

Comhairle Baile Chill Áirne
Killarney Town Council



TOWN MANAGER'S REPORT
TUAIRISC BHAINISTEOIR AN BHAILE

BUDGET 2014
BUISEÁD 2014

For the Financial year ending 31st December 2014
Incorporating Report on the Capital Programme 2014

Don mbliain airgeadais dár críoch 31ú Nollaig 2014
Tuairisc ar Chlár Caipitil 2014 san áireamh



3rd January 2014

Don/

Mhéara agus gach ball de Comhairle Baile Chill Áirne

Re: Budget 2014

A Mhéara agus a Chomhairleoirí,

Introduction

I enclose herewith the balanced Budget prepared for Killarney Town Council for the financial year ending 31st December 2014 in accordance with Section 102 of the Local Government Act 2001 for consideration by the Members at the Budget Meeting fixed for Wednesday, 15th January 2014.

This is an historic year for Killarney Town Council as it makes its final budget as a Local Authority.

Background Economic Climate

The Draft Budget for 2014 has been prepared against the continuing financial uncertainty in the euro zone and in this Country. Ireland continues to meet all quantitative fiscal targets as set out in the EU/IMF Programme of Support and the European Support has helped to rebuild market confidence and ensure a modest growth forecast for 2014. The continued necessity at national level to meet targets as set out under the EU/IMF Programme of Support will continue to impact directly and indirectly on the finances of this Council. In that context, the availability of income and the ability to collect this income continues to be a source of serious concern. I have prepared the Council's Budget for the coming year against this difficult fiscal background and the reality which is presently facing this Council and its customers.

At this stage of the financial year we anticipate that we will achieve a balanced budget for 2013 through strict budgetary controls and pursuance of all outstanding charges due to this Council. Strict adherence, particularly to debtor control, will continue into 2014 and we will continue with improved efficiencies and procurement initiatives and any other efficiency measures which can help us achieve a balanced budget. Maximising income from all sources is going to be critical in the coming year to ensure that the challenges facing the Local Authority can be met. We will need to continue to ensure we have savings through efficiencies and cost effectiveness while maximising income to ensure that we continue to maintain our core statutory services to a satisfactory standard.

Pre-Budget Position

The preparation of a budget for 2014 is complicated to a significant degree by a number of major changes within and influencing the sector. These include:

- The dissolution of Town Councils in 2014 under local government reform
- The requirement to harmonise rates within the county over the coming years as part of the current local government reorganisation process.
- The establishment of Irish Water
- The introduction of the Local Property Tax
- The abolition of the Non Principal Private Residence charge

Putting People First – Local Government reform Bill 2013

In October 2012 the Government published the policy document “Putting People First” which proposed substantial changes to how Local Government is administered in Ireland. The Local Government Reform Bill 2013, currently before the Oireachtas, proposes the dissolution of the Town Council and the establishment of a Municipal District Council in mid-2014. It is important to consider that this Bill is just such, a Legislative Bill which proposes structural changes but has not been transposed into a statutory act or other provision at this point in time. Accordingly, in considering the draft Budget for 2014 the statutory process and the legislative provisions for this Town Council remain unchanged in that the council is obliged to prepare its budget for the full financial year 2014 and in consideration of the financial provisions as set down in Part 12 of the Local Government Act 2001. We will consider the financial and other implications of the new Local Government Bill when enacted.

Establishment of Irish Water - Water Services No.2 Act 2013

The Water Services No 2 Act of 2013 provides for the transfer of certain water functions previously carried out by a sanitary authority to the newly established water utility company – Irish Water. It also provides for Service level agreements between the new utility and the sanitary authorities. Accordingly, expenditure on water functions provided for in the budget report is refundable by Irish Water, now the relevant body under statute. The budget has been prepared in accordance with the new statutory framework.

Draft Budget Overview

The Draft Budget provides for expenditure of €12,056,350, a reduction of 11% on the 2013 budget. As the Council is statutorily required to prepare a balanced budget, all expenditure provisions must match income projections. The proposed budget expenditure is fully funded as follows:-

Local Government Fund	€ 894,244
Rates	€7,825,496
Division Income	€3,336,610
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Total	€12,056,350

Income Overview

Local Government Fund

The notified provisional allocation for the year 2014 is €894,244 a reduction of 28.5% on the 2013 allocation. As a general purpose grant, the Local Government Fund is an essential feature of our funding mechanism which has seen great change in both the amount allocated and the methods by which it is funded in recent years. The Local Government Fund is currently comprised of funding from Motor Tax Receipts and the Local Property Tax. I would like to take this opportunity to thank those households who paid the Local Property Tax and who are helping to fund local service provision in the town and I would encourage those who have yet to pay to do so to support local service provision.

Household Charge, NPPR and Local Property Tax (LPT)

As members are aware the Household Charge has been replaced by the new Local Property Tax (LPT) during 2013, which is collected by the Revenue Commissioners. A full year charge will apply in 2014 and this charge will apply to the Town Councils properties also. This will amount to a sum of €28,620 for this Town Council. This charge on the Town Councils' properties cannot be accommodated within the present tight budget constraints and accordingly it is proposed to recover this charge from each tenant by increasing the minimum weekly rent by €1.50. This income has been provided for in the budget.

The NPPR charge which was levied on non principal private residences and provided a substantial income to this council is being discontinued in 2014 and the budget has been adjusted accordingly.

Commercial Rates

The Council is extremely mindful of the continuing difficult economic challenges being faced by the business/commercial sectors. These sectors face significant cost pressures in the context of reduced demand and reduced consumer sentiment. This Council provides essential services which contribute substantially to the economic and social life of this town and the Council must receive funding to provide them. As members are aware, the legislative provisions regarding Commercial Rates in this country require substantial modernisation. The proposed change in the Local Government Bill 2013 that will require payment of 50% of the rates applicable on vacant premises in the future is a welcome move in terms of maximising income to the council and removing vacant properties particularly on busy streets. We have striven to minimise our expenditure to the greatest extent possible taking account of cost savings and the efficiencies which I have mentioned earlier, while maintaining our essential services and the core responsibilities at an acceptable standard over the coming year. Accordingly, I am therefore not proposing any increase again in the Annual Rate on Valuation.

We have pursued a number of businesses through the court process for collection during 2013 and these collection processes will be intensified in early 2014. This Council will not be in a position to continue to support the excellent level of services to our town, which greatly contribute to the economic situation, if we continue to have a reduced level of payment of rates from the commercial sector.

Refuse Collection

Killarney Town Council has a highly developed Refuse Service. However, we will again face significant regulatory challenges in 2014. Waste management in Ireland is continuing to undergo dramatic change. This change has been driven by the implementation of a Waste Management Hierarchy, Green House Gas Reduction Targets and European and National Policies such as Landfill Directives and the National Bio-Degradable Waste Strategy. The Government has issued a number of discussion papers in relation to the future of waste collection and it is expected that a new policy direction will be announced shortly. With regard to the issue of waste disposal, it is Government Policy to discourage disposal of waste to landfill and the landfill levy has increased very substantially over the last few years, contributing to increased costs to this Council. The landfill levy was further increased to €75 per tonne in July 2013 in accordance with the Waste management (Landfill Levy) (Amendment) Regulations 2013. In July 2013 the limit for the biodegradable fraction of waste entering a landfill was reduced to 40%. This limit is set to reduce further to 15% in July 2016. This reduction in the amount of organic waste which can be sent to landfill requires that the waste be treated. Treatment facilities are therefore required to be provided, at significant cost, to pre-treat waste prior to landfill. As a result there will be financial and technical challenges for Killarney Town Council in the disposal of the refuse which we collect when revised requirements for the amount of organic waste going to landfill become operational in 2014. I have prepared the draft Budget on the basis of the projected cost increases which are known to us. However, we will need to monitor the changing situation quite closely and may need to revert to Council should any proposed legislative or statutory changes impose increased costs on our service.

At its meeting in November 2013, Kerry County Council resolved to amend its operation of the landfill facility at Muingaminnane given the prohibitive cost of future capital development works. It was resolved to retain the available capacity at the landfill for waste deposited at the transfer stations and collected from domestic customers during 2014 and then to mothball the facility from the end of 2014.

It is intended to ensure that we have the most cost effective service during 2014. The Town Council carried out a full refuse audit of all properties in the town recently to determine how each household is disposing of its refuse. Further action as a result of the outcomes of this audit will follow in early 2014. It should be noted that the refuse collection service provided by this Town Council is of an exemplary standard, at a very cost effective rate, with a very modern and sophisticated refuse collection and payment system. However, as I have pointed out, the service during 2014 will need to be continuously monitored and we will revert to Council should any of the proposed changes impact significantly on our service.

I propose that the scale of charges for Refuse Collection remain unchanged for 2014 as follows:

Service	Charge
Commercial Refuse	36 cent per kg Residual waste 36 cent per kg Compostable waste 20 cent per kg Dry Recycling
Domestic Refuse	€100 Service Charge 20 cent per kg Residual waste 20 cent per kg Compostable waste 13 cent per kg Dry Recycling

Parking Charges

In order to ensure that the economy of the town continues to flourish and that there are no deterrents to those shopping, visiting or doing business in our town, I propose that all parking charge rates, both on and off street, remain unchanged in 2014.

REVENUE INCOME ESTIMATED FOR 2014

The following summary table shows the estimated income for 2014 with comparison to Budget 2013.

		2013 Budget	2014 Draft Budget
A	Housing and Building	745,603	769,797
B	Road Transport and Safety	1,275,533	1,093,236
C	Water Services	1,189,202	514,197
D	Development Management	47,620	69,622
E	Environmental Services	446,624	448,707
F	Recreation and Amenity	32,650	31,711
G	Agriculture, Education, Health & Welfare	1,500	1,500
H	Miscellaneous Services	625,450	257,840
	Sub-total	4,364,182	3,186,610
	Local Government Fund	1,251,767	894,244
	Pension Levy	140,000	150,000
	Rates	7,825,496	7,825,496
	Total Income	13,581,445	12,056,350

The table below shows a breakdown of the 2014 Draft Income Budget by source:

Income	Amount	% of Total Income
Rates	7,825,496	64.91%
Parking Charges	1,045,425	8.67%
Local Government Fund	894,244	7.42%
Housing Rents	646,412	5.36%
Irish Water	504,713	4.19%
Refuse Charges	365,000	3.03%
Miscellaneous Goods & Services	336,070	2.79%
Superannuation & Pension Related Deductions from Payroll	247,000	2.05%
Local Authority Contributions	149,490	1.24%
State Sector Grants	42,500	0.35%
Total	12,056,350	100%

Expenditure Overview

REVENUE EXPENDITURE ESTIMATED FOR 2014

The following summary table shows the estimated expenditure for 2014 with comparison to Budget 2012.

		2013 Budget	2014 Draft Budget
A	Housing and Building	803,667	871,771
B	Road Transport and Safety	1,856,545	1,849,282
C	Water Services	1,998,002	703,098
D	Development Management	569,636	524,915
E	Environmental Services	1,658,360	1,587,616
F	Recreation and Amenity	1,470,173	1,539,483
G	Agriculture, Education, Health & Welfare	8,051	8,118
H	Miscellaneous Services	2,514,155	2,296,240
	Sub-total	10,878,589	9,380,523
	County Charge	2,702,856	2,675,827
	Total Expenditure	13,581,445	12,056,350

The following table shows a breakdown of the 2012 Expenditure Budget by expense type:

Expenditure	Amount	% of Total Expenditure
Operational Expenses incl. Trade Services & Materials	4,599,352	38.15%
Payroll incl. Pensions & Lump Sums	3,451,979	28.63%
Co. Charge	2,675,827	22.19%
Loan Charges	417,720	3.46%
Insurances	369,455	3.06%
Public Lighting	275,417	2.28%
Other Local Authority Charges	224,100	1.86%
Grant Aided Expenditure	42,500	0.35%
Total	12,056,350	100%

Capital Investment Plan

Section 135 of the Local Government Act 2001 requires the preparation and submission to the elected council of a report outlining the Capital Programme for 2014. As members are aware there are plans for extensive streetscape and public realm upgrades in early 2014.

The appendix at the end of the report on individual programme groups sets out the anticipated programme.

Development Contribution Scheme

The Council is obliged by the Department of the Environment, Heritage and Local Government Accounting Regulations to credit income from development levies to the Capital Account and to use this income for the provision of infrastructure and amenities which will facilitate development. This income is the primary source of funding for the Capital Investment Programme.

Acknowledgements

My appreciation and thanks are expressed to the Mayor, Cllr. Paddy Courtney, to Cllr. Sean O'Grady, the previous Mayor, and to the Members of the Council for their support, co-operation and application to the business of the council during the past year. As this is the last budget report of this Town Council, since it is proposed to dissolve the Town Council later this year, I wish to record my deep appreciation and thanks to the members of the Town Council for their consideration of and support for each budget that I have placed before you as members in my time as Town Manager. I also wish to record my thanks and appreciation for what you have done in public service for your town and how you have contributed so much to its development to the vibrant and welcoming town it is today.

I wish to sincerely thank the staff and management of all the Council services for their work not just in the past year but in all my time as Town Manager. This Budget represents a continuing trend of contracting resources. Despite this, every effort is being made by each and every one of our staff to support the ongoing development of this town and its economy that they are so proud of. All our staff members continue to be extremely flexible in adapting to the changing work environment and in ensuring the maintenance of quality and essential services under trying circumstances. The year 2014 will be particularly challenging for staff as the Town Council goes through the proposed change of structure. All our staff have always been most supportive to me as Manager and I look forward to that commitment, pride and support being to the forefront as we collectively face the challenges of continually doing the best we can to benefit our wonderful town.

I wish to thank the Town Clerk, the Deputy Town Clerk, Town Engineer, the Administration and Technical Staff for maintaining services within extremely tight budgets and to an exceptionally high standard.

I also wish to especially thank Ms. Liz Breen and her staff for their work in preparing this balanced budget in very difficult circumstances and in preparing numerous budgets for this town council and in applying the highest standards of accountability, probity and management to the finances of Killarney Town Council over many years.

Conclusion

I recommend this Budget for adoption by the Members of Killarney Town Council.

Le Gach dea-mhéin,

John Breen
Town Manager