

To: Cathaoirleach & Each Member of Westmeath County Council

1 Introduction

The Finance Committee comprises the Cathaoirleach and each Member of Westmeath County Council. The Committee meets four times a year with the meetings scheduled to take place one hour before the January, April, July and October monthly Council meetings.

This schedule is subject to change from time to time as determined by the Corporate Policy Group.

2 Content

The following matters are dealt with in this report:

- Outturn 2016
- Revenue & Capital Account 2017
- Audited Accounts for 2015
- Government Grants
- Revaluation

3 Outturn 2016

While work is ongoing on the finalisation of the Annual Financial Statement for 2016 there are a number of matters which I would draw Members' attention to:

- We will record a surplus on our Revenue Account for 2016 as previously indicated.
- We will achieve the debt collection targets set for Rates, Rents and Loans and reduce the overall amount of arrears on all three categories.
- While expenditure of **€1,588,816** was committed to Housing Grants in 2016, **€413,396** of this expenditure has been carried forward to be recouped in 2017. This carry forward is a consequence of:
 - The imposition by the Department of an earlier cut-off for the recoupment of 2016 expenditure;
 - The acceptance and processing of grant applications continuing up to late December 2016.
- Members will be aware that **€406,704** of a Council contribution to Housing Grants was included in the GMA allocation for 2016. The level of expenditure committed in 2016 together with the portion carried forward to 2017 has resulted in **€171,620** of this contribution being carried forward to 2017. This additional funding for 2017 may, subject to the agreement of Members of each Municipal District, be used to enhance the Council contribution to Housing Grants or other services within the GMA allocation.

We plan to be in a position to present the Annual Financial Statement for 2016 to the Council at the March 2017 meeting in accordance with the statutory timetable.

4 Revenue & Capital Account - 2017

I have set out in this section a number of matters pertinent to our activities in the current year for Members' information:

4.1 Roads Grants

We have received the following allocations:

- **National Roads funding of €12,300,635:** including **€11,795,833** on improvements and **€504,802** on maintenance. As Members are already aware the improvements allocation includes: N52 Cloghan to Billistown; N55 Glasson to Cornamaddy; N55 Tang to the Pigeons; and Maynooth to Galway Cycleway Design.
- **Regional & Local Roads funding of €6,835,547:** including allocations of **€200,700** for Bridge Rehabilitation Works and **€165,000** for Safety Works.

4.2 Public Participation Network (PPN)

We have received an allocation of **€50,000** in respect of the operation of the PPN which is accordance with our 2017 budget. In a departure from the practice of previous years whereby recoupment from the Department was contingent on the receipt of accounts of expenditure by the PPN during the year in question, for 2017, the Department is making an initial and immediate payment of **€30,000** to each local authority from its annual commitment, to ensure PPNs have access to funding from the outset. The balance of the Department's contribution (up to €20,000) will subsequently be addressed later in the year following the formal submission of an account of expenditure and estimated costs.

4.3 Lansdowne Road Agreement

We received notification on 17 January 2017 of a joint statement by Government and the Public Service Committee of the Irish Congress of Trade Unions on the implementation of the Lansdowne Road Agreement (LRA). Under the LRA it had been agreed that annualised salaries under **€65,000** would be increased by **€1,000** from 1 September 2017. This increase has been brought forward to 1 April 2017.

The financial impact of this change, which has not been provided for in our 2017 budget, is estimated at **€225,000**. We will engage with the Department with the objective of obtaining additional funding to cover this unforeseen cost. We will keep Members updated on the progress or outcome of this engagement.

4.4 Mullingar Paid Parking

The objective of ensuring that there is consistent treatment of paid parking income generated in Athlone and Mullingar in Budget 2018 was discussed during the Budget 2017 process.

We will provide Members with an update on this matter at the April 2017 Finance Committee meeting.

5 Audited Accounts for 2015

I attach the Audited Annual Financial Statement for 2015 of Westmeath County Council together with the Local Government Audit Report.

Westmeath County Council - Finance Committee Report 30 January 2017

The auditor, Mr. Daragh McMahon, inter alia, comments on the following matters and the report contains the Chief Executive's response where appropriate:

- At 2.1 - Financial Standing on the Income and Expenditure Account;
- At 2.2 - Financial Standing on Loans Payable;
- At 3.2 - Income Collection on Rates;
- At 3.3 - Income Collection on Housing Rents;
- At 3.4 - Income Collection on Housing Loans;
- At 4.0 - Transfer of Water & Sewerage Functions to Irish Water;
- At 5.0 - Bridging Finance on Affordable Housing;
- At 6.0 - Capital Account;
- At 7.0 – Fixed Asset Register;
- At 8.2 - Audit Committee and the Internal Audit Function;
- At 8.3 - Local Authority Companies.

I will expand on each item in turn and will deal with any matters arising.

It should also be noted that the audit committee considered these documents and deliberated on the key issues at a meeting on 5 December 2016.

6 Revaluation

Members will be aware that a national revaluation programme is currently being conducted by the Commissioner of Valuation. The Valuation Office website describes the salient features of the revaluation process and I have replicated these in bullet point form below:

- Following revaluation, there is a much closer and more uniform relationship between rental values of property and their commercial rates liability.
- A revaluation is necessary to bring more equity and transparency into the local authority rating system and to ensure that all ratepayers pay a fair share of the commercial rates to be raised.
- The revaluation will result in a redistribution of the commercial rates liability between ratepayers depending on the relative shift in the rental values of their properties in relation to each other.
- While an individual occupier's rates liability may increase or decrease, the revaluation will not increase the overall commercial rates income of the local authority.
- The commercial rates income of each local authority is capped in the year following a revaluation.

Work in respect of the rating authority area of Westmeath County Council commenced in late 2015. As part of the process, on **12 January 2017**, the Valuation Office issued a Proposed Valuation Certificate in respect of each property to all ratepayers in Westmeath. The proposed valuation of each property has been arrived at by reference to relevant market rental information at the specified valuation date of **30 October 2015** collected and analysed by the Valuation Office. The table on the back of the Proposed Valuation Certificate summarises how the valuation was calculated.

I have attached a specimen certificate for your information.

The rates liability for 2018 and subsequent years is calculated by multiplying the Valuation of the property, as assessed by the Valuation Office, by the "Annual Rate on Valuation" (ARV) which will be set by the local authority at its budgetary meeting each year.

Westmeath County Council - Finance Committee Report 30 January 2017

As requested by the Valuation Office, Westmeath County Council provided an indicative ARV on our website www.westmeathcoco.ie on **12 January 2017** which is used to calculate an indicative rates liability for 2018, based on the above Proposed Valuation in the following manner:

- A. Take the value set out in the Proposed Valuation Certificate received from the Valuation Office e.g. **€15,000.**
- B. Take the indicative Annual Rate on Valuation (ARV) for 2018 of **0.2.**
- C. Multiply A x B giving your estimated rates liability for 2018 e.g. **€15,000 x 0.2 = €3,000.**

It should be noted that the ARV is indicative only as:

- 1. It is based on the total value of proposed valuations for Westmeath as calculated and advised by the Valuation Office. And this value may change as a result of representations made by a ratepayer.
- 2. The ARV is set by Westmeath County Council at its statutory budget meeting each year.

The Proposed Valuation Certificates will state the valuation that the Valuation Office proposes entering for each property when new valuation lists are published on **15 September 2017**. The valuations will be used to calculate the rates charged in 2018 and subsequent years.

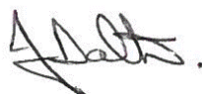
If a ratepayer accepts that the valuation set out in the Proposed Valuation Certificate is correct, they do not need to respond to the Valuation Office. If a ratepayer is dissatisfied with the proposed valuation or any of the details contained in the Proposed Valuation Certificate “representations” should be made to the Valuation Office within 40 days of the date of issue of the said Certificate i.e. **21 February 2017**. When making representations, an occupier must provide clear reasons and supporting evidence to justify any proposed changes, including an alternative valuation.

Ratepayers will also have the right to appeal their valuation subsequently to the Valuation Tribunal, an independent body set up for that purpose.

When these representations have been considered, the Valuation Office will issue Final Valuation Certificates in early **September 2017**. These final valuations will then be used by Westmeath County Council to calculate our rates for 2018 and subsequent years.

Furthermore once this revaluation is completed it will take place every 5 to 10 years thereafter, in accordance with the Valuation Act 2001, as amended.

In conclusion, I will be available at the Finance Committee meeting, scheduled for 30 January 2017, to answer any question Members may have with regard to the content of this report or other related matters.



J P Dalton FCA
Head of Finance

| ☎: 044 9332065 | 📠: 044 9342330 | ✉: jdalton@westmeathcoco.ie | www.westmeathcoco.ie