. This would suggest a lack of awareness of the range of services available and consequently an area to be developed in 2009. A new library management system (LMS) with enhanced capability will be rolled out during 2009. Taobh Tíre outreach service in partnership with local communities has over 1,500 members and continues to make a significant impact on the accessibility of library services in the County. Finally, the Department of Education and Science decided to abolish its grant to Local Authorities for library services to primary schools resulting in a loss of €83,000 to the Council. We are considering alternative ways of maintaining this service.

**(iv) Cultural Services - Arts and Festivals:**

The new Arts Centre was officially opened during the year and is an iconic new building in Letterkenny. €72,000 is provided in the Budget for the strategic partnership revenue fund to support a strong independent Arts sector throughout the County. It is estimated that over 35,000 people attended festival events in 2008 coming from near and far - Donegal (62%); NI (29%); other parts of the Country (4%) and overseas visitors (1%). The Earagail Arts Festival 2008 featured 135 events in 38 venues across 15 towns and villages and was a major success. The wide range of arts and cultural events and festivals planned for 2009 will again boost economic activity in the County as well as supporting the development of arts and culture.

- **Corporate Services**

The draft budgeted expenditure of €32.668m includes a number of large fully funded services e.g. circa €7.5m for Higher Education Grants and VEC pension costs (at circa €6.5m) is fully recouped from the Department of Education and Science (except for a fixed sum of €7,388).

**(i) County Secretariat:**

A total of 1,400 applications for Higher Education Grants were received in 2008 and of these, 1,098 grants were awarded to undergraduate and postgraduate students in Ireland, and undergraduate students in the UK. The draft budget includes a provision of €180,000 for running the Local Elections in June 2009. The draft Register was published on November 1, 2008 and by November 25, 2008 the Council received 4,600 claims which the County Register will rule. The 2009/2010 Register will come into force on February 15, 2009. Work is in progress on providing access on the Council's website, [www.donegal.ie](http://www.donegal.ie) to a wide range of information on the Register of Electors and Elections.

Over the past year, significant changes have been introduced to streamline the business of the Elected Council. It is hoped that revisions to the committee structure will be in place prior to the Local Elections in June 2009.

**(ii) Area Management Services:**

The schedule of customer contacts and activity in the area of cash receipting and motor tax is set out in details in the Director's report. 192,668 motor tax transactions were conducted in 2008 to a revenue value of €28m with 87% of this business in the County being transacted through the five Public Service Centres in Carndonagh, Milford, Letterkenny, Dungloe and Donegal Town. As a result, Donegal remains the lowest online motor tax users with less than 17% of vehicle owners in Donegal renewing their motor tax online in 2008. There continues to be a year on year increase in customer contracts. Personal callers are up by 13.6% in 2008. Telephone contacts are at a similar level to 2007, i.e. 160,000. The implementation of a new integrated Human Resource (HR) system is continuing and is delivering on its project milestones. The implementation of this system, covering such modules as leave and time and attendance, payroll, superannuation, performance management, etc will greatly assist the pursuit of our efficiency/cost reduction programme.

**(iii) Information Systems:**

The Director's Report also sets out the activities and work programme for our I.S Section which will see another busy year in 2009.

#### **(iv) Irish Language Development:**

Leanfaidh Comhairle Contae Dhún na nGall ag neartú na seirbhísí i nGaeilge a forbraíodh inár gcéad Scéim Teanga d'Údaráis Áitiúla Dhún na nGall (2005-2008) agus cuirfear tús leis an obair chun an scéim úr a chur i bhfeidhm, mar atá Scéim Teanga Údaráis Áitiúla Dhún na nGall 2008-2011, faoi Alt 11 d'Acht na dTeangacha Oifigiúla 2003, chomh maith le cur i bhfeidhm eilimintí eile den Acht de réir mar a bhaineann siad le hobair na Comhairle.

Mar aitheantas ar na dualgais mhóra atá orainn seirbhís iomlán i nGaeilge a chur ar fáil ón Ionad Seirbhísí Pobail ar an Chlochán Liath, agus le tús a chur leis an obair chun an Ghaeilge a chur chun tosaigh mar theanga oibre na hoifige seo faoin bhliain 2020, leanfaidh an Chomhairle lena tacaíocht do réimse leathan cúrsaí fá choinne ball foirne atá lonnaithe san Ionad Seirbhísí Pobail.

Leanfaidh an Chomhairle lena tacaíocht don Scéim Scoláireachta, scéim atá mar chomhpháirtíocht idir Choiste na Gaeilge agus na Coláistí Samhraidh i nDún na nGall.

Beidh réimse seirbhísí aistriúcháin de dhíth ar an Chomhairle chomh maith, agus caithfidh an Chomhairle cur leis an mhéid ábhar a théann amach sa dá theanga, lenár gcoimítmintí ar fad faoin Acht Teanga a chomhlíonadh.

Féachfaidh an Chomhairle:

- le cur le próifíl, imeachtaí agus gníomhaíochtaí Sheachtain na Gaeilge i mí Mhárta, tríd na hIonaid Seirbhísí Pobail agus na Leabharlanna agus ionaid eile.
- le dul i gcomhpháirtíocht le gníomhaireachtaí eile ar bhonn trasteorann leis an Ghaeilge a chur chun cinn ar fud an iarthuaiscirt, Tír Eoghain, Doire, agus Fear Manach san áireamh.
- **Finance**

The Director's report highlighted the major support service the Finance Directorate provides to the organization and is responsible for, amongst other, the paymaster function and related accounting and revenue/taxation matters in addition to the maintenance, development and ensuring the integrity of all accounting systems. Since January 1, 2004 Donegal County Council is the Water Authority for the whole

county and bills are issued in the name of the County Council. The total amount outstanding for water charges, at the time of writing, is approximately €6.9m and this is projected to increase to €9m when the 2008 Annual Financial Statement is completed. As will be seen from the Director's report, there were delays in billing arising from the completion of work on the non-domestic metering project. Efforts will continue to be made in 2009 to reduce the outstanding amounts through ongoing discussions and engagements with the business sector. A 90% collection rate is targeted for 2009 (taking into account a 10% or €881,500 provision for bad debts) and will represent a major challenge given the current economic climate.

***Objective 2: Capital Expenditure - this objective is to remedy deficits in our physical, economic and social infrastructure in order to improve services to the indigenous population and to make the County attractive and competitive for job creating investment.***

**(i) The three year Capital Programme 2009 to 2011:**

The three year Capital Programme 2009 to 2011 was presented in a separate report to the Council on December 4, 2008. The following are some of the key features of the programme.

- In 2009 a budget of € 214.951m is required for the capital programme. Details are set out in the table below:

Table 1

Directorate	2008 €	Expenditure @ 24.11.2008 €	3 Years 2009 - 2011 €	2009 €	DCC Contribution 2009 €
Housing	68,300,000	47,135,600	171,193,963	52,987,840	972,000
Roads & Transportation	52,950,000	27,584,405	149,574,000	47,809,000	6,090,250
W/E/E	177,193,000	35,903,222	327,135,810	104,016,609	15,858,780
Planning & Economic Development	4,195,000	1,801,680	37,171,500	7,697,500	2,902,000
C, C & E	7,330,000	1,653,008	24,090,000	2,440,000	492,000
<b>Totals</b>	<b>309,968,000</b>	<b>114,077,915</b>	<b>709,165,273</b>	<b>214,950,949</b>	<b>26,315,030</b>

- The three-year capital programme estimates spending at circa €709m (2009 - 2011) compared to €850m (2008 - 2010) predicted in the 2008 budget. The co-funding requirement is €26.215m for 2009. Members have been briefed on the options being pursued with the DoEHLG following the meeting with the Oireachtas members and the Tánaiste to deal with our problems in co-funding the capital programme.
- Over this 14-year period the Council has spent €1.295 billion through its Capital Programme on the improvement of the Councils infrastructure and has completed thousands of capital schemes from major by-pass road projects to village enhancement works.

**(ii) Revenue Consequences of the Capital Budget:**

The revenue consequences of the capital programme have to be dealt with in our annual revenue budgets, i.e. new road networks, housing schemes, water and wastewater plants, civic amenity sites, playgrounds, art centres and so forth have to be maintained. Extra staffing, materials, goods, energy and so forth have to be provided for in the revenue budget. The report from each Director of Service highlights these revenue consequences year on year. In 2009, there are a number of significant revenue consequences in the Water, Environment and Emergency Directorate arising from the completion of capital schemes, some examples of which are:

- (a) An additional €2.5m is required to pay service providers under three Design, Build, Operate contracts [for Letterkenny Water supply (boreholes), Donegal Bay (group A) Wastewater schemes and the non-domestic metering project].
- (b) The shortfall between income and expenditure on non-domestic services will increase in 2009. The overall cost (including marginal capital cost) of providing water and wastewater services to the non-domestic sector has increased from €9.2m in 2008 (out of a total cost of €26.4m) to €11.4m in 2009 (out of a total cost of €28.2m). In 2008, we increased water/wastewater charges to €2.41 to raise a net income of €7.9m. This year, we are reducing charges because of the economic downturn but we will maintain our net income at €7.9 m (we will have 9,400 consumers billed as against 8,000 in 2008). Nevertheless, we will be €2.6 m short of full cost recovery in 2009 (gross income of €8.815m as against the cost of €11.4m for providing water to the non-domestic sector).
- (c) Funding has been sourced in 2009 to open three Civic Amenity Sites from April 1, 2009.

**Objective 3:**      *To continue with the programme of reform and modernisation of Council services within the wider agenda of Public Service Reform/Delivering Better Government/Government Statement of November 26, 2008 on Transforming Public Services (arising from the OECD review of the Irish Public Service).*

**(i) Pre 2008 Programme:**

Our Revenue budget made provision each year since the implementation of Better Local Government (BLG) and decentralisation through five Public Service Centres to continue with the reform and modernisation agenda. The objectives were to deliver more efficient, better managed and higher quality services, benchmark our costs against market prices, join up the delivery of Council services with other Public Services (using the Public Service Centres) where this is more convenient or cost effective for our customers, and finally to create and maintain corporate governance structures and systems that conform to standards of best practice (including standards of health and safety, risk management, environmental protection, etc).

**(ii) Government Announcement on July 8, 2008:**

Arising from the Government announcement on July 8, 2008 to reduce payroll costs by 3% in 2009 and to implement a range of efficiency measures to reduce other expenditure, a new phase of reform had to begin since July. It started with an intensive process of consultation with staff on the measures needed to meet the requirements of the Government announcement. The process involved management at all levels in the Council with support from central services and through consultations with staff on the actions to be taken. The implications of the Boundary Commission report for reducing the number of Electoral Areas in Donegal from six to five from June 2009 is also being examined as part of the overall review of spending, staffing levels, payroll costs and expenditure in each service and in each Electoral Area.

The County Partnership Committee representing unions, employees and management is using the national framework for *handling significant change through partnership* to enable information to be shared, priority issues to be discussed and arrangements to be agreed for managing the changes through partnership, through union/management negotiations or through other established procedures.

### (iii) Major Developments since the July 8<sup>th</sup> Announcement:

There have been many major developments since the July 8 announcement. These are impacting in a major way on our public spending review and will impact on our budget for 2009. These major developments included inter-alia:

- A 6% reduction in the Local Government Fund (LGF) allocation for 2009 compared to 2008, i.e. an allocation of €41,475,164 for 2009 compared to €44,097,787 last year;
- Indications that income anticipated from the €200.00 levy from non-principal private residents is already included in our allocation and that any reduction in anticipated income from this source (circa €40m nationally) could lead to a reduction in the LGF allocation;
- A reduction in income to the Council from a number of sources, including an estimated reduction of about 40% in planning fees income by year end;
- A decrease in activity levels in some areas arising from a severe downturn in economic activity, as for example, in planning applications, water connections, road openings, etc;
- A reduction in development levy income with a consequential impact on our capacity to co-fund capital projects and work programmes;
- A requirement to fund the next phase of the Towards 2016 national pay agreement (3.5% from September 2009) by further payroll savings. This would require us to reduce our payroll costs in 2009 by at least 4% (versus the original 3% announced in July 2008);
- The likelihood that further savings will have to be achieved in 2009/2010 arising from the anticipated drop in tax receipts /government income by €10/€12 billion instead of the €3 billion predicted in July; (10% of current government spending is now reliant on borrowing, i.e. €15m per day is borrowed to help fund current government spending. This position will not be allowed to continue, i.e. *"we have to adjust our expenditure to ensure that it corresponds to what we can afford"* - Statement from Minister for Finance on November 23 2008);
- A request from the business community not to increase commercial rates in 2009 because of the impact of the economic downturn on our commercial ratepayers.
- A request from Elected Members and the business community not to increase water charges or landfill charges in 2009.

**(iv) Actions taken since July 8 to reduce Costs:**

It was against these reductions in income that intensive work was undertaken in recent months to assess our options for making payroll savings and to establish the Council's liability for payroll and pension costs in 2009 and beyond. Some very difficult decisions have had to be made in recent weeks with regard to the non-renewal of temporary contracts of employment, to reduce payroll costs by at least 4% in 2009 and to ensure that we do not create additional permanent and pensionable posts above our approved establishment of 906.5 permanent and pensionable posts which are all filled. These actions included:

- (i) 71 employees whose contracts expire on or before December 31, 2008, or in early 2009, have received notice that their contracts will not be extended or renewed.
- (ii) 49 employees whose contracts expire on or before March 31, 2009 (or whose contracts have been extended to this date) received notice that their contracts are unlikely to be extended beyond March 2009.
- (iii) The vast majority of the remaining 118 employees received a letter indicating that it is unlikely that their contracts will be extended beyond the expiry date of their contracts in 2009 or 2010. It is not intended to terminate any contract before its expiry date.

**(v) Government Statement on Transforming Public Services - November 2008.**

On November 26, 2008 the Government published a Statement on how it was going to implement the recommendations in the OECD review of the Irish Public Service - Towards an Integrated Public Service (*see appendix 3*). The Statement contains details of how it intends to implement specific actions recommended by the Taskforce over set timescales. It updates previous Government statements in July and November in relation to the control of numbers in the Public Service, control of expenditure, value for money and efficiency measures, greater flexibility in the deployment of staff, further reform of procurement services, further development of performance management systems, re-focus on customer service and consultation with citizens, shared services and e-government, better use of information and improving management and leadership. The challenge now for Local Authorities will be to put together a transformation plan, bringing together all the strands that are currently being reviewed to reform services in consultation with staff and their representative groups. Donegal County Council is very well placed to deliver the shared

services/joined-up thinking agenda with the establishment of the Public Service Centres since 2003 as the model from which to move from co-located services to integrated services. All options to reduce spending and costs, taking into account the economic climate are being examined in an effort to maintain levels of service in the face of reductions in staff and budgets. A major challenge for the early part of 2009 will be the reorganization of services to reflect the changes to Electoral Area boundaries from June 2009, including the amalgamation of the Letterkenny and Milford Electoral Areas.

In concluding this review of public spending, of payroll reductions, of workloads and Member's priorities, it may be prudent to assume that the challenge of providing more and better services in an environment where government receipts are decreasing will continue into 2010 and 2011. The work ongoing at present consists of a structured and systematic analysis of how we do our business, our options to rethink and redesign our work methods and practices and will need a willingness on the part of all stakeholders to change and adapt to the new economic realities. The investment we have been making in organisation and development work over many years to help us decentralise and prepare for integrated public service delivery from our Public Service Centres should help us now as we decide how best to prepare a transformation plan in line with the requirements in the Government Statement of November 26. We will seek the necessary resources to deliver integrated services through the transfer of such resources as appropriate between public service agencies involved in these networks.

The current mantra of transformation is "deliver more for less". Unless we know how much less funding we will have in 2010 and 2011, how much more service we are expected to deliver for less resources and how we can achieve this productivity then the "more for less" mantra will be no more than empty rhetoric. We have begun a very detailed analysis of the existing level and standard of front line services being provided in each Electoral Area and the existing cost base for delivering them. The challenge for management at all levels will be to devise improvement plans to deliver x% more service for y% less resources once realistic targets can be set for x and y. It is our objective to report monthly on progress at each level of management before any statements are made to the Members or the public on the impact of reduced resources on services to the public. This work will be critical to decisions on the future staffing of each service within the five Electoral Areas (from June 2009) and the future of the Milford office. This work will need to be completed within the next 3/4 months

**Objective 4: Donegal County Council to provide leadership for the overall development of the County:**

***Donegal County Council will take a lead in promoting the economic, social and cultural development of the County in partnership with other State Agencies, the private sector, the community and voluntary sector and the other social partners.***

**(i) Donegal County Council and the CDB:**

The Council is continuing to take a lead role with all the partners and stakeholders that share responsibility for how the County grows and develops. The establishment of Donegal County Development Board in 2000; the creation of the Community and Enterprise Directorate within Donegal County Council to support the CDB process and the launch of An Straiteis - The Integrated Donegal County Strategy for Social, Cultural and Economic Development 2002 - 2012 have been key developments in re-positioning the work of Donegal County Council to promote the development of the County.

**(ii) Job Creation - the top priority:**

A key driver of the partnership agenda is job creation. In 1999 it was predicted that the County would need over 9,500 new jobs in the period 2000 - 2006 to replace anticipated job losses in the traditional manufacturing sectors in agriculture, in fishing and in other sectors vulnerable to competitive pressures from lower cost economies.

In December 2008, the number on the live register in Donegal reached around 15,000 - an increase of around 70% over the corresponding period last year. This dramatic increase in the numbers unemployed in the County presents the greatest challenge to central and local government. It will demand exceptional measures and leadership to reverse the trend. The challenge will need to be addressed through national, local and cross-border policies and actions. Despite the need to reduce the numbers working in the Public Service (including Donegal County Council) to levels at which the costs of pay and pensions can be sustained by government receipts, central and local government has to take the lead in supporting strategies to create sustainable jobs. The Council can take a lead role through a strengthened County Development Board and cross-border delivery mechanisms and within a new national policy framework and mandate.

The national policy frameworks and funding systems which could support regional development and on which the Council has already made submissions, include inter-alia:

- **Submission by Donegal County Council and Donegal County Development Board on the provisions of the National Spatial Strategy 2001;**
- **Identification of Letterkenny/Derry as a linked gateway in the National Spatial Strategy (NSS) 2001;**
- **Joint presentation with regard to regional development priorities by Donegal County Council and Donegal County Development Board to An Taoiseach and Government Ministers in February 2005;**
- **Announcement by the British/Irish Inter-governmental conference of a North West Gateway Initiative in May 2006;**
- **Report of the Inter-departmental Working Group on County Donegal (published July 2006);**
- **Submission by Donegal County Council to the North West Gateway Initiative (October 2006);**
- **Submissions for Peace III Funding;**
- **Submissions for Interreg IV Funding.**

Various submissions on the opportunities provided by our decentralised public service infrastructure, citizen information services in the Public Services Centres, Management Advisory Boards and a variety of interagency pilot work around joined up approaches to income maintenance and the provision of public and social services to take a more developmental approach in enabling people to move from welfare through activation, retraining and education back to work.

We have recently initiated discussions through the Department of Enterprise, Trade and employment on how best to capitalize on work done to date in Donegal to stimulate new initiatives to tackle the major problem of unemployment in the County and initiate regenerative actions in conjunction with district Councils across the border (e.g. through the North West Gateway Initiative).

Despite the enormity of the budgetary challenges facing it, local government needs to play a pivotal role in customizing central government led initiatives to fit local circumstances to help regenerate the economy of the regions. Local Authorities can lead out on and complement the work of State agencies and other State funded bodies through a strengthened CDB structure as envisaged in the government transformation programme for the Irish public service. To do this, Local Government will need the support of and mandate from Central Government to help create a network between all State funded services in the County to refocus funding and programmes around priority regenerative and job creating actions.

### **(iii) Donegal CDB Economic Sub-Committee**

CDBs have been directed to establish a formal Economic Development Sub-Committees to act as a focal point and coordinating mechanism for all agencies involved in economic development in the County. This Committee will prepare an economic development plan for the County and set out priorities to be advanced in order to promote job creation - inward investment, indigenous enterprise, training/education, local resource development, etc. The first meeting of this Committee will be held in January 2009. The work of this Committee will compliment the work being carried out by the Council in chairing and supporting the Donegal Social Inclusive Measures Coordination Group.

### **(iv) Resource Development**

In addition to inward investment, indigenous enterprise, etc, the future economic well-being of this County will rely on the full sustainable development of our national resources. Towards this end, Donegal County Council, working in a County Development Board context, will be continuing to progress the development of, for example, renewable energies, tourism, walking/trails, marine resources, forestry, etc. It is essential to ensure that these and other relevant sectors are advanced for the benefit of the region and the work already initiated continued in 2009 and beyond.

### 3. Source of Funds for 2009 Revenue Budget

3.1 Our funding requirement for 2009 is €178,818,288. This is €231,921 greater than in 2008. The source of funds to meet this requirement as set out in this Draft Budget are as follows:

Source of Funds	Amount	% of Total
• Specific State Grants	€ 62,553,243	35%
• Local Government Fund	€ 41,475,164	23%
• Other receipts	€45,125,870	25%
• Rates	€20,848,800	12%
• Commercial Water Charges	<u>€8,815,211</u>	5%
<b>Total</b>	<b>€178,818,288</b>	<b>100%</b>

It should be noted from the table below that while our total revenue expenditure has increased by 331.64% from 1994 - 2009, the increase in the rate in valuation (multiplier) has increased by 79.90% in the same period. This means that our revenue expenditure has been over 4 times higher than the rates increase.

Year	Budgeted Revenue Expenditure €M.	Annual Rate Multiplier on Valuation
1994	41.420	41.39
1995	51.151	43.05
1996	52.361	44.78
1997	56.669	47.02
1998	58.764	48.90
1999	65.024	50.37
2000	72.806	52.38
2001	87.144	55.52
2002	103.172	58.30
2003	113.430	61.51
2004	124.552	64.59
2005	136.543	67.82
2006	150.162	69.85
2007	167.353	72.29
2008	178.586	74.46
2009	178.818	74.46

**Increase in Expenditure (1994 - 2009) = 331.64%**

**Increase in Rate on Multiplier on Valuation (1994 - 2009) = 79.90%**

### 3.1 Overall Budgetary Strategy

- **Strategy to reduce Payroll costs:**

The payroll costs for 2009 on revenue account are €69.533m, i.e. 39% of the total revenue budget of €178.818m. In addition, the Council spends circa €5.7m on payroll costs to support the delivery of the planned capital expenditure of €214.950m in 2009. Our total payroll costs of €75.233m represents 19% of our total planned expenditure in 2009 of €393.768m. A root and branch review of all overtime payments is currently underway to determine how much non-emergency overtime can be eliminated through more efficient scheduling of work programmes. Our strategy to manage services within approved establishment numbers except where additional funding is available for specific purpose contracts has been outlined earlier in this report. No provision has been made to pay the 3.5% pay increase from September 2009. No provision has been made to make performance related payments to senior management (by agreement) despite the fact that an average of 10% payment was negotiated as part of basic remuneration. I believe any further decisions on reducing the pay of top management needs to be taken in the context of any changes in public sector pay policy negotiated between Government and the Social Partners.

- **Strategy to reduce Non-pay costs:**

To reduce the impact of further spending reductions on employment/payroll, the Council is targeting reductions in non-pay expenditure across all non-pay headings. Travel and subsistence costs are being reduced by 10% against the budget provision for 2008. Other non-pay costs are being reduced by an average of 6% (in line with the percentage reduction in the Local Government Fund).

- **Strategy to deal with Income reductions:**

The scale of the cost saving measures outlined in this report have been necessitated by significant reductions in income to Donegal County Council from various sources as, for example:

	<b>Reductions</b>	<b>(%)</b>
Local Government Fund	€2.6m	5.95%
Planning Fees	€0.75m	38%
Landfill gate fees	€0.75m	17%
Fire Certificates	€0.25m	25%
Connection Fees	€0.072m	16%
Irrecoverable Rates	€0.214m	10% (increased provision)

The overarching challenge for the Council in this budget has been not alone to reduce costs to offset losses of income but to reduce them to levels which enabled us to reduce service charges (water and solid waste disposal) and recommend a zero increase in commercial rates. As a result the Council has taken exceptional measures in this Budget to reduce expenditure, however, there can be no doubt about the need to reduce the burden of costs on the commercial sector in the County in the current economic climate.

- **Strategy for Dealing with Revenue Deficit**

In recent years, although not in 2008, as part of the Adopted Budget the Elected Members have agreed to make a provision of €800,000 for the writing down of the accumulated revenue deficit, which at the 31<sup>st</sup> December 2007 stood at €10.89m. This figure represented an improvement of just over €0.581m on the deficit figure of €11.478m that obtained at 31<sup>st</sup> December 2006.

However, every effort has been made in 2008 to contain expenditure within budget and to deliver efficiency savings. It is too early yet to forecast the final outturn for 2008 but I am hopeful that we will be able to make some reduction in the deficit. It is not possible in the draft budget in 2009 to make specific provision for the further reduction of our accumulated deficit.

- **Strategy for dealing with Loan Repayments**

The strategy for reducing loan repayments has been successful as outlined in the Head of Finance report, i.e. we have reduced loan repayments by around €2m. There is no proposal in the draft budget 2009 to redeem any further loans through the disposal of assets as we must await the proceeds of future sales to redeem loans. A detailed review of our assets, including disposable assets, is currently underway together with our requirements for the investment of the assets in new developments/buildings. In the present economic climate, we may have to hold disposal assets unless there is a market for a particular asset.

- **Our Strategy to deal with unfunded Capital Balances**

Each Director of Service has been reviewing the up to date outstanding balance on capital accounts which are unfunded. These balances will remain as a charge on the capital account to be funded through future grants for schemes and Development Contributions rather than as a charge on the rates/revenue account. This strategy will continue in 2009.

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

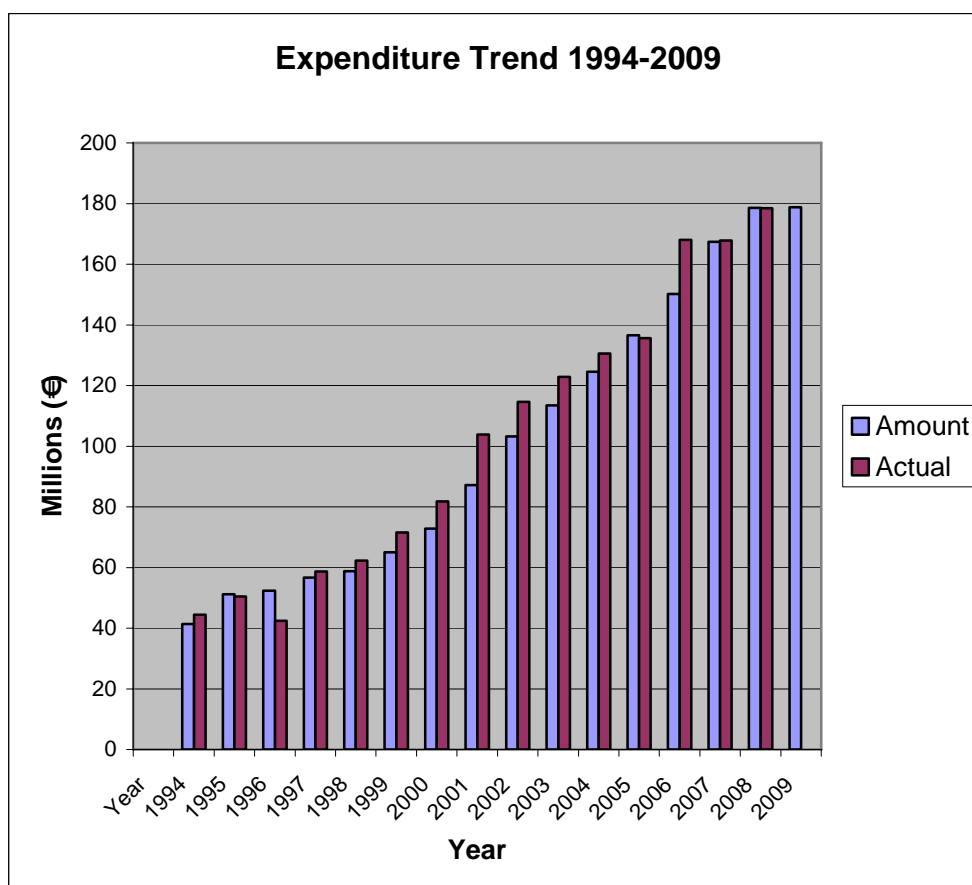
This report has outlined our approach to undertaking a root and branch review of all expenditure as part of the preparation of our transformation plan 2009 in accordance with the government statement of November 26. It will take some time to determine options for the delivery of further efficiency savings or to implement any forthcoming government measures to reduce pay or non-pay costs. In the meantime, it is proposed to use a credit balance of €4.272m in order to:

- (a) Allow us to maintain Roads own resources at current levels and in the case of WEE Directorate to provide additional resources and meet statutory, regulatory and emergency demands in this area.
- (b) Give the Council more time to evaluate, determine and progress achievement of expenditure reductions of this order as it will be necessary to do so to have a balanced opening position for 2010.
- (c) Allow us when the property market returns to normality to use the proceeds from the disposal of assets to replenish the building fund and/or to use further efficiency savings/increases in income to replenish the fund.

## 4. REVENUE EXPENDITURE - TREND ANALYSIS

The following table and graph sets out the Estimated and Actual Expenditure for the period 1994 - 2008 inclusive and the projected expenditure for 2009 as per the Draft Budget.

	Budget	Actual	Rates	% Funding from Rates
Year	€m	€m	€m	%
1994	41.420	44.413	6.368	14
1995	51.151	50.452	6.860	14
1996	52.361	52.434	7.587	14
1997	56.669	58.708	8.133	14
1998	58.764	62.270	8.847	14
1999	65.024	71.504	9.517	13
2000	72.806	81.753	9.761	12
2001	87.144	103.847	11.135	11
2002	103.172	114.648	12.462	11
2003	113.430	122.865	14.641	12
2004	124.552	130.512	15.074	12
2005	136.543	144.454	16.285	12
2006	150.162	168.017	17.867	12
2007	167.353	167.820	19.067	11
2008	178.586	178.440	20.793(E)	12
2009	178.818			



## 5. OVERVIEW

Draft Budget 2009

	€	€
Total Expenditure		178,818,288
Income		
State Grants	62,553,243	
Water Charges	8,815,211	
Other Income	42,185,926	113,554,380
<b>Net Requirement</b>		<b><u>65,263,908</u></b>

Local Government Fund	41,475,164	
County Charge	<u>2,939,944</u>	<u>44,415,108</u>
To be levied from Commercial Rates		20,848,800

(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).

**65,263,908**

## 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.



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**M. McLoone,**  
**County Manager.**