

To: Cathaoirleach & Each Member of Westmeath County Council

1 Introduction

I attach Revenue Report for the period 1st January 2010 to 18th July 2010. The report, which represents **58%** of the financial year elapsed, is presented by division to sub-service level. Service support costs are not included at individual sub-service level but are detailed separately at division J.

There follows a commentary on the main features underpinning the report.

2 Income

2.1 Local Government Fund (LGF)

To date we have been paid 75% of the 2010 allocation and this is in line with previous year's payment schedules. The payout to date in respect of 2010 is €1,014,754 less than the equivalent payout for 2009.

As already advised at the Finance Committee Meeting in April 2010 we have been notified of a reduction in the Local Government Fund allocation for 2010 of €322,118. This reduction represents 35% of payroll savings which are to revert to the Exchequer. In preparing the Budget we estimated this amount at €415,258. This saving of €93,140 is welcome and will offset a shortfall of €80,000 on our budget for pension contributions income. This shortfall mainly arises because the underlying gross pay has been reduced and the pension related deduction thresholds have been reduced in 2010 i.e. employee's are making lower pension contributions.

2.2 Pension Related Deduction (PRD)

We anticipate that the Pension Related Deduction will amount to about €1,100,000 for 2010. In preparing the Budget we estimated this income source at €1,086,500. There is no benefit to the Council as our LGF allocation is reduced by a similar amount.

2.3 Commercial Rates

We anticipate that Commercial Rates income will be in line with Budget. Due to the current poor economic climate we keep this source of income under constant review. We provide Direct Debit facilities for commercial rate payers, which allows them to spread their payments over 9 months. 290 rate payers are availing of this facility during 2010 paying a total €1.6m. The uptake to date amounts to 17% of our rate payers.

2.4 Charge on Non-Principal Private Residence (NPPR)

The Local Government (Charges) Act 2009 provided for a charge of €200 on certain non principal residences. As of July 16th 2010 this charge has generated income of €1,121,360 for 2009, and €805,620 for 2010:

- This income source should generate additional income of €120,000 in 2010 for Westmeath County Council.
- Westmeath County Council's share of NPPR is 62% with Athlone Town Council's share amounting to 38%.
- As there is a time lag in the processing of **non** online renewals we estimate that, to date, income collected for 2010 is running at 82% of 2009 income. This is in line with the trend nationally.

2.5 Housing Rents

Housing rents were performing well running in excess of budget in the earlier part of the year. However as the year has progressed and household incomes continue to decline we project that it will be a challenge to achieve the budget target of €3,150,000. At this point we estimate a shortfall of between €25,000 and €50,000.

2.6 Car Parking Charges

Car parking charges and fines, of which a surplus of €300,000 is ring fenced for specific works in Mullingar town, are yielding income generally in line with budget. The budgeted surplus for transfer to capital projects in Mullingar amounting to €16,000 should be achieved.

As previously advised changes in VAT rules for local authorities will impact this source of income. The VAT charge applies to off-street parking and I can confirm this charge amounted to €4,169 for the first two weeks of July 2010. This amounts to an annual charge of approximately €10,000 before any claim for VAT on inputs.

2.7 Water & Waste Water Charges

Our budget for Water & Waste Water Charges is €2.5m. Our income to date is generally in line with budget. We are in the process of updating our prices based on the operation costs for 2009. We plan to implement any changes with effect from July 1st 2010.

2.8 DEHLG Contribution to Water Services

Special allocations have been made from the Local Government Fund to help local authorities with the domestic share of running costs of Water and Wastewater Plants. We were allocated €35,000 in 2009. We budgeted to receive €481,500 in 2010 i.e. a 10% reduction in the 2009 grant.

We have not yet received notification of the grant for 2010 which is usually announced in July each year.

2.9 Planning Fees

Planning fees income at 49% is running behind budget. The budget for 2010 is €220,000, which was a reduction of €130,000 (37%) on the 2009 budget. I set out hereunder the income by month for 2009 and 2010, together with numbers of applications received for Member's information:

2009	No. of Applications	Fees Paid	2010	No. of Applications	Fees Paid
January	31	€12,373	January	36	€34,148
February	45	€15,046	February	39	€7,771
March	72	€2,275	March	41	€28,477
Qtr 1 Totals		€9,694			€70,396
April	76	€7,014	April	46	€12,392
May	62	€15,061	May	42	€10,662
June	46	€9,906	June	38	€5,942
Qtr 2 Totals		€1,981			€28,996
July	63	€6,802	July	30	€7,267
August	35	€9,210	August		
September	56	€18,016	September		
October	46	€9,707	October		
November	43	€5,395	November		
December	55	€13,937	December		
Total	630	€204,743		272	€106,659

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2.10 Landfill Income

Our landfill site at Ballydonagh is scheduled to close by the end of July 2010. The 2010 Budget for landfill income, which is for the first six months of the year, is €1.4m. This budget will be exceeded by about €350,000. This surplus, after deducting corresponding input costs, will be used to fund post closure costs. The shortfall on this fund is currently estimated at €800,000 and this will have to be funded by means of an allocation in the annual budget in future years.

2.11 Roads Grants Allocations

2.11.1 Allocations for 2010

I set out below Road Grants allocations for 2010 totalling almost €13.5m:

DOT REGIONAL & LOCAL ROAD GRANTS			
TYPE OF GRANT	2009	2010	Difference
Restoration Improvement Grant	3,344,000	4,237,000	893,000
Restoration Maintenance Grant	1,913,000	1,351,000	(562,000)
Discretionary Improvement Grant	281,000	-	(281,000)
Discretionary Maintenance Grant	665,000	1,148,000	483,000
Specific Improvement Grant	800,000	400,000	(400,000)
Low Cost Safety Improvements Grant	265,000	257,500	(7,500)
Training Grant	44,699	44,699	-
Regional Road Signposting	155,000	224,000	69,000
Strategic Non National Roads	6,000,000	4,000,000	(2,000,000)
Footpath Provision/Repair in Former Town Commissioners that are now Town Councils	366,666	366,700	34
Local Improvement Scheme Grant	107,000	36,000	(71,000)
Total Grants	13,941,365	12,064,899	(1,876,466)
Major projects (SNNR and Spec Imp Grants)	6,800,000	4,400,000	(2,400,000)
All Other Grants	7,141,365	7,664,899	523,534
			7.3%

When grants for major projects are excluded the grant allocations show an increase of 7.3% on the revised allocations for 2009. The increase in Discretionary Maintenance grants, of which 15% of the total spend is funded by the Council, will result in us having to find an additional €85,588 from our local roads allocation.

The allocations in respect of National Primary and National Secondary roads are set out below which show a reduction of 16.5% and 0.2% respectively. In addition to this we have received "weather related" grants of €67,000 (National Primary) and €188,000 (National Secondary).

National Road Allocations Maintenance & Improvements

<u>National Primary - Maintenance</u>	2009	2010
Maintenance		
NP Bridge Maintenance	17,939	7,000
NP Motorway Maintenance	560,926	343,700
NP Ordinary Maintenance	72,594	46,500
NP Route Lighting	129,600	93,600
NP Winter Maintenance	310,000	440,000
Annual Resurfacing	23,830	0
Sub-Total	1,114,889	930,800
<u>National Secondary - Maintenance</u>		16.5%
Maintenance	2009	2010
NS Bridge Maintenance	3,157	5,000
NS Ordinary Maintenance	203,999	160,000
NS Route Lighting	40,800	29,400
NS Winter Maintenance	113,393	145,000
NS Annual Resurfacing	99,313	120,300
Sub-Total	460,662	459,700

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2.11.2 Memorandum on Road Grants

In late June 2010 we received a revised Memorandum on Road Grants in respect of non national roads. This document sets out the rules to which Local Authorities work to when recouping expenditure on non national roads. There are significant changes in the document which we estimate could impact this Council in the region of €200,000 per annum.

The effective date for these changes is July 1st 2010.

Local Authorities, via the CCMA Finance Committee, are making a submission to the Department of Transport on the impact of these changes. I will advise Member's of developments in due course.

2.12 Other Income

At this stage of the year other income is generally on target. However, due to a decline in the economy and the poor state of the national finances we will need to monitor our income levels very carefully and take remedial action when necessary.

3 Expenditure

3.1 Housing Grants (DPGs & ERGs)

As previously advised we have received notification of an allocation in respect of Housing Grants, of €1,854,000 funded by €1,483,200 from DEHLG grants and €370,800 from the Council's own resources. This additional contribution of €42,800 will be funded from housing Internal Resources.

The expenditure on these grants is running at 39% of the allocation. This is well ahead of the same period last year when almost no activity had occurred due to the late notification of the grants.

3.2 Payroll

3.2.1 Overtime

Payroll costs increased significantly due the severe weather conditions experienced in first 4 months of the year. Our overtime bill for the first 15 weeks of the year amounted to €398,657 compared with €238,153 for the same period in 2009. The cost incurred in 2010 to date i.e. 27 weeks, represents 66% of the total cost for 2009. We project that the cost for the year will amount to €550,000 which is about €100,000 ahead of 2009. Every effort is being made to reduce and eliminate overtime where possible and the recent trend would indicate that progress is being made:

	2010	2009
Average per week – year to date	€8,653	€8,820
Average per week – last 4 weeks	€9,178	€2,027
Latest week	€7,784	€8,939
Overtime charge for year	€550,000	€756,310

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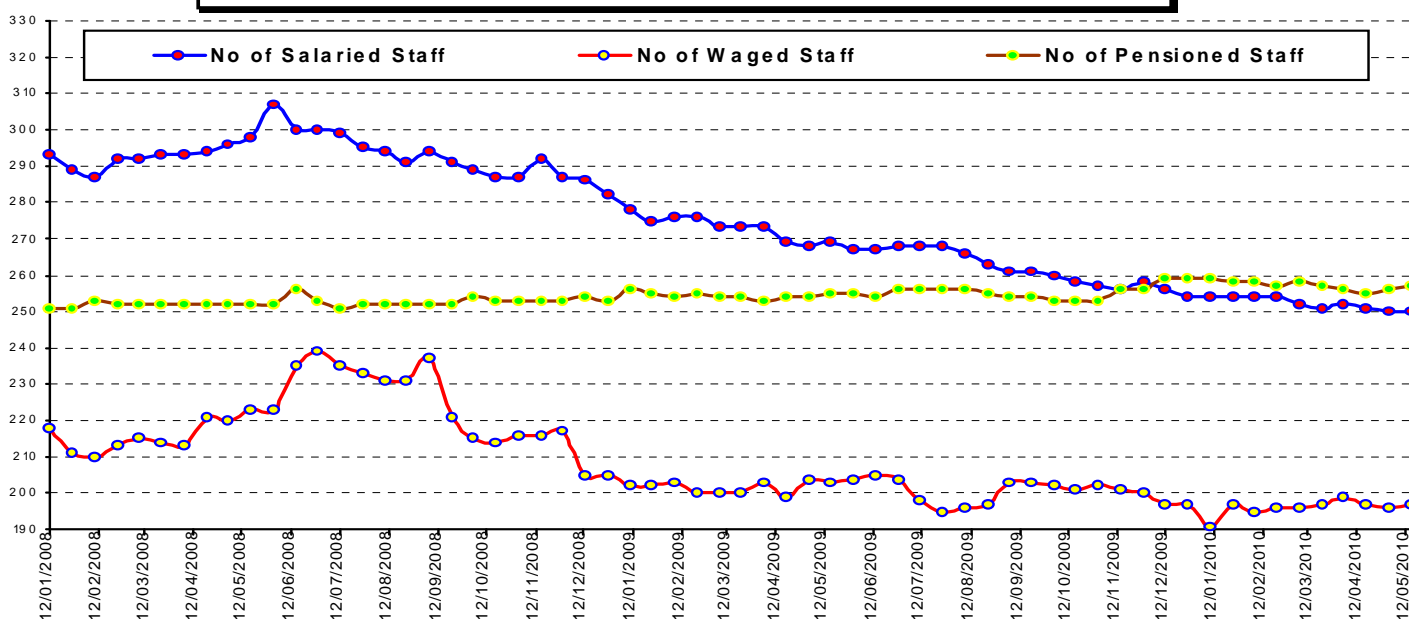
3.2.2 Numbers

As the graph below demonstrates control on staff numbers continues through a combination of:

- Non replacement of retiring staff.
- Non renewal of contracts for staff on fixed term employment.
- Allowing staff to avail of various options available such as career breaks, unpaid leave etc.

While it is a difficult process this local authority has no option in the current economic climate.

Numbers Paid per fortnight Jan 1, 2008 to date



3.3 Belvedere

The Budget provision in respect of the subvention of Belvedere for 2010 is €70,000. In the last four years we have managed to reduce the operating deficit in Belvedere by approximately 50%. However, as income has contracted in recent years, in particular due to the absence of park hire for large concerts and general admission income, the operating deficit remains stubbornly high.

Management are working with the Belvedere Committee pursuing options to reduce the operating deficit in line with Budget. The Committee meets on a quarterly basis and on an ad-hoc basis as and when required. Each cost centre is being reviewed in detail to assess its contribution to the overall operation.

The next quarterly meeting is scheduled for July 29th 2010.

4 Other Matters

4.1 Corporate Procurement Policy

We are in the process of finalising our Corporate Procurement Policy for 2010-2011 and expect to be in a position to present it to the Council in September.

4.2 Debt Collection

Our debt collection levels are disappointing. We have very significant progress to make on unpaid debt in general and particularly in the areas of rates, water charges and housing loans.

We are reinforcing the systems in place, reviewing ways and means of improving and pursuing arrears in a firm and fair manner.

This area of our work is receiving increased focus and this will continue for the foreseeable future.

4.3 Vat Registration

From July 1st 2010 we are accounting for VAT on services provided by the Council in accordance with The European Court of Justice (ECJ) decision in July 2009 in respect of the charging of VAT by public bodies on certain economic activities.

We have not increased prices to reflect this change and intend to absorb the impact for the remainder of 2010. We will review our approach and may alter our position in the context of the formulation of our Budget for 2011.

5 Conclusion

In view of the very uncertain conditions that currently prevail it is critical that our budget is constantly monitored and managed. In this regard Budget Holders are required to report on a monthly basis on financial performance. This process is crucial in ensuring that Westmeath County Council remains within its Budget for 2010 and deals with any variances arising in a prompt and effective manner.

I am available to answer any question Members may have with regard to the content of this report or other related matters.



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