

Don Méara agus gach Ball den Chomhairle:

Re: Budgeted Expenditure and Income for the Year ending 31st December 2010

I enclose for your consideration and adoption the Draft Budget of Expenses in the prescribed form for the Year ending 31st December 2010 together with explanatory and comparative statements of the figures.

The prescribed period for County Councils for holding the 2010 Budget Meeting is 25th November 2009 to 13th January 2010. The Statutory Budget Meeting has been fixed for Wednesday 6th January 2010. The process of considering and adopting the Budget must be completed within the prescribed period of 21 days, which, in effect, means that the process must be completed by 27th January 2010. The Corporate Policy Group met on 14th December and considered the Draft Budget in detail and the Budget Workshop was held on Monday 21st December 2009.

Economic Context

The Draft Budget has been framed in the face of a contraction in the National Economy and the knock on effects for the Local Government Sector. The Irish economy, in 2009, recorded negative economic growth for a second successive year. Latest forecasts from the Economic and Social Research Institute indicate that Gross National Product which measures the total value of all goods and services produced in the economy accruing to Irish residents is projected to decrease by 10% in 2009 and is forecast to decrease by a further 1.5% in 2010.

Government borrowing has more than doubled and the European Council has recommended that the situation be corrected by 2014 at the latest. The Government has indicated that budgetary provisions will be made to reduce the gap by €3 billion in 2011.

The preparation of this Draft Budget has been a challenging process and in as far as possible I have directed expenditure to encourage development and attract tourism. I have also tried to maintain, where possible, existing levels of service, especially in the provision of emergency services, essential services and Health & Safety generally.

In addition I have made provision in the draft budget for the continuance of present permanent employment levels.

Consumer prices have reduced substantially in the current year and a further small decline is forecast for next year which will be a help in delivering and maintaining services.

Payroll

The recent National Budget announced a reduction in pay rates across the public service from 1st January 2010 which will result in payroll reductions accruing in the local authorities in 2010. The Department of Environment Heritage and Local Government has indicated that we may retain 65% of these reductions. In the absence of the precise detail of how this is calculated I have included a net sum of €363,047 as the amount to be retained by North Tipperary in 2010.

Total payroll costs for 2010 are included at an estimated amount of €20.7 million compared with €21.7million for 2009 and €22.6 million for 2008. This is a reduction of €1.9million or 8.4% over this period. The current moratorium on Public Sector employment recruitment and the reduction in road grants during 2009 has resulted in a reduction of 76 staff in 2009. Reductions of this magnitude will have impacts in terms of service delivery to customers and it's likely that the performance will be adversely affected.

Pension Levy

As part of the Financial Emergency Measures in the Public Interest Act 2009 the Government introduced a Pension Levy for all Public Sector workers from 1st March 2009. Income collected from the pension levy is retained by the Government but offset against the local government fund. In 2009 we expect to collect €980,000 for the 10 months of 2009 and I have budgeted €1,150,000 in the full year 2010. The pension levy, in effect from March 2009, reduced public service net wages on average by 7.5% rising to 10.5% for all incomes above €60,000.

Economic Development

A sum of €80,000 has been included in the draft budget for the promotion of North Tipperary. This allied to a 5% reduction in commercial rates and a freeze on all other charges will help to sustain existing jobs and in promoting economic development and increase the tourism footfall within the County.

Local Government Fund Grant

We have been notified by the Department of Environment, Heritage and Local Government that our provisional General Purpose Grant allocation from the Local Government Fund for 2010 will be €18,005,785 a reduction of 6.46% or €1,243,860 on the 2009 allocation. Since 2008 we have had a reduction of €2,475,524 or some 12.47%.

Landfill

As in previous year's market forces, consolidation amongst operators, intensive competition and the impact of recycling have resulted in a large degree of uncertainty with the waste intake and indeed the landfill gate prices. Because of this uncertainty, I have included a sum of €2.4 million as income in 2010. I will keep the position under continuous review and keep the Members apprised of income levels throughout 2010.

Road Grants

We will not be informed of our 2010 allocations from the Department of Transport and the National Roads Authority until early in the new year and I have included a budgeted amount for 2010 which is 10% down on our actual 2009 allocation. If the actual allocation differs from this, it will be necessary to adjust the budget accordingly. In addition we will spend approximately €1.3 million of Development Levies in 2010 on works already outlined to Members. Our own funds provision for 2010 is increased by €108,750 or 5.28% which will help in maintaining employment levels and deal with flooding damage.

Expenditure Requirement

The Draft Budget for 2010 provides for a gross revenue expenditure requirement of €67.74 million, a decrease of € 3.43million or 4.82% over that provided in the current year.

In allocating the resources over the various functions I have sought to achieve a balance between increasing and competing demands for existing core services and the allocation of resources for new initiatives. Items requested by Members throughout the year have been included where possible.

Water & Waste Water Pricing

Water and waste water charges for 2010 will remain the same as in 2009. Included in the County Charge is €1.479 million for the recovery of costs in connection with domestic costs for provision of water and treatment of waste water in the incorporated Towns.

FUNDING

Local Government Fund

As already mentioned the provisional Local Government Fund allocation which I have included for the 2010 Draft Budget is €18,005,785.

Other Charges

As outlined previously I am not proposing any increase in charges for 2010 in light of the current economic climate.

Rents reviews on Council houses will take cognisance of social welfare rates.

Commercial Rates

In light of the general economic downturn and as a help to existing and potential commercial ventures I am proposing a reduction of 5% in the General Annual Rate on Valuation from the 2009 level of 63.9294 to 60.7332. An increase in the Net Effective Valuation because of revisions and new valuations carried out by the Valuation Office will generate buoyancy of €288,000 in rates in 2010.

I have attached for information of Members Appendix 1 which shows the Annual Rate on Valuation for County and City Councils for 2009 and the Net Effective Valuation.

Value for Money

As outlined last year circular Fin 20/2005 and the most recent circular Fin 12/2009 makes reference to the steps already made by local authorities to enhance efficiencies of their operations and to deliver value for money. At a time when we are experiencing severe economic downturn and constraints on finances it is important that we deliver services in the most efficient and effective manner possible. We will continue to look at areas and methods of

service delivery with a view to providing enhanced, efficient and cost effective services to our customers. Working groups under the Workplace Partnership are actively exploring these issues.

2010 – Highlights

The following highlights the main areas covered in the Draft Budget. Further details will be found in the Head of Finance's detailed report which incorporates the submissions of the Section Heads.

- * **Continued provision of €362,000 for Maintenance of Local Authority Houses.**
- * **Pre-letting repairs provision maintained at €400,000.**
- * **Provision of €13,500 for securing Building Energy Rating Certificates in Local Authority Housing Stock.**
- * **Continued provision of €1,200,000 in total for Disabled Persons Grants, Housing Adaptation, Housing Aid for Elderly and Mobility Aid Grants.**
- * **Increase of 46% in the Provision for Homeless People.**
- * **Continued provision of €22,500 for the Housing Self Help Scheme.**
- * **Increase of €376,000 in the Provision for the Rental Accommodation Scheme.**
- * **Increase in the provision of own funds for Local/Regional Road Maintenance by 5.28%.**
- * **Increase of 11% in the Provision for Public Lighting costs to €559,040.**
- * **Continued provision of €53,550 in respect of loan charges for extensive Public Lighting upgrade.**

- * **Provision of €4,431,607 for direct operation costs for the supply of public water and provision of €4,205,460 for the direct operation costs of public sewerage schemes.**
- * **Provision of €41,000 in respect of review of Regional Planning Guidelines.**
- * **Provision of €51,210 in respect of the Taking in Charge of Private Housing Estates.**
- * **Provision of €100,000 in respect of Enforcement Costs.**
- * **Provision of €80,000 in respect of Promotion of Noth Tipperary.**
- * **Provision of €15,000 for the Tiobraid Álainn Pride of Place and National Pride of Place Competitions**
- * **Provision of €70,000 for Tidy Towns / Tidy Estates**
- * **Provision of €1,310,093 for direct Operating Costs at the landfill.**
- * **A provision of €20,000 in respect of operating Civic Amenity Site at Thurles.**
- * **Provision of €278,358 for Street Cleaning.**
- * **Provision of €65,000 for contribution to Tipperary Energy Agency.**
- * **Provisions of €70,000 in respect of contribution to Roscrea Swimming Pool operating costs and continuing Provision of €40,000 to both Thurles and Nenagh Swimming Pool operating costs.**
- * **Provision of €1,200,175, in respect of the County Tipperary Joint Library Service.**
- * **Provision of €388,285 for Maintenance of Open Spaces.**
- * **Provision of €156,500 for Arts Grants and the Arts Programme.**
- * **Provision of €163,900 for the Regional Arts Centre, Thurles.**

Conclusion

In framing the Draft Budget I have been conscious of the challenges that lie ahead in the short to medium term for this Local Authority and I am confident that working together in partnership we can overcome these challenges.

I recommend that you adopt the Draft Budget for 2010 as presented and I am confident that in so doing we can make North Tipperary a better place in which to live, work and visit.

I wish to thank you, Mayor, the Members of The Corporate Policy Group and the Members of the Council for your support during the current year and look forward to your continued support during 2010. I would also like to thank the Strategic Policy Committees and the Audit Committee for their work during 2009.

I would like to thank all staff, both indoor and outdoor, for their diligent work, commitment and their support during the current year.

I would also like to record my appreciation to the Directors of Services, Head of Information Systems, Finance Staff and all the Administrative and Technical Heads for their assistance in compiling the Draft Budget for 2010.

I wish to thank Liam McCarthy, Head of Finance and his team for their assistance in compiling the Budget.

Beannacht libh,

**Terry O' Niadh,
County Manager**