

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 Qtr 1 2017
- Revenue & Capital Account 2017
- Government Grants
- Revaluation
- Budget 2018

3 Outturn Qtr 1 2017

Accounts, which are prepared and submitted to the Department on a quarterly basis in accordance with their requirements, show a surplus of **€8,847** for the three months ending 31 March 2017.

4 Revenue & Capital Account 2017

4.1 Local Property Tax (LPT)

We have been paid 50% of the 2017 allocation and this is line with last year's payment schedule. The grant received in the period of **€5,602,754** is in accordance with that provided for in our Budget. The next instalment of **€1,867,585** is expected by the end of July 2017.

4.2 Unwinding of FEMPI legislation

As part of the decision making process in respect of Budget 2017 the Department engaged with the Department of Public Expenditure and Reform (DPER) concerning the financial impact of the unwinding of FEMPI legislation on the sector and confirmed that a level of funding in the region of 90% of the estimated cost of the impact has been secured to compensate local authorities.

We have not yet been informed of when the initial payment in respect of this compensation will be made by the Department.

Furthermore, as previously advised the provision to bring forward from 1 September 2017 to 1 April 2017 the increase of €1,000 in annualised salaries under €65,000 has not been provided for in our 2017 budget. The financial impact of this change, which has not been provided for in our 2017 budget, is estimated at **€225,000**.

We continue to manage the situation to ensure there is minimal impact on the delivery of front line services in 2017.

4.3 Commercial Rates

In our 2017 Budget, Commercial Rates income was budgeted at **€16,000,768** while a provision of **€3,060,000** was made to cover vacancies, exemptions, waivers, and bad debts. While the actual rate demand is in line with budget it is likely that the provision of **€3,060,000** will be exceeded.

4.4 Charge on Non-Principal Private Residence (NPPR)

We continue to be in receipt of arrears associated with NPPR with the profile of receipts¹ to date in 2017 as follows:

January	€ 38,930
February	€ 23,190
March	€ 27,840
April	€ 53,099
May	€ 34,288
	€ 177,347

On the basis of the current run rate the budget for 2017 of **€200,000** will be exceeded.

4.5 Housing Rents

Our 2017 Budget provided for income from renting of our housing stock of **€4,332,603** and I can confirm that it is in line with budget.

4.6 Car Parking Income

Car parking income in Athlone and Mullingar is generally in line with budget.

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. A report on this matter was presented to the members of Mullingar Municipal District on 19 June 2017. The report recommended that this inconsistency of approach be addressed in Budget 2018. This was not accepted by the members who resolved to maintain the status quo for Budget 2018.

4.7 Fire Control Certificate Fees

Fire Certificate fees income of **€28,811** is running well behind budget. The budget for 2017 is **€100,000**. On the basis of the run rate for the first half of 2017 there could be a shortfall of **€30,000** from this source of income.

4.8 IPB Dividend

At the 2017 AGM in April 2017 the Board of Directors formally confirmed their intention to issue a Members' Commercial Dividend of €15m along with a further €10m provided from retained earnings amounting to a combined dividend of €25m. Our share of this dividend, amounting to **€607,099**, was received this month which is **€17,099** greater than budget.

¹ Any monies received in 2017 in respect of 2016 income have been excluded.

In addition to the 2017 dividend IPB are currently engaged with the sector in a retained earnings distribution proposal which envisages a release of retained earnings over a three year period commencing in 2017 and concluding in 2019. The distribution is subject to the necessary approvals, and to an annual review with reference to their outstanding liabilities and wider market dynamics.

As part of this proposal we are currently engaged with IPB in discussions to address all remaining current and potential liabilities arising from historic policy arrangements.

Furthermore there are a number of important issues which need to be addressed:

- As you are already aware insurance premiums have risen very significantly in recent years. IPB has also changed its pricing structure moving from community to modified rating. In short this means that our performance will be more closely reflected in the premium which we pay. It is therefore critical that we target key areas for risk improvement to reduce the incidence of future claims which will ultimately be reflected in the cost of our insurances.
- In tandem with this retained earnings distribution we understand that the approach to the annual dividend will change which will result in a very significant reduction i.e. it will be restricted to a portion of the annual profits (as opposed to a set amount) without the addition of, for example as occurred in 2017, of “a further €10m provided from retained earnings.” This change will impact the revenue account.

I will revert to you further when discussions are concluded with IPB.

4.9 Planning Fees

Planning fees income to date in 2017, at 73%, is running ahead of the budget of **€190,000**. Although the bulk of applications are for small developments it is likely that the budget will be achieved. I have set out in the tables below the income by month for 2014, 2015, 2016, and 2017 to date sub-totalled by quarter, for Member's information:

Fees Paid		Year			
Quarter	Month	2014	2015	2016	2017
1	Jan	€ 2,000	€ 4,634	€ 35,908	€ 13,700
	Feb	€ 9,357	€ 31,855	€ 4,776	€ 20,986
	Mar	€ 9,950	€ 8,635	€ 23,204	€ 23,095
1 Total		€ 21,307	€ 45,125	€ 63,888	€ 57,780
2	Apr	€ 25,795	€ 9,669	€ 14,687	€ 31,985
	May	€ 5,918	€ 9,132	€ 15,232	€ 32,747
(To date for 2017)	Jun	€ 22,481	€ 12,230	€ 7,845	€ 17,103
2 Total		€ 54,194	€ 31,031	€ 37,764	€ 81,836
3	Jul	€ 42,208	€ 23,901	€ 14,511	€ -
	Aug	€ 11,861	€ 41,119	€ 18,828	€ -
	Sep	€ 7,078	-€ 5,063	€ 21,835	€ -
3 Total		€ 61,147	€ 59,957	€ 55,173	€ -
4	Oct	€ 34,052	€ 8,358	€ 10,811	€ -
	Nov	€ 9,328	€ 25,320	€ 9,347	€ -
	Dec	€ 5,918	€ 4,451	€ 23,515	€ -
4 Total		€ 49,298	€ 38,129	€ 43,672	€ -
Grand Total		€185,946	€174,241	€200,497	€139,616

4.10 Other Income

The following income sources are generally in line with budget:

- Belvedere House & Gardens
- Mullingar Swimming Pool
- Library Fees and Fines
- Athlone Castle, Gallery & Artists Studios
- Pension Contributions

4.11 Expenditure

Although expenditure is generally in line with budget, control of expenditure continues to present challenges and requires constant monitoring and review. We operate in an environment in which the vast bulk of our expenditure falls into one of the following categories:

- Is of a non-discretionary nature;
- Where a contractual commitment exists;
- Can arise in an unpredictable and unforeseen manner.

There are an ever increasing number of areas where the local authority is expected to absorb a greater share of the costs incurred on services which increases the challenge of prudent financial management.

Furthermore as the economy continues to emerge from recession our key challenge is one of managing expectations in an environment where there are limited opportunities to raise additional income.

5 Government Grants

5.1 CLÁR 2017

We received notification of a CLÁR scheme for 2017. CLÁR is a targeted investment programme for rural areas that aims to provide funding for small infrastructural projects in areas that experience disadvantage. The aim of CLÁR is to support the sustainable development of identified CLÁR areas with the aim of attracting people to live and work there. The funding works in conjunction with local/Agency and other Departmental funding programmes and on the basis of locally identified priorities.

We have received notification of grants totalling **€77,096** under:

- Measure 1: Support for Schools/Community Safety Measures Construct - Footpath from Fore School to the Village **€30,000**;
- Measure 2: Play Areas – At Emper School **€47,096**.

5.2 Outdoor Recreation Infrastructure Scheme 2017

We received notification of The Outdoor Recreation Infrastructure Scheme for 2017. It is part of the Government's Action Plan for Rural Development and will provide funding for the development of new outdoor recreational infrastructure or the necessary maintenance, enhancement or promotion of existing outdoor recreational infrastructure in Ireland. Funds are provided to projects where works have not yet commenced and will be released to successful applicants in tranches based on a specified level of works being completed.

We have submitted applications under:

- Measure 1: Small Scale Maintenance/Promotional and Marketing - 15 projects;
- Measure 2: Medium Scale Repair/Upgrade and New Trail Development - 4 projects;
- Measure 3: Large Scale Repair/Upgrade and New Strategic Trail Development - 1 project.

5.3 Town & Village Renewal Scheme

We received notification of a new round of funding for 2017 under the Town & Village Renewal Scheme. Selection of projects under the Town and Village Renewal Scheme for 2017 will be by means of a competitive process. Final project selection will be made by the Department on the basis of proposals submitted by the Local Authorities. Up to 15 projects per local authority may be submitted with up to **80%** of the total cost of a project to be provided for any individual project. The minimum grant which is available is **€20,000** and the maximum is **€100,000**. A higher maximum of **€200,000** will be considered for a limited number of projects where a robust case can be made demonstrating exceptionally strong economic benefit to a town.

The closing date for the submission of applications is 30 June 2017.

5.4 Structures at Risk Fund

We received notification of conservation grants totalling **€52,000** under the Structures at Risk Fund 2017 for three projects.

5.5 Built Heritage Investment Scheme

We received notification of conservation grants totalling **€60,410** under the Built Heritage Investment Scheme 2017 for seven projects.

5.6 Creative Ireland

We have received an allocation of **€64,516** under Pillar Two of the Creative Ireland Programme: “Enabling Creativity in Every Community”. This funding has been provided:

- To support the Council in implementing their Culture and Creativity Plan for 017 including local projects and promotional events; and
- To generate public awareness of the Creative Ireland Programme.

6 Revaluation

Members will be aware that a national revaluation programme is currently being conducted by the Commissioner of Valuation. 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. You will also be aware that where a ratepayer was dissatisfied with the proposed valuation or any of the details contained in the Proposed Valuation Certificate “representations” could have been made to the Valuation Office within 40 days of the date of issue of the said Certificate i.e. **21 February 2017**.

I can confirm, from information provided by the Commissioner of Valuation that of the **2,974** certificates which issued **604** representations was received, a representation rate of **20%**.

I can further confirm, from information provided by the Commissioner of Valuation, that **55%** of ratepayers will experience a reduction in their rates liability. I am advised that this cohort is likely to increase further when the representations are processed.

I understand that the Valuation Office will be in a position to 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. I will keep you further advised on this matter

7 Budget 2018

The first step of the Budget 2018 process has commenced with the publication of the notice associated with the specific provision that elected members of a local authority may pass a formal resolution to vary the basic rate of the Local Property Tax for their administrative area by a percentage known as the local adjustment factor.

Westmeath County Council will meet in **September 2017** to consider the setting of a local adjustment factor.

Westmeath County Council welcomes written submissions from the public on this matter specifically covering the potential effects of varying the basic rate of the Local Property Tax on businesses, individuals and on local authority services.

Submissions must be received by **4 August 2017** and be sent to:

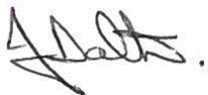
Westmeath County Council,
LPT Submissions,
Áras An Chontae,
Mount Street,
Mullingar,
Co. Westmeath

or

Email: LPT@westmeathcoco.ie

Further information in relation to this notice is available on: www.westmeathcoco.ie.

In conclusion, I will be available at the Finance Committee meeting, scheduled for 26 June 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