

MINUTES OF PROCEEDINGS AT MEETING OF LIMERICK CITY AND COUNTY COUNCIL HELD IN THE COUNCIL CHAMBER, DOORADOYLE, LIMERICK, ON FRIDAY, 20TH NOVEMBER, 2015, AT 10.00 A.M. TO CONSIDER THE CHIEF EXECUTIVE'S DRAFT BUDGET FOR 2016.

PRESENT IN THE CHAIR:

Councillor L. Galvin, Mayor.

MEMBERS PRESENT:

Councillors Browne, Butler, Byrne, Clifford, Collins (J), Collins (M), Crowley, Daly, Donegan, Foley, Gilligan, Gleeson, Hourigan, Hurley, Keary, Keller, Leddin, Loftus, Lynch, McCreesh, McMahon, Mitchell, Neville, O'Brien, Cmhrl. Ó Ceallaigh, O'Dea, O'Donnell, O'Donoghue, O'Hanlon, Prendiville, Quinlivan, Ryan, Scanlan, Secas, Sheahan (J), Sheahan (K), Sheahan (M), Sheehy, Teefy.

OFFICIALS IN ATTENDANCE:

Chief Executive (Mr. C. Murray), Deputy Chief Executive and Director, Home & Community/Culture/Sport (Mr. P. Dowling), A/Head of Finance/Human Resources/Corporate/ICT (Mr. S. Coughlan), Director, Regional Services – Water/Waste Management/Fire & Emergency Services/R.D.O, (Ms. C. Curley), Director, Economic Development and Planning (Mr. P. Daly), A/Director, Transportation & Travel/Environment (Mr. G. Dillon), Director, Service Operations/Change Management (Mr. G. Daly), Director, European Capital of Culture 2020 Bid (Mr. M. Fitzpatrick), Meetings Administrator (Mr. C. O'Connor), Administrative Officer, Corporate Services (Ms. T. Knox), Chief Fire Officer (Mr. M. Ryan), Operations Manager, South and West Divisions (Mr. B. Kennedy), Senior Executive Officer, Home & Community (Ms. P. Liddy), Senior Social Worker, Home & Community/Culture/Sport (Mr. S. O'Connor), Senior Executive Architect, Home & Community/Culture/Sport (Ms. S. Hanrahan), Senior Executive Officer, Regeneration (Mr. J. Murphy), Senior Planner (Mr. L. Conneally), Senior Executive Officer, Economic Development and Planning (Mr. P. Fitzgerald), Senior Engineer, Transportation & Travel/Environment (Mr. D. Brennan), Senior Engineer, Service Operations/Change Management (Mr. V. Murray), Senior Executive Officer, Human Resources (Mr. J. Delaney), Management Accountant (Ms. J. Leahy), Administrative Officer, Finance (Ms. I. Griffin).

At the outset, the Mayor proposed a Minute's silence as a mark of respect to those who had been killed and injured following the recent terrorist attacks in Paris and Beirut.

The Mayor opened the Meeting by outlining the proposed format for the Meeting whereby an address would first be given by the Chief Executive, followed by a presentation on each Division by the A/Head of Finance. Each Division would then be examined individually and the Members would be afforded an opportunity to ask questions in relation to each Division. The Mayor advised that Motions, if any, could be put and the Budget would then be put to a vote.

In formally introducing the Draft Budget for the financial year ending 31st December, 2016, the Chief Executive confirmed that all the statutory requirements in relation to the Budget had been complied with.

In recommending the Budget to the Council for consideration, the Chief Executive stated that, in line with new guidance, the actual budget process had begun in August 2015 when consultation with the Corporate Policy Group had commenced. He added that the draft budgetary plan for each of the Municipal Districts had been adopted during the prescribed period.

The Chief Executive highlighted that Limerick had seen significant growth in recent years and had been successful in attracting investment and referred to the following:

- Investment announcements by Regeneron, Northern Trust, Uber.
- Heads of Agreement with Troy Studios.
- Local unemployment rate was down from 17% in 2010 to 11.2% in Quarter 2, 2015.
- Target of 12,000 jobs as part of the Limerick 2030 Plan, with 5,000 of these in the City Centre.

He outlined that the total estimated expenditure for 2016 was €239,477 million, an increase of €84 million on the adopted figure for 2015. He explained that the growth in the HAP transactional Shared Service Hub accounted for the majority of the increase. In relation to income, he stated that 76% of income, excluding HAP, was generated locally. The Commercial Rates Revaluation Adjustment was as follows:

- Loss of income as a result of appeals process - €750,000 (1.5% of ARV).
- Loss of income as a result of Global Valuation of Utilities (3% of ARV).

The Chief Executive went on to list the core objectives of the Budget as follows:

- To continue the delivery of essential and statutory services.
- To be efficient, effective and committed to providing services that would underpin an innovative Limerick.

- Provision of funds for the preparation of Limerick's bid for European Capital of Culture 2020.
- Grow Limerick's economy and create opportunity in Limerick.
- Actively engage with and support Limerick's communities.
- Deliver the highest level of public services within the resources available.

It was noted that the Council's overall staffing level had increased in 2015 following a long number of years of decline. The proposed Budget included provision for an increase in staff to ensure that the Council could deliver on the objectives set out in its Corporate Plan, particularly outdoor staff and fire-fighters. An allocation was also made to meet costs associated with the Council's obligations under the Lansdowne Road Agreement.

Due to the results of the revaluation appeals process and the reduction in the Global Valuations, the Budget had factored a 4.5% increase in the Annual Rate on Valuation for 2016.

The Chief Executive advised that the Department of the Environment, Community and Local Government had engaged with the Department of Public Expenditure and Reform and that there would be a once-off adjustment in support from the Local Government Fund in 2016 to local authorities affected by the Global Valuations. In this regard, he stated that the Council was expected to receive in the region of €1.2million and that formal notification of the amount was expected by lunchtime.

It was unanimously agreed that the Chief Executive's Report on the Draft Budget 2016, as circulated to Members, be read into the Minutes of the Meeting as follows:

“The Draft Budget for the financial year ending 31st December, 2016, has been prepared, circulated to Members, and public notice of the Budget Meeting placed in the press, in accordance with the provisions of the Local Government Act, 2001, as amended by the Local Government Reform Act, 2014.

The Statutory Budget Meeting has been fixed for Friday, 20th November, 2015, at 10am, Council Chamber, Dooradoyle. Section 103 of the Local Government Act, 2001, as amended by the Local Government Reform Act, 2014, provides that the Budget must be adopted within a period of fourteen days beginning on the day on which the local authority budget meeting begins. The Budget, therefore, must be adopted by 3rd December, 2015.

Introduction

I attach, for your consideration, the Draft Annual Revenue Budget for Limerick City and County Council for year ending 31st December, 2016.

Circular Fin 08/2015 also refers to the prescribed period that applies for the holding of the 2016 Budget meeting for Local Authorities as follows; 2nd November 2015 to 27th November 2015. It was agreed by the Members at the October Council Meeting to hold the Annual Budget Meeting on Friday 20th, November, 2015.

In line with the new guidance, the actual budget process began in August 2015 when consultation with the Corporate Policy Group commenced. This involved the setting of overall parameters for the budget, together with an identification of the key issues and broadly setting out the approaches to be taken. The consultation at that time focused on the Council's overall financial position together with consideration of the financial consequences of any variation in the basic rate of Local Property Tax (LPT).

The Council decided not to adjust the LPT in 2016 and was obliged to notify the Revenue Commissioners and the Minister for the Environment, Community and Local Government by 30th September 2015 of the resolution adopted.

Furthermore, in order to meet the revised requirements, a submission of preliminary estimates of current, along with capital income and expenditure was made to the Department of the Environment, Community and Local Government.

The draft budgetary plan for each of the Municipal Districts was adopted during the prescribed period from 15th October to 13th November.

Through consultation with the Corporate Policy Group and consideration of the views of Council as expressed through the different stages of the budgetary process, in particular as expressed through the meetings of the Municipal Districts, the budget as presented considers this feedback in a reasoned and balanced manner.

Local Authorities are required by law to adopt a budget that is sufficient to meet their proposed expenditure - total estimated expenditure must be met by total estimated income from Commercial Rates, LPT, charges for goods & services and Government Grants. In addition, as well as adopting the budget for the coming year, Elected Members must also determine the Annual Rate on Valuation and the level of Rates Refund.

2014 Commercial Rates Revaluation Adjustment

Members will recall that the Valuation Office, as part of the revaluation process in 2014, posted over 6,700 final Valuation Certificates to commercial and industrial ratepayers in the Limerick City and County Council Rating Authority area and these revaluations took effect from 1st January 2015. As part of this process, Ratepayers were entitled to appeal the valuations to the Valuation Office by 8th February 2015. This process together with a reduction to the global valuation of utilities has resulted in an overall reduction in the Council's valuation base and consequential loss in income of approximately €2.45m in 2016.

Significant pressures have been placed on the available funds of the Council for 2016 as a result of the reduction in the Commercial Rate base by the following:

- The level of appeals to the Revaluation Process carried out during 2014 has resulted in reduced income of €750,000. (1.5% of Annual Rate on Valuation) (ARV)
- Also, on 4th November 2015, the Council was notified by the Valuation Office of a reduction to global valuation of Utilities (i.e. Communication Co's, Gas and Electrical Networks).equating to €1.7 million in reduced income. (3% of the ARV)

It is against this backdrop of reduced income of €2.45 million that the Budget is framed on a 4.5% increase on the Annual Rate on Valuation. It should be noted that even with the 4.5% increase in the ARV, the Commercial Rate income is still lower by €50,000 versus the adopted Budget 2015.

Draft Budget 2016 Objectives

In preparing a Draft Budget for presentation to the Members, I have endeavoured to allocate the available funds so as to ensure as far as possible the following objectives:

- To continue the delivery of essential and statutory services provided by the Council.
- Be efficient, effective and committed to providing services that will underpin an innovative Limerick.
- Providing funds in preparation of Limerick's bid for European Capital of Culture 2020.
- Grow our economy and create opportunity in Limerick by:-
 - Ensuring that the Local Enterprise Office (LEO) continues to market and promote Limerick as a location for new Business start-ups and to act as a point of contact for existing and prospective businesses.
 - The need to continue a strategic programme of investment and development of the City & County.
 - Ongoing support to the small and medium businesses and tourism sector.
- Actively engage with and support our communities.
- To deliver the highest level of public services within the resources available.

National Economic Outlook

It is clear that all domestic economic indicators are continuing to improve. Based on evidence so far this year, real GDP looks set to expand by over 6% in 2015 and growth of 4.5% looks achievable for 2016 nationally.

Table 1 below outlines the economic assumptions underlying the Department of Finance's budget for 2016.

Table 1: Irish Economic Forecast			
Averages	2014	2015f	2016f
GDP	+5.2%	+6.2%	+4.3%
GNP	+6.9%	+5.5%	+3.9%
Consumption	+2.0%	+3.5%	+3.5%
Investment	+14.3%	+13.0%	+12.5%
Exports	+12.1%	+11.9%	+6.9%
Imports	+14.7%	+12.1%	+8.2%
Inflation (HICP)	+0.3%	+0.1%	+1.2%
Employment	+1.8%	+2.8%	+2.4%
Unemployment Rate	11.30%	9.50%	8.30%
<i>Source: Department of Finance</i>			

All components of the economy are showing positive trends, with consumer spending gradually strengthening. The performance of the public finances was very strong in the first 9 months of 2015. An exchequer deficit of €104 million was recorded, compared to a deficit of €5.96 billion in the same period in 2014. The positive impact of increased economic activity and a stronger labour market on the Exchequer finances is very apparent. There are, however, external risk factors with the IMF recently downgrading its global growth outlook.

Local Economic Outlook

I also want to again acknowledge the evidence of Limerick's growing status as an attractive location for investment, both by existing companies operating in Limerick and those from elsewhere seeking new foreign direct investment opportunities.

Limerick has seen significant growth in recent years and has been very successful in attracting investment. In 2015, we welcomed investment announcements by Regeneron Pharmaceuticals with the creation of an additional 200 jobs and €350 million investment, Northern Trust which announced 300 jobs for Limerick, and Uber which is creating 300 new jobs in Limerick City Centre. Limerick City & County Council also announced this year that it has signed heads of agreement with Troy Studios to establish a major media hub for film and television production in Limerick, which will create an estimated 750 jobs and contribute €70 million to the local economy. To date in 2015 close to 2,500 full time high skilled jobs and more than half a billion of investment has been announced for Limerick. In addition to these full time jobs, 540 construction jobs have been announced this year. These developments highlight that there is significant and positive change for Limerick.

These positive announcements are reflected in the local unemployment rate which has declined considerably from its peak of over 17% in 2010 to 11.2% in Q2 2015, in line with the national trend. This improvement in the unemployment rate is reflected in incomes with Limerick having the second highest disposable income per person in Ireland. However, despite the unemployment rate declining, there is still considerable progress to be made. We have a target to create 12,000 jobs as part of the Limerick 2030 Plan, with 5,000 of these in the City Centre.

All agencies responsible for the development and promotion of Limerick must continue to work closely so as to ensure that the progress made in recent years is built on and in this regard, Limerick City and County Council looks forward to playing a central role in such efforts.

Outturn 2015

In presenting the Annual Budget for the year ending 31 December 2016 to Council, I wish to take this opportunity to summarise the financial position of Limerick City and County Council as at 31 December 2014. The Annual Financial Statement of Limerick City and County Council for the year 2014 shows that the accumulated balance on the Revenue Account is in a credit position of €599,562.

I have reviewed the up to date position and I am satisfied that every effort will be made to break-even on the Revenue Account for 2015; however there is pressure on a number of income heads and ongoing controls on expenditure are in place. As mentioned previously appeals due to the Revaluation process have resulted in a reduction in income in 2015 of €950,000.

The 2016 draft Budget reflects the need to continue a strong financial management ethos while making every effort to meet the ever increasing demands on the services of Limerick City and County Council.

Analysis of Expenditure Requirements 2016

The total estimated expenditure included in the Draft Budget for 2016 amounts to €239.477 million, a increase of €84 million on the adopted figure for 2015. The growth in the HAP transactional Shared Service Hub accounts for the majority of this increase. As this expenditure is matched by an increase in corresponding income, it has no net effect on the Budgetary Provisions. The following Table 2 depicts Revenue expenditure by Division.

Division	Budget 2016 €	Budget 2015 €
A. Housing and Building	113,713,940	35,279,023
B. Road Transportation & Safety	33,155,300	29,876,430
C. Water Services	15,430,728	15,812,222
D. Development Incentives & Controls	15,318,279	11,789,067
E. Environmental Protection	30,942,626	30,112,274
F. Recreation & Amenity	12,515,629	11,622,906
G. Agriculture, Education, Health & Welfare	1,942,911	2,555,504
H. Miscellaneous Services	16,457,328	18,824,709
	239,476,741	155,872,135

Table 2: Analysis of Expenditure by Division

The following chart gives a breakdown of expenditure by each Division.

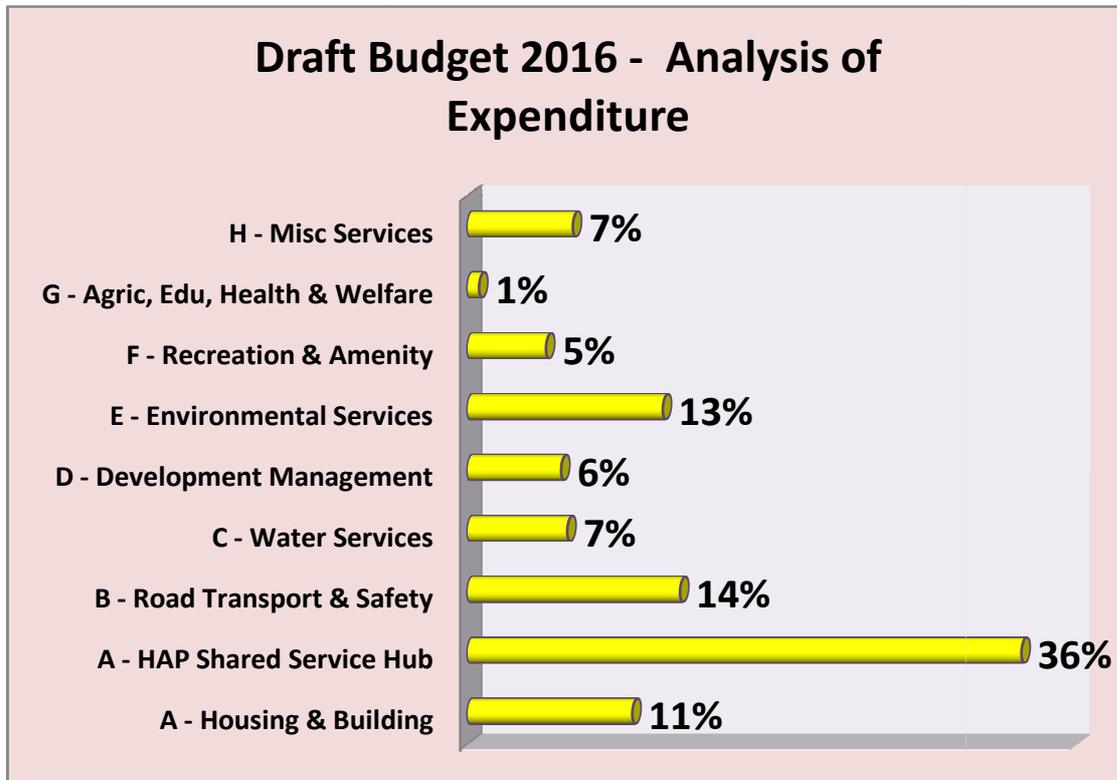


Chart 1: Analysis of split of Expenditure by Division

The following bar chart shows the estimated expenditure for each Division, with comparative figures for 2015:-

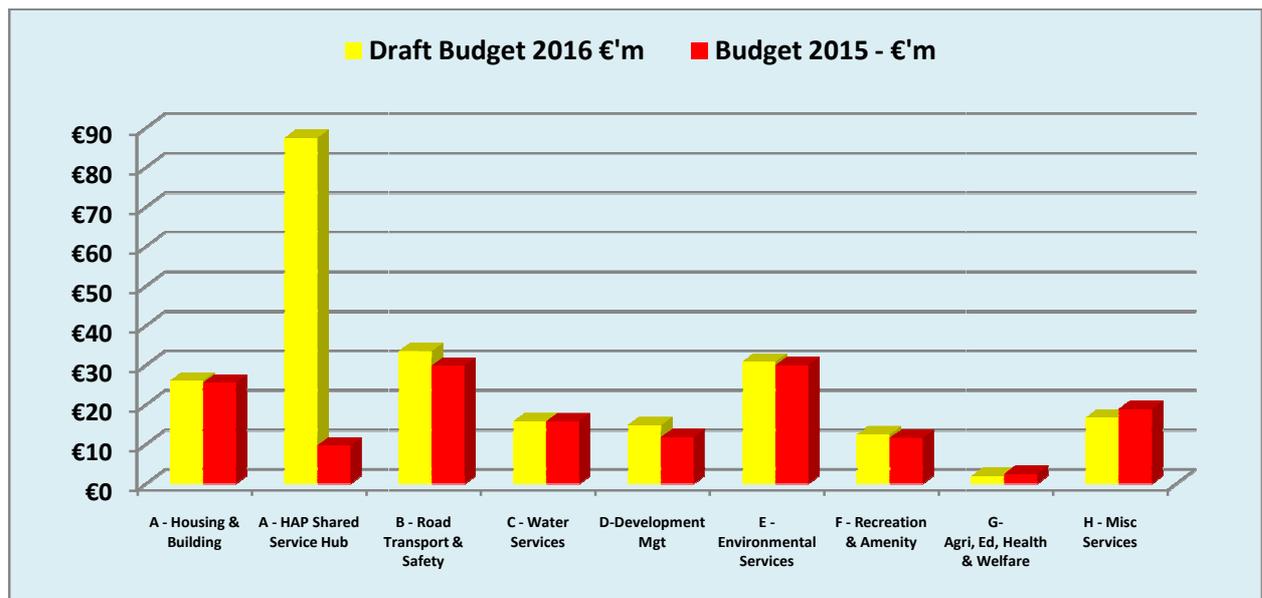


Chart 2: Analysis of Expenditure by Division - Budget 2015 versus Draft Budget 2016

Analysis of Income 2016

The level of expenditure shown above, at €239.477 million, will be financed from the following sources:-

Source	Amount (€)
1. Local Property Tax	14,625,159
2. Commercial Rates	52,909,395
3. Grants and Subsidies (net of HAP)	35,936,793
4. Goods and Services (net of HAP)	46,135,662
5. Pension Levy	2,427,982
Sub Total Income (Excluding HAP)	152,034,991
1. HAP Differential Rent	27,150,692
2. HAP Subsidy from DECLG	60,291,058
SubTotal HAP	87,441,750
Grand Total	239,476,741

Table 3: Analysis of Income

The following Pie chart highlights the % split by income category excluding HAP.

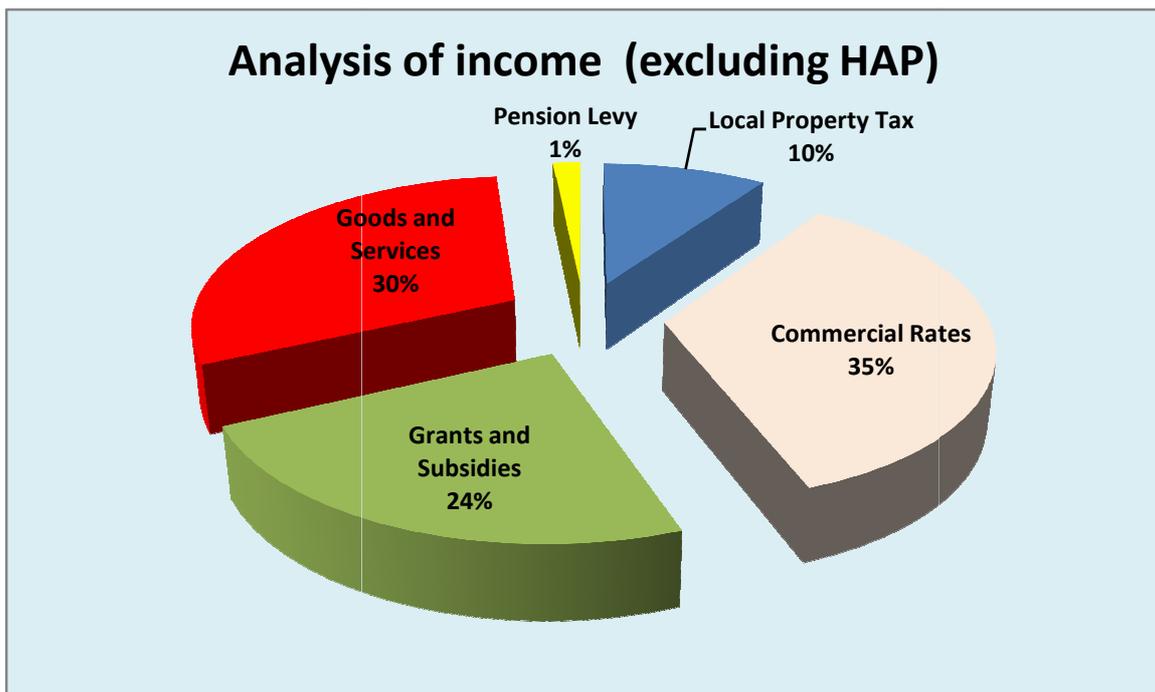


Chart 3: Analysis of Income (excluding HAP)

76% of the Council's income (excluding HAP) is now generated locally through Commercial Rates (35%), LPT (10%), Pension Levy (1%) and goods & services (30%).

Comparative figures for Budgets 2015 and 2016 are shown hereunder.

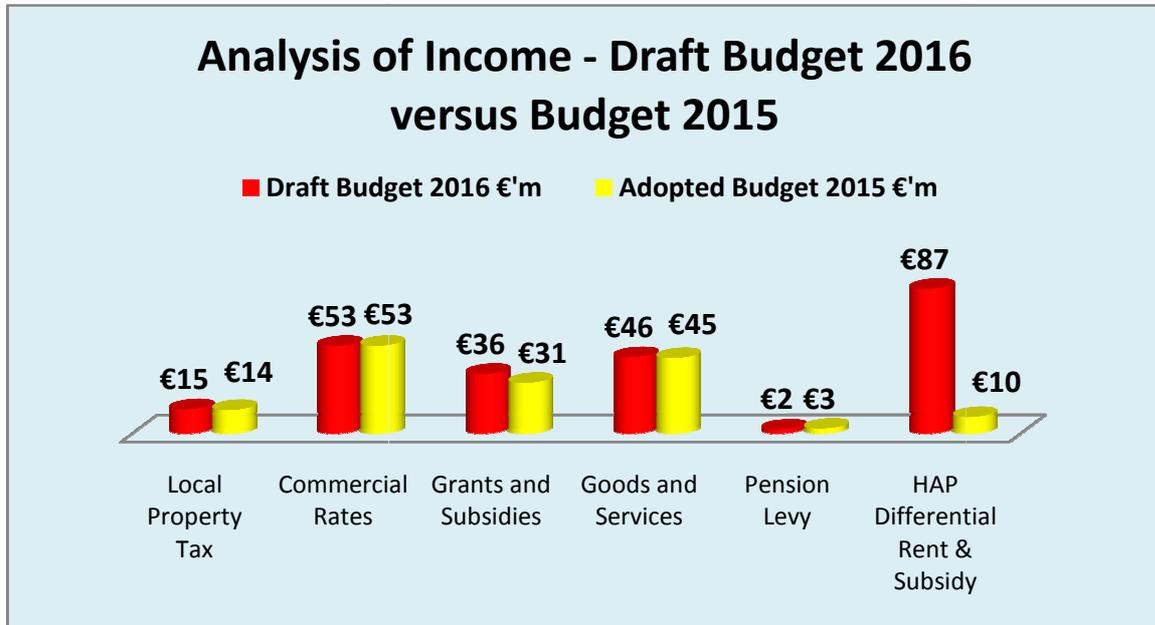


Chart 4: Analysis of Income

Local Property Tax Allocation 2016

Government has decided on a national equalisation model which commits 20% of monies collected to national local government funding supports, while 80% is maintained in the County of origin. The Council may, at its discretion, following public consultation, increase or decrease LPT rates by 15%. The Council decided not to adjust the LPT in 2016. The amount therefore included in the budget for LPT is €14,625,159.

Limerick Housing Assistance Payment (HAP) Transactional Shared Service Hub

The Housing Assistance Payment (HAP) is a new social housing support being introduced by local authorities. HAP will replace Rent Supplement for those with a long-term housing need who qualify for social housing support. The introduction of HAP means that local authorities can now provide housing assistance for households with a long term housing need, including many long term Rent Supplement recipients.

Limerick City and County Council is providing a transactional shared service to the local authorities taking part in the statutory pilot phase. Each local authority decides on the eligibility of HAP applicants in its own area and notifies Limerick City and County Council, which pays HAP to the relevant landlords and collects differential rent from HAP recipients through An Post's Household Budget facility.

The Council is currently providing this shared service to the following Local Authorities: Cork County Council, Cork City Council, Kilkenny County Council,

Louth County Council, Monaghan County Council, South Dublin County Council, Waterford City & County Council, Carlow County Council, Clare County Council, Donegal County Council, Offaly County Council, Tipperary County Council and the Dublin Regional Homeless Executive. The Department of the Environment, Community and Local Government intend to commence further local authorities during Quarter 4 2015.

The draft budget includes expenditure of €87 million which, in the main, relates to payments to landlords. 31% of this expenditure is funded by HAP differential rent and the balance is funded by the Department of the Environment, Community and Local Government.

General Municipal Allocation 2016

Circular Fin 08/2015 referred to the Local Government (Financial and Audit Procedures) (Amendment) Regulations (S.I.363 of 2015), which amends the Local Government (Financial and Audit Procedures) Regulations 2014 by providing that the meeting at which Municipal District Members consider the draft budgetary plan must conclude no later than 10 days prior to the local authority budget meeting, this period was previously 21 days.

Following the adoption of the budget, a schedule of proposed works of maintenance and repair to be carried out during 2016 in each Municipal District will be prepared for consideration and adoption by the Municipal District Members

The draft budget has included a general municipal allocation of €1.5m in total for District Members which will provide a focus and clarity as regards how the Elected Members want to account for the expending of monies within their area.

City of Culture

Limerick National City of Culture 2014 was an ambitious project which aimed to transform Limerick into a cultural hub for Ireland, re-imagine the city and provide a great opportunity for the people of Limerick of diverse backgrounds and social standing to come together and celebrate a cultural programme over 12 months.

Limerick City and County Council during 2015 has pursued a vigorous, active and intensive bidding process in order to successfully achieve the title of European Capital of Culture title for 2020. In order to prepare for this designation, funding of €1 million is set aside in the draft budget to co-fund the bid process and to help build up a fund in order to deliver a programme that best showcases such a distinction.

Payroll

The Council's overall staffing level increased in 2015 following a long number of years of decline as highlighted in the chart below.

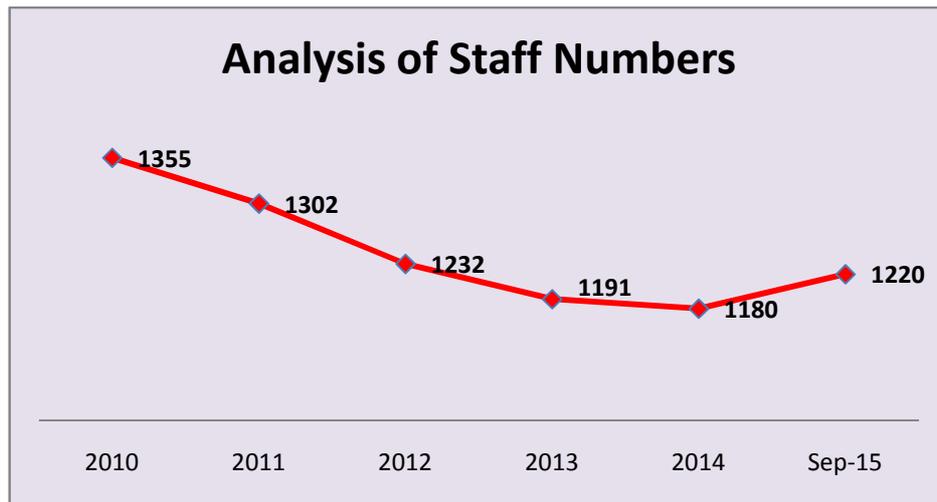


Chart 5: Analysis of Staff Numbers

This increase reflected our requirement to maintain essential services but also to attract new skills into the organisation to meet current and future challenges.

The proposed budget provides for:

- the payment of salaries and wages to our existing staff.
- the payment of pensions to our retired staff.
- an increase in staff to ensure that the Council can deliver on the objectives set out in its Corporate Plan, primarily outdoor staff and fire-fighters.
- an allocation to meet the costs associated with the Council's obligations under the Lansdowne Road Agreement.
- an allocation to meet its pension obligations for staff reaching retirement age in 2016.

The Council will continue to explore redeployment from within its existing workforce as a means of meeting new staffing requirements. This will minimise the cost associated with external recruitment.

Non-Payroll Costs

There are a number of non-payroll costs and unavoidable increases in current costs facing Limerick City and County Council in 2016. I have made all possible efforts to maintain expenditure in critical service delivery areas. Better value in all our procurement practices remains a key senior management imperative across all our services and will be further targeted during the coming year.

The Council is participating in national tenders in areas such as electricity, mobiles, stationery, furniture, paper, gas and bulk fuels and has recently completed a successful tender for the provision of electricity.

The Council is also actively involved in using national procurement systems such as LAQuotes and e-Tenders in efforts to further curtail non-payroll costs. Procurement will be a constant focus in our efforts to achieve value for money throughout 2016.

The Members have made various provisions from revenue to capital over a number of years. These provisions are ring-fenced for specific areas of expenditure. Without these provisions, balancing of Draft Budget 2016 would not be possible. This source of income is diminishing rapidly - buoyancy in our locally sourced income will be critical in the short and long term.

Commercial Rates

As previously mentioned, the Valuation Office, as part of the revaluation process in 2014, posted over 6,700 final Valuation Certificates to commercial and industrial ratepayers in the Limerick City and County Council Rating Authority area and these revaluations took effect from 1st January 2015. As part of this process, Ratepayers were entitled to appeal the valuations to the Valuation Office by 8th February 2015. This process resulted in an overall reduction in the Council's valuation base and consequential loss in income in 2015 of approximately €750,000 which was not known at the adoption of Budget 2015.

Also, on 4th November 2015, the Council was notified by the Valuation Office of a reduction to global valuation of Utilities (i.e. Communication co's, Gas and Electrical networks) equating to a further loss in income of €1.7 million.

This combined reduction of €2.45 million equates to a drop of 4.5% in the annual rate on valuation.

Limerick City and County Council had a rate demand in 2016 of €52.9m compared to a figure in 2008 of €55.607m. This indicates a reduction of €2.7m or 5%.

The following table highlights the reduction in Rates since 2008.

Year	Rates €	Diff in Yrs €
2008	55,606,941	
2009	56,869,574	1,262,633
2010	58,176,362	1,306,788
2011	59,268,125	1,091,763
2012	59,276,025	7,900
2013	58,090,716	(1,185,309)
2014	53,667,967	(4,422,749)
2015	52,973,091	(694,876)
2016 Projected	52,909,395	(63,696)

Table 4: Analysis of Commercial Rate Income

Due to the results of the revaluation appeals process and the reduction in the Global valuations, the budget has factored a 4.5% increase in the Annual Rate on Valuation for 2016. As can be seen from the above table, this adjustment in the ARV does not increase the total amount of income to be received from Rates in 2016 but only holds the income at slightly under 2015 levels.

Section 31 of the Local Government Reform Act 2014 provides for an amendment to rating law in relation to the refund of rates on vacant properties. This change now gives the power to the Members of local authorities to vary the level of rates refunds that apply in individual local electoral areas within the overall administrative area of the local authority.

Article 29 of the Local Government (Financial & Audit Procedures) Regulations 2014 provides that the decision to alter the rate of refund should be decided at the statutory annual budget meeting and that the rate of refund decided in respect of the relevant local electoral area shall apply to eligible persons for the year to which the budget relates. The budget has been framed on the basis of the following rate refund on vacant property.

Band	% Refund
Up to €2,624 Annual Rate Demand	100%
€2,625 to €10,449 Annual Rate Demand	50%
Over €10,450 Annual Rate Demand	25%

Table 5: Proposed Vacant Property Scheme 2016

It is recommended that this level of refund be applied to both City and County for 2016.

Small and Medium Business Support Scheme 2016

The proposed Small and Medium Business Support Scheme will pay a financial support to occupiers of commercial properties with a total annual commercial rate bill of up to and including €10,000 but not less than €500 in 2016, subject to a number of terms and conditions.

The support payments are summarised in the following table.

Commercial Rate Invoices	Financial Support	Average Support
From €500 to €1,500	€65	6.7%
From €1,500 to €2,500	€110	5.6%
From €2,501 to €4,000	€180	5.1%
From €4,001 to €5,500	€225	4.8%
From €5,501 to €7,000	€275	4.5%
From €7,001 to €10,000	€350	4.2%

Table 6: Proposed Small & Medium Business Support Scheme 2016

The average support/reduction across the qualifying group is 5% and this scheme highlights Limerick City and County Council's commitment to the Small and Medium Business Sector. It should be noted that almost 90% of the Rated properties in Limerick City and County Council have an annual rate demand of less than €10,000 subject to the Scheme being approved by the Council.

Tourism Sector Support Scheme 2016

The Proposed Tourism Sector Support Scheme for 2016 will be a financial support/reduction to occupiers of commercial properties directly linked to the Tourism Sector. In order to qualify, the total annual Commercial Rates liability must be in excess of €10,000 (Businesses with a Rate Demand less than €10,000 already qualify for the SME Scheme 2016) and is subject to a number of terms and conditions. The support grant payment which is aimed specifically at the Tourism and Hospitality Sector will be set at 5% of the total Rates, including arrears, for 2016 subject to the Scheme being approved by the Council.

Business & Retail Incentive Scheme 2016

The Proposed Business & Retail Incentive Scheme for 2016 will be available for Businesses in all towns and villages across Limerick City and County Council. This is an extension of the current scheme which was available in Limerick City, Abbeyfeale, Kilmallock, Newcastle West and Rathkeale. The scheme is intended to address property vacancy rates, improve streetscapes and to support the business community.

Irish Water

In 2016, the Water and Waste Water Programme will be provided on an agency basis, based on the agreed Service Level Agreement and the annual service plan.

Rural Development Programme

In 2015, agreement was reached between the two rural development companies and the Local Community Development Committee (LCDC) to submit a single Expression of Interest to avail of EU/national Leader funding and a single Local Development Strategy for Limerick has been developed for the period 2014-2020. The allocation of €9.276m to Limerick for the period 2014-2020 is an approximate decrease of 55% from the previous programme.

In order to support the Rural Development Programme and the implementation of the strategy, I am proposing that a commitment be given by the Council to provide an additional 25% of the allocation of €9.276m towards the current programme which ends in 2020. I recommend to the Members that an allocation of €150,000 be provided for in the 2016 draft budget as part of this commitment to the communities in the rural development programme area.

Capital Budget 2016-2018

In accordance with Section 135 of the Local Government Act 2001, as amended by the Local Government Reform Act 2014, please find attached a report on the programme of capital projects proposed by Limerick City and County Council for the 3 years 2016 to 2018.

A key element of the Capital Programme over the coming years is delivering on the Limerick 2030 Plan. In 2014, the Council Members agreed to the raising of a loan for €32m to help fund this programme. During 2015, progress was achieved in this respect with the purchase of key strategic sites in Limerick City and County. This will have a significant benefit to Limerick and will help to stimulate the local and regional economy. The Council aims to work with our colleagues across the public sector and our partners in the private sector to deliver on this shared commitment to Limerick

Given the fact that we are proposing allocations over 3 years, it would be unrealistic to suggest that these allocations are definitive and are subject to funding being available in future years. Capital projects by their very nature are flexible rolling plans which involve an annual review and possible adjustment.

Below, please find a summary of potential spend and source of funding for the 3 year capital plan 2016 to 2018.

Capital Expenditure 2016 -2018	Grant funded	Loan funded	Development Levy Funded	Revenue Funded	Other (Land Sales / Contributors)
€m	€m	€m	€m	€m	€m
340.115	287.780	17.350	14.896	3.000	17.088

Table 7: Summary Capital Plan 2016-2018

I request the Members to consider the Capital Budget report as part of the budgetary process.

Conclusion

I would like to take this opportunity to thank the Mayor and the Council Members for their assistance and support, particularly the Members of the Corporate Policy Group, in preparing this budget. I also wish to express my appreciation to the Management Team and their own teams for their commitment and hard work in preparing this document. I also want to acknowledge and thank Members and staff who retired during the year and also to remember all associated with the Council who sadly passed away in 2015.

In the year past staff have been flexible in adapting to the changing work environment and trying to ensure the maintenance of quality services with limited resources. The coming year will again be challenging but offers significant opportunities and I look forward to the commitment of all to doing the best we can for the benefit of the City and County.

I look forward to the full support of the Members at the Statutory Budget Meeting to be held on Friday, 20th November 2015.”

The Mayor stated that, as indicated earlier, the A/Head of Finance would present an overview of the budget, by Division, and Questions would be taken on each Division before moving on to the next Division.

The A/Head of Finance commenced by outlining the statutory process and Meetings held in relation to the Draft Budget 2016. The following Schedule of Meetings was noted:

- **Corporate Policy Group Meetings** – 21st and 28th September, 16th October and 3rd November, 2015.
- **GMA (General Municipal Allocation) Meetings** – 19th, 20th, 21st and 22nd October, and 4th November, 2015.
- **Briefing Session for Full Council** – 16th November, 2015.
- **Statutory Budget Meeting** – 20th November, 2015.

He referred to documentation circulated to the Members as follows:

- (i) Draft Budget 2016, and
- (ii) Proposed Schemes:

- Proposed Small and Medium Business Support Scheme 2016.
- Proposed Tourism Support Scheme 2016.
- Proposed Business and Retail Incentive Scheme 2016.
- Proposed Vacant Property Refund Scheme 2016.

He explained that the operations and activities of the local authority were divided into two primary accounts. The Revenue Account, which covered the day-to-day activities of the Council, for example, the provision of services, and the Capital Account which covered the construction/provision of infrastructure (assets) within the County. He highlighted the obligation on the Council to keep both accounts 'in balance.'

The A/Head of Finance stated that the Draft Budget for 2016 was €239.48 million in comparison to €155.87 million for 2015.

The following analysis of expenditure/income was noted:

Expenditure:

- A - Housing and Building – 11%.
- A - HAP Shared Service Hub – 37%.
- B – Road Transport & Safety – 14%.
- C – Water Services – 6%.
- D – Development Management – 6%.
- E – Environmental Services – 13%.
- F – Recreation & Amenity – 5%.
- G – Agriculture, Education, Health & Welfare – 1%.
- H – Miscellaneous Services – 7%.

Income (excluding HAP):

- Pension Levy – 1%.
- Local Property Tax – 10%.
- Commercial Rates – 35%.
- Grants and Subsidies – 24%.
- Goods and Services – 30%.

Division A: Housing and Building

The A/Head of Finance provided a detailed analysis of expenditure under Division A as follows:

Division A			
€m			
		Estimated Exp 2016	Adopted Exp 2015
A01	Maintenance/Improvement of LA Housing Units	€8.03	€7.50
A02	Housing Assessment, Allocation and Transfer	€0.88	€0.85
A03	Housing Rent and Tenant Purchase Administration	€1.02	€1.07
A04	Housing Community Development Support	€0.67	€0.69
A05	Administration of Homeless Service	€3.65	€3.41
A06	Support to Housing Capital Programme	€2.01	€1.80
A07	RAS Programme	€7.25	€7.33
A08	Housing Loans	€0.98	€1.17
A09	Housing Grants	€1.27	€1.19
A11	Agency & Recoupable Services	€0.44	€0.57

He also provided an analysis of the major variances in the adopted Budget for 2015 versus the Draft Budget for 2016 under the headings of Housing Maintenance and HAP Shared Service. He referred to a loan drawdown to focus on completing gas boiler servicing for 3,200 houses and carbon monoxide alarms for 3,000 houses. The A/Head of Finance advised the Members that the Council would need to become more proactive as current maintenance budgets were not sufficient. He also made reference to Conditional Survey to be carried out and a move to planned maintenance.

Funding of HAP Landlord Payments was noted; HAP Subsidy 69%, HAP Differential Rent 31%. Also noted for HAP were the following:

- Projected staffing levels for HAP by the end of 2016.
- Investment in HAP Shared Service Centre in the Granary.
- Target of 18,885 cumulative tenancies.

The Mayor then invited Members to indicate if they wished to ask questions in relation to Division A.

Members asked questions on several aspects of the provisions made in the Annual Budget for this Division, which were responded to by the Chief Executive and A/Head of Finance. The Council then noted the provisions made in the Draft Annual Budget for Division A – Housing and Building.

Division B: Road Transportation and Safety

The A/Head of Finance provided a detailed analysis of expenditure under Division B as follows:

Division B			
€m			
		Estimated Exp 2016	Adopted Exp 2015
B01	NP Road – Maintenance and Improvement	€1.31	€1.28
B02	NS Road – Maintenance and Improvement	€0.31	€0.36
B03	Regional Road – Maintenance and Improvement	€7.39	€6.52
B04	Local Road – Maintenance and Improvement	€16.44	€14.52
B05	Public Lighting	€2.85	€2.78
B06	Traffic Management Improvement	€1.38	€1.16
B07	Road Safety Engineering Improvement	€0.61	€0.65
B08	Road Safety Promotion/Education	€0.75	€1.03
B09	Car Parking	€1.28	€0.95
B10	Support to Roads Capital Programme	€0.59	€0.46
B11	Agency & Recoupable Services	€0.24	€0.17

He also provided an analysis of the major variances in the adopted Budget for 2015 versus the Draft Budget for 2016 under the headings of Additional Funding received for Primary Roads; Additional Funding received for Local and Regional Roads in 2015, and Own Resources.

He explained that the grant funding for Local and Regional Roads was included at 2015 levels and that the Council had received no indication in relation to 2016 level of grants. It was noted that additional funding had been received in 2015 of €1.6 million. He concluded by highlighting that there would be a €290,000 reduction in Own Resources, which would equate to a 1.5% reduction in the overall roads budget.

The Mayor then invited Members to indicate if they wished to ask questions in relation to Division B.

Members asked questions on several aspects of the provisions made in the Annual Budget for this Division, which were responded to by the Chief Executive and A/Head of Finance. The Council then noted the provisions made in the Draft Annual Budget for Division B – Road Transportation and Safety.

Division C: Water Services

The A/Head of Finance provided a detailed analysis of expenditure under Division C as follows:

Division C			
€m			
		Estimated Exp 2016	Adopted Exp 2015
C01	Water Supply	€9.62	€9.64
C02	Waste Water Treatment	€3.75	€3.29
C03	Collection of Water and Waste Water Charges	€0.41	€0.57
C04	Public Conveniences	€0.13	€0.14
C05	Admin of Group and Private Installation	€1.15	€1.36
C06	Support to Water Capital Programme	€0.28	€0.31
C07	Agency & Recoupable Services	€0.08	€0.51
C08	Local Authority Water and Sanitary Services	€0.00	€0.00

The level of expenditure within the Water Services Division had reduced significantly as a result of the transfer to Irish Water.

The Mayor then invited Members to indicate if they wished to ask questions in relation to Division C.

Members asked questions on several aspects of the provisions made in the Annual Budget for this Division, which were responded to by the Chief Executive and A/Head of Finance. The Council then noted the provisions made in the Draft Annual Budget for Division C – Water Services.

Division D: Development Management

The A/Head of Finance provided a detailed analysis of expenditure under Division D as follows:

Division D			
€m			
		Estimated Exp 2016	Adopted Exp 2015
D01	Forward Planning	€1.79	€1.69
D02	Development Management	€2.26	€2.04
D03	Enforcement	€0.79	€0.75
D04	Industrial and Commercial Facilities	€0.01	€0.05
D05	Tourism Development and Promotion	€1.50	€1.36
D06	Community and Enterprise Function	€0.90	€1.13
D07	Unfinished Housing Estates	€0.12	€0.12
D08	Building Control	€0.12	€0.12
D09	Economic Development and Promotion	€4.20	€3.22
D10	Property Management	€1.01	€0.86
D11	Heritage and Conservation Services	€0.20	€0.23
D12	Agency & Recoupable Services	€2.43	€0.20

He also provided an analysis of the major variances in the adopted Budget for 2015 versus the Draft Budget for 2016 under the headings of SICAP (Social Inclusion and Community Activation Programme), Income Property Management and Rural Development Programme.

In relation to the allocation of supplemental funding to support the Rural Development Programme 2014-2020, he made the following points:

- The allocations for the Leader elements of the Rural Development Programme (RDP) 2014-2020 for the Limerick sub-regional area was €9.27m.
- The total allocation of €9.27m represented an approximate reduction of 60% compared to the last round of Leader funding (2007-2013) of approximately €23.5m.
- Provision of supplementary funding was proposed to the tune of €2.319m of the overall budget to support the local development strategy and work programmes that would be developed for this round of Leader funds.
- The additional funding should be provided to Limerick LCDC in the context of the Limerick LCDC being the sole local action group in the Limerick sub-regional area.
- The additional funding to be provided by the Council would support projects developed under the following themes:
 - Rural Tourism.
 - Enterprise Development.
 - Urban and village renewal in rural towns.
 - Rural environment.
- Proposing commitment over 5 years of 25% of the allocation of €9.276m = €2.319m.
- Provision included in 2016 Draft Budget = €150k.

The Mayor then invited Members to indicate if they wished to ask questions in relation to Division D.

Members asked questions on several aspects of the provisions made in the Annual Budget for this Division, which were responded to by the Chief Executive and A/Head of Finance. The Council then noted the provisions made in the Draft Annual Budget for Division D – Development Management.

Division E: Environmental Services

The A/Head of Finance provided a detailed analysis of expenditure under Division E as follows:

Division E			
€m			
		Estimated Exp 2016	Adopted Exp 2015
E01	Landfill Operation and Aftercare	€1.01	€1.41
E02	Recovery & Recycling Facilities Operations	€0.69	€0.77
E03	Waste to Energy Facilities Operations	€0.45	€0.27
E04	Provision of Waste to Collection Services	€0.61	€0.68
E05	Litter Management	€1.07	€0.99
E06	Street Cleaning	€3.89	€4.12
E07	Waste Regulations, Monitoring & Enforcement	€0.60	€0.60
E08	Waste Management Planning	€0.98	€0.66
E09	Maintenance of Burial Grounds	€1.57	€1.20
E10	Safety of Structures and Places	€0.57	€0.71
E11	Operation of Fire Service	€14.78	€13.99
E12	Fire Prevention	€0.58	€0.62
E13	Water Quality, Air and Noise Pollution	€0.87	€0.95
E14	Agency & Recoupable Services	€3.27	€3.14

He also provided information in relation to the major variances in the adopted Budget 2015 versus the Draft budget for 2016 relating to the Fire Service.

The financial projections for the 2016 Refuse Subsidy Scheme were noted as follows:

- Single Scheme for Limerick City and County Council.
- Qualifying Applicants: Old Age Pensions.
- Estimated Number of Applicants: 3,150.
- No. of Lifts per annum: 18.
- The following budget was included in Budget 2016, based on the above:

District	Budget
Metropolitan District of Limerick	€ 210,800
Municipal District of Adare-Rathkeale	€ 97,000
Municipal District of Newcastle West	€ 112,800
Municipal District of Cappamore-Kilmallock	€ 97,000
TOTAL:	€ 517,600

The Mayor then invited Members to indicate if they wished to ask questions in relation to Division E.

Members asked questions on several aspects of the provisions made in the Annual Budget for this Division, which were responded to by the Chief Executive and A/Head of Finance. The Council then noted the provisions made in the Draft Annual Budget for Division E – Environmental Services.

At this point, it was agreed on the proposal of Councillor Sheahan (J), seconded by Councillor Collins (M), to take a one-hour adjournment.

On resumption of the Meeting, it was agreed on the proposal of Councillor Byrne, seconded by Councillor Mitchell, to take Division F and Division G/H together.

Division F: Recreation and Amenity

Division G/H: Agriculture, Education, Health and Welfare, and Corporate Services

The A/Head of Finance provided a detailed analysis of expenditure under Division F as follows:

Division F			
€m			
		Estimated Exp 2016	Adopted Exp 2015
F01	Leisure Facilities Operations	€0.80	€0.72
F02	Operation of Library and Archival Service	€5.72	€5.40
F03	Outdoor Leisure Areas Operations	€2.56	€2.74
F04	Community, Sport and Recreational Development	€0.37	€0.26
F05	Operation of Arts Programme	€3.02	€2.47
F06	Agency & Recoupable Services	€0.04	€0.04

The A/Head of Finance provided a detailed analysis of expenditure under Division G as follows:

Division G			
€m			
		Estimated Exp 2016	Adopted Exp 2015
G01	Land Drainage Costs	€0.20	€0.20
G02	Operation and Maintenance of Piers and Harbours	€0.00	€0.00
G03	Coastal Protection	€0.00	€0.00
G04	Veterinary Services	€1.12	€1.16
G05	Educational Support Services	€0.62	€1.19
G06	Agency & Recoupable Services	€0.00	€0.00

He also provided an analysis of the major variances in the adopted Budget for 2015 versus the Draft Budget for 2016 under the headings of Grove Island, European City of Culture and Higher Education Grants.

The A/Head of Finance then provided a detailed analysis of expenditure under Division H as follows:

Division H			
€m			
		Estimated Exp 2016	Adopted Exp 2015
H01	Profit/Loss Machinery Account	€1.97	€3.10
H02	Profit/Loss Stores Account	€0.20	€0.24
H03	Administration of Rates	€9.00	€10.26
H04	Franchise Costs	€0.27	€0.33
H05	Operation of Morgue and Coroner Expenses	€0.42	€0.40
H06	Weighbridges	€0.00	€0.00
H07	Operation of Markets and Casual Trading	€0.01	€0.01
H08	Malicious Damage	€0.00	€0.00
H09	Local Representation/Civic Leadership	€1.80	€1.78
H10	Motor Taxation	€1.18	€1.22
H11	Agency and Recoupable Services	€1.59	€1.47

He also provided an analysis of the major variances in the adopted Budget for 2015 versus the Draft Budget for 2016 under the headings of Rates Bad Debt Provision and Rates Schemes.

In relation to Rates Bad Debt Provision, the following were noted:

- Full review carried out on outstanding balances.
- Collection Rate up 6% to date.
- Target Collection Rate for Year-End = 69% - 70%.
- Proposed Rates Schemes for 2016 as follows: (i) Small and Medium Business Support Scheme, and (ii) Tourism Scheme.

The Mayor then invited Members to indicate if they wished to ask questions in relation to Divisions F and G/H.

Members asked questions on several aspects of the provisions made in the Annual Budget for these Divisions, which were responded to by the Chief Executive and A/Head of Finance. The Council then noted the provisions made in the Draft Annual Budget for Division F – Recreation & Amenity; and Division G/H – Agriculture, Education, Health and Welfare, and Corporate Services.

In relation to a query on the central management charge for Appendix 1 where the costs showed an increase of €1m approx year-on-year, the A/Head of Finance stated that this related to two issues: (i) transfer of staff from other Divisions into Customer Services and (ii) the loan for the Lissanalta building was included with principal plus interest, whereas in 2015 only interest was provided. He further clarified that the allocation of the central management charge was based on a national model which took into account such items as number of staff per service, or number of financial transactions.

At this point, it was agreed on the proposal of Councillor Sheahan (J), seconded by Councillor Collins (M), to take a further one-hour adjournment.

On resumption of the Meeting, Councillor Collins (M) stated that the revaluation process had resulted in an overall reduction in the Council's valuation base and, as a result, the consequential loss in income for 2015 was approximately €750,000. He also referred to notification received from the Valuation Office in early November of a reduction to the Global Valuation of Utilities which had equated to a further loss in income of €1.7 million. This combined reduction of €2.45 million, he stressed, was not acceptable to his Party.

It was noted that the indicative amount of approximately €1.2 million, which was being allocated by the Department of Public Expenditure and Reform, was being made on a once-off basis, solely for the 2016 budgetary period.

Councillor Collins (M), in referring to the additional allocation, stated that the amount was not enough to bridge the gap in finances for this year. In addition, he stressed that the additional allocation for 2016 would not solve the problem going forward. He called on the Chief Executive to seek the full amount of €2.45 million from the Department. He concluded by stating that his Party needed further time to consider the Budget, as presented.

On the proposal of Councillor Collins (M), seconded by Councillor Collins (J), it was agreed to adjourn the Meeting to 10 am on Monday, 23rd November, 2015. The Meetings Administrator advised that the required three days notice would not be possible in the time available and on the proposal of Councillor Collins (M), seconded by Councillor Collins (J), Standing Orders were suspended to cater for this.

Signed: _____
Mayor

Dated: _____