

National Oversight and Audit Commission (NOAC) meeting with the CCMA
Minutes of the Meeting – Tuesday 6 October 2020 at 11:00 am

Venue: Remote Meeting via WebEx Meeting Platform

Chairperson: Michael McCarthy

Members: Sharon O'Connor Martina Moloney
Constance Hanniffy Michael McGreal
David Holohan Brian Cawley
Margaret Lane Niall Quinn

Secretariat: John McCarthy Claire Gavin
Colin Flood John Goldrick
Darren Browne

CCMA: Michael Walsh Eamonn O'Sullivan

Apologies: Mary Hurley

Welcoming attendees

The Chair welcomed Michael Walsh and Eamonn O'Sullivan to the meeting. Mr Walsh is the CE of Waterford City and County Council and Chair of City and County Managers' Association. Mr O'Sullivan is the CE of Monaghan County Council and a member of the CCMA.

Covid Support Proposal

The CCMA gave a presentation on a three year support proposal for the local authority sector.

In 2020 local authorities have a budgeted income of €5.5 billion. Goods and services make up 27% of this budget, while commercial rates account for 30%. Both of these areas will come under serious pressure due to the negative effects of covid.

53% of local authorities' spend is non-discretionary and therefore cannot be cut back. This includes areas such as pay and fire and emergency services. This has a huge impact on other areas of spend, which will come under pressure for cutbacks. The local authority sector could be facing grave austerity for the foreseeable future.

Best case scenario

Under the goods and services heading, the best case scenario projections are that there will be a loss on 2021 income of €139 million. A further example of these projections is under the heading of income from recreation/amenities. The 2019 income for this was €32 million. This is projected to drop to €15 million for 2021. Amenities such as the cliffs of Moher will struggle to generate income if the covid restrictions continue.

Estimated covid impact 2020 to 2023

The CCMA are proposing to the government that the response should be to spend to help emerge from the covid situation. The following are the projected figures which are a combination of lost revenue and additional spending requirements due to the covid scenario until 2023.

- 2020 – €318 million
- 2021 – €367 million
- 2022 – €240 million
- 2023 - €120 million

The CCMA is requesting that central government would support local authorities for 80% of the costs of the above, with local authorities coping with the remaining 20% themselves.

On the ground, local authorities have dealt with many of the issues arising from the Covid restrictions, including dealing with vulnerable groups, answering over 55,000 phone calls and assisting in the provision of meals and other services to some of these people. Local authorities have also worked with the Department of Business, Enterprise and Innovation in processing 85,000 restart grants. Within the major emergency framework local authorities are also supporting the health service.

Following on from this presentation, the NOAC board members put questions to the Council, the main areas of which are outlined below.

What has been done regarding the Funding deficit requirements?

The CCMA met with the Minister for Housing, Planning and Heritage and explained that local authorities will have a loss of around €369 million euros and therefore needs around €300 million so that budgets do not have to be cut so severely. At present, staff cannot be preplaced.

What financial support do the local authorities get for processing Restart Grants?

The CCMA sought a modest financial contribution from the Department of Business, Enterprise and Innovation to assist with the 85,000 business grants which local authorities have provided.

What are the financial Projections?

The CCMA have explained a best case scenario for local authorities at today's meeting. €600 million euros of funding is under dire pressure, and local authorities will do well to collect €400 million of this figure. It is expected that it will take local authorities two years to get out of the difficulties they are in due to the covid situation.

What is the situation regarding funding Deficits

25% - 30% of local authorities already have existing deficits and many have unfunded balances. Some of the County Councils have legacy deficits, some are still there due to the amalgamation with town councils. The area of greater concern is that many local authorities are reliant on overdrafts.

The Chair of NOAC advised that representatives from DHLGH would be attending the next NOAC meeting in November. The Chair thanked the CCMA team for attending.

The meeting was brought to a close.