MINUTES OF ANNUAL BUDGET MEETING OF DONEGAL COUNTY COUNCIL HELD ON 4TH DECEMBER, 2024 IN THE COUNTY HOUSE, LIFFORD

C/426/24 **MEMBERS PRESENT**

Cllrs N Kennedy, Cathaoirleach, J Beard, M Boyle, F Bradley, C Brogan, J Brogan, P Canning, B Carr, D Coyle, T Crossan, T.S Devine, A Doherty, A Farren, M Farren, M Harley, N Jordan, J Kavanagh, D. M Kelly, M MacGiolla Easbuig, M McBride, M. McClafferty, M McDermott, P McGarvey, D McGee, P McGowan, M Mc Mahon, G McMonagle, D Meehan, A. Molloy, J Murray, M Naughton, D Nic Mheanman, J.S Ó Fearraigh, and M Scanlon.
Online: Cllrs L Blaney and F McBrearty.

C/427/24 **OFFICIALS IN ATTENDANCE**

John G McLaughlin, Chief Executive, Patsy Lafferty, Director of Housing, Corporate & Culture/Meetings Administrator, Bryan Cannon, Director of Roads & Transportation, Richard Gibson, Director of Finance, Garry Martin, Director Economic Development, Information Systems & Emergency Services, Michael McGarvey, Director of Water & Environment, Liam Ward, Director of Community Development & Planning Services, Eunan Quinn, Senior Planner, Tanya Kee, Management Accountant, Anne Marie Quinn, Administrative Officer, Finance, Lauren Badham, Frances Friel, Communications Officer, Róise Ní Laifeartaigh, Rannóg na Gaeilge, Dónall MacGiolla Choill, Tacaíocht do Sheirbhísí Aistriúcháin, Anne Marie Crawford, Staff Officer.

C/428/24 **2025 BUDGET PRESENTATIONS**

The Cathaoirleach welcomed members to the meeting and outlined the format for the budget presentations.

The Chief Executive addressing members outlined the main budget considerations for 2025 and an overview of the expected challenges for the forthcoming financial year. He said that this was the largest ever Revenue Budget and represented an increase of €15m on Budget 2024. It contained, he advised significant spending and a dedicated investment plan for the county. Highlights of the projected spend were provided. There was, he said, no increase in service charges but it was recommended that commercial rates be increased by 4.74% for the first time in a six year period with a Draft Revenue Budget of €200,793,949 proposed for 2025.

It was acknowledged that there had been a number of difficulties in creating a balanced budget namely:

1. Pressure of Demands for Increased Services
2. Impacts of Inflation and General 'Cost of Living' Increases
3. The Erosion of Value on Council Income from Inflation
4. Assistance sought from Central Government
5. Weakness in overall Council Funding Model

Looking ahead, he said, it was intended to target key investment and development opportunities whilst supporting wider education, health and population growth for the development and prosperity of the Northwest region. This would be achieved, he added, through working with central government and reviewing workforce/planning, delivery and working arrangements. Continued emphasis would be placed, it was confirmed, on delivering, operating, and maintaining Innovation Centre, Digital Hubs and Centres of Enterprise. This was all in the interest of planning and investing in the future so that the Northwest Region could be a nett contributor to the national economy.

Concluding, he drew attention to the fact that the Three Year Capital Budget 2025-2027 included planned expenditure of €418m in 2025 with an overall total of €1.8b over the next three years.

Mr Richard Gibson, Director of Finance, advised members in relation to the legislation governing the preparation of the Draft Revenue Budget 2025 and the Three - Year Capital Budget 2025-2028, together with an overview of the statutory timeframes involved for the adoption of same. It was noted that the final day for the adoption of the 2025 Budget was the 17th December, 2024.

He drew attention to the fact that members were also required to consider the Chief Executive's Report on the Abatement of Rates in Respect of Vacant Properties

He updated members as to how the 2025 figures compared with 2024 and highlighted the increases applicable under the various expenditure headings. This was followed by an analysis of the projected income for 2025 outlined in the Specific State Grants Table and under the other Receipts Table.

Members were informed that there was still a requirement, as part of a multi-annual approach to continue with a number of exceptional measures to match income with required expenditure for 2025, in an effort to provide a balanced budget for the members' consideration. It was noted that the Council's reliance on exceptional measures had decreased marginally from 2024 to 2025 and that liability to NPPR Charges and Penalties would cease in March 2025.

He drew attention to the fact that that it was an important financial objective to balance the annual revenue budget and that this had to be addressed as part of a multi-annual approach in the years ahead

Thus, it was acknowledged that the total projected expenditure for 2025 was €200,793,947 with €131,173, 234 to be financed by state grants, income from Uisce Éireann and a number of other income sources. This, it was noted, left a net requirement of €69,620,715 to be funded in the sum of €28,019,932 from LPT income and the balance of €41,600,783 sourced from commercial rates.

The Director of Finance proceeded to outline the effect of inflation on own-resource funding which accounted for almost one third of the Council's total income in 2024. He highlighted the fact that the Council's own resource income line had fallen behind by over €4.1m in the period 2019 to 2024 and that this was reflective of the impact of inflation on the Council's spending power in that period.

An overview of the Commercial Rates categories and bands was provided, and members were advised that the 4.74% proposed increase in rates would have the following impact:

- For more than a quarter (27.4%) of properties, the proposed increase of 4.74% equates to a maximum annual increase of €47 or a weekly increase of €0.91.
- For over 80% of properties, the proposed increase equates to a maximum annual increase of €237 or a weekly increase of €4.56.
- For over 90% of properties, the proposed increase equates to a maxi mum annual increase of €474 or a weekly increase of €9.12.

Reference was made to the range of business supports available to rate payers in the various eligible categories and assistance in place for small and medium enterprises.

Concluding, the Director of Finance said that members were now required to consider the following:

- The Chief Executive's Report on the Abatement of Rates in Respective of Vacant Properties.
- Consideration of the Draft Statutory Revenue Budget for 2025 and the Annual Rate of Valuation for Commercial Rates for 2025.
- Consideration of the Three-Year Capital Programme 2025 to 2027.

The budget as presented, he advised represented a daily spend of €550,120 for the Council and amounted to a spend of €1,202 per citizen of the county in 2025.

The Directors of Service proceeded to outline in detail the 2025 budgetary provisions applicable to their respective Directorates.

C/429/24 **CONSIDERATION OF THE 2025 ANNUAL BUDGET**

Members from the various political groupings acknowledged that the presentations had been comprehensive and informative. Cllr C Brogan said that the budget was ambitious and reflective of the fact that there had been record levels of capital funding over the past number of years. Clarity was needed, he said, in relation to a number of items and advised that it had been made clear in the local workshops as to how the Council should proceed over the next five years. He alluded to the following issues which, he contended, required attention going forward and the fact that there was room in the budget book for change and increased efficiencies.

- Need for a dedicated focus on basic items such as housing maintenance and related staffing levels.
- Roads and road maintenance.
- Query as to the proposed review of the various Council Directorates.
- Why there was no reference in the book to legal costs and what has happened in respect of previous requests to employ an in-house solicitor and legal team capable of dealing with issues such as conveyancing.
- Machinery Yard costs need to be looked at as it appears to be cheaper to procure services in the Municipal Districts.
- Analysis needed in respect of the costs directly related to grant expenditure especially in instances where monies are top sliced for other items.
- Clarity needed in relation to irrecoverable rates.
- Detail required on the new valuations for Donegal which were done in 2023 as there is now a requirement to look at smaller businesses in a different way. Noted small retail and hospitality businesses are struggling at present.
- Greater engagement needed with those businesses that are not able to access the Business Grants Schemes.

Cllr Brogan said that members had taken a leap of faith earlier in the year when adopting the Local Property Tax and that many of the issues highlighted as being significant at that point in time were now being presented again. He said that there should be a renewed focus on current pressure points and an emphasis on carrying out service delivery in a more efficient way. This, he contended, was a new Council term and the focus should be on ambitious long terms goals with dedicated investment in the County House itself. His grouping, he said, could not support a 4.74% increase in commercial rates. He called for further clarity and proposed that the meeting be adjourned to facilitate further consideration and assess the areas where efficiencies could be made. This was seconded by Cllr Mc Gowan.

Cllr Mc Bride concurred with this and said the overwhelming feeling at MD level had been that commercial rates should not be increased. Small businesses, he added, were encountering the same cost increases as the Council and could not withstand a rates increase. The wrong message, he advised, was being sent out as it appeared that the Council were not interested in those businesses that were struggling. He queried the role of the Value for Money Committee and asked that a review of the top twenty items procured by Donegal County be reviewed with a view to identifying savings.

Cllr M Farren said that as someone who had always supported the annual budget it would be very difficult to support the rates increase proposed at this point in time. Many of the towns in the Inishowen

Peninsula, he advised, were dependent on tourism and an additional rates bill on top of increased insurance, heating and lighting costs would cripple many small businesses. He said that further dialogue was needed and that he could not support such an increase.

Cllr Meehan said it was disappointing that members comments in the MD workshops had not been listened to and that he could not support a rates increase whilst small businesses in the Milford Electoral Area were struggling to survive. He said that there were clearly problems with the process and an alternative budget proposal was required. The revaluation process in 2023, he said, had put additional pressure on businesses with many ineligible for the business support grants. He said that he was aware that not all the issues were the Council's fault but that there had to be recognition of the obstacles being faced by these businesses such as general service costs, an increase in the minimum wage, mandatory pension increases etc and the recent increase in the LPT. He called for alternative budget proposals to be put in place.

Cllr Mc Monagle said that all of the members had genuine concerns in relation to the proposed increase. He highlighted several issues including:

- The fact that successive budgets had seen an increase in housing maintenance budgets but that there had been little evidence of the works to date.
- Little or no maintenance of green areas
- No apparent increase in roads maintenance, pedestrian safety , and traffic calming projects.
- Query as to where the savings were to be made.
- No increased allocation for pathways in social housing developments, Greenways, the taking in charge of estates etc.
- €0.4 million allocation for homelessness is insufficient.
- Further discussion needed with regard to the Machinery Yard and the use of our own staff as opposed to outside contractors.
- €17million generated from housing rents each year yet rents continue to be increased.
- Are the monies on tourism promotion warranted?

Cllr Mc Garvey said that he could not support the proposal as a 4.74% increase was too much given the challenges facing small and medium enterprises.

Cllr Mac Giolla Easbuig said that he did not have a problem with the rates increase especially when it was broken down into the various categories. He said that he was greatly concerned however about the Local Property Tax which was an unbearable burden for many families. As a point of principle, he said he could not support this budget in solidarity with those who were unable to secure accommodation, or were being impacted by the lack of basic services such as footpaths, poor road conditions etc. He highlighted the lack of funding for Rannóg na Gaeltachta and the fact that insufficient funding was available for piers and harbours, recycling services, water services, and the offshore Islands. The Glenties Municipal District, he noted, had again been left behind in terms of overall service provision.

Cllr J Brogan said this was not the right time to increase commercial rates and alluded to the fact that he had not supported the LPT increase. He noted that reference had been made to the various business support grants available, but contended however that there were several anomalies in the grant application process. He said that there were also value for money issues involved and that he could not support the budget as presented.

Cllr Harley acknowledged that that much work had gone into the presentation of the 2025 budget and that there were a number of items that warranted further discussion. He said that there were issues with the business support grants and if a business was ineligible for the ICOB grant they could not apply for the Power Up Grant. The 13.5% vat rate also needed to be looked at again nationally. He welcomed the changes to the Older People's Grant and the fact that the DCC contribution was now reduced to 15%. Going forward he asked that the Council look at the possibility of acquiring a patching lorry given that funding was available from the Department of Transport. He cited the need for improved savings in terms of energy efficiency and for additional movement on the various Flood Relief Schemes.
Cllr Harley also highlighted the need for Ballybofey and Stranorlar to be ready to avail of any future RRDF funding. He asked that every effort be made to have the new casual trading scheme in place. An area of concern, he advised, was the monies spent annually on coroner's fees. These, he noted were paid by the state in Dublin, but all other local authorities had to bear the cost of same. This was something that needed to be looked at going forward, he added. Thus, he confirmed, his grouping could not support the 4.74% increase in commercial rates.

Cllr Mc Brearty said that all members had a mandate to be the political voice for all the people of Donegal. He thanked staff for their co-operation, but said he was not in a position to thank Donegal County Council for spending tax-payers money. He noted that the LPT had technically been increased and indicated that it should have been reduced as the Government had promised to exclude DCB homeowners. He queried what had happened to this promise and who was responsible for the fact that it had not materialised. He said that the budget book should have contained reference to the number of social houses impacted by defective concrete in Donegal and the fact that full demolition was ultimately what was needed on the basis of the recent scientific evidence.

He expressed concern that he had been excluded from taking part in the forthcoming meeting with the Department on various defective concrete issues.

It was acknowledged that there was €17m income generated from housing rents yet only €6m of an associated spend had been identified. He asked that detail be provided in relation to the balance of this income and as to how it was utilised.

Cllr Mc Brearty alluded to the 8 houses in St Johnston which had not been provided with the test results from the Council and queried why the tenants in question still had to pay rent for their DCB affected homes.He asked what the additional costs were in respect of Meadowhill in Raphoe, given that it was now three years since the contractor concerned had gone out of business.

He noted that the budget book had also not referenced the legal fees in respect of his own case, and the fact that the total legal fees in 2024 to date were in the region of €2.5m. It was, he contended, hard to justify a rates increase when these and the Coroners fees amounted to over €3m. He asked that a breakdown of the legal costs be provided together with an analysis of same going back to 2019.

Noting the statutory obligation to pass the budget, he said that the approval of the figures as presented would cripple small to medium enterprises and allow large entities get off the hook. He advocated that the reserve funding should be utilised.

Concern was expressed that there was no mention of flooding in Raphoe or the Finn Valley area and that the request to meet with an engineer from the OPW had not materialised. He was disappointed also, he advised, that there was no mention of Building Control or Market Surveillance.

On the basis of the various issues identified above, he said, that he could not support the budget in its present format.

The Cathaoirleach noted that there was a proposal from Cllr C Brogan, seconded by Cllr Mc Gowan to adjourn the meeting to facilitate further discussion.

Cllr Mac Giolla Easbuig supported Cllr M Farren's call for meeting to continue.

After some discussion it was unanimously agreed to adjourn the meeting to 2pm on Monday 9th December 2024.

Cathaoirleach:______________________

Dated:____________________________