



**FINANCE COMMITTEE MEETING
THURSDAY 10 SEPTEMBER 2020**

No	Item	Summary of Key Recommendations
1.	Apologies	<i>None</i>
2.	Declarations of Interest	<i>None</i>
3.	Minutes of meeting held 30.06.20	<i>Confirmed</i>
	IN COMMITTEE (ITEMS 4-8 INCLUSIVE)	
4.	Period 4 Management Accounts	<i>Information</i>
5.	Covid-19 Impact of Finances	<i>Recommend provision against future rates income losses of £1.5m is reflected in the management accounts.</i>
6.	Finance Recovery Plan	<i>Recommend approval of draft report</i>
7.	PwC Finance Advice	<i>Noted</i>
8.	Minutes of Finance Working Group	<i>Noted</i>

9.	Any Other Relevant Business	None
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**MINUTES OF THE PROCEEDINGS OF THE MEETING OF
THE FINANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER, CIVIC HEADQUARTERS AND BY VIDEO
CONFERENCE ON
THURSDAY 10 SEPTEMBER 2020 AT 7.00 PM**

In the Chair: Councillor McLean

Members Present: Alderman Hillis (C), Duddy (C)

Councillors Bateson (R), Dallat-O'Driscoll (C), Holmes (C), Peacock (R) Bateson (R) , McAuley, McQuillan (C), Nicholl (R), Scott (C), Callan (R), Schenning, McCaw, Chivers (R)

Officers Present: D Jackson, Chief Executive (C)
M Quinn, Director of Corporate Services (R) R
Baker, Director of Leisure & Development (R) A
Ruddy, Audit, Risk and Governance Officer (R) J
Winfield, ICT Operations Manager
I Owens, Committee and Members Services Officer (Temp)
(C) A Lennox, ICT Operations
C Thompson, ICT Operations

In attendance: J Davidson, PwC (R)

Remote (R)
Chamber (C)

SUBSTITUTIONS

Councillor Dallat O'Driscoll substituted for Councillor Beattie.

1. APOLOGIES

There were no apologies.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

3. MINUTES OF FINANCE COMMITTEE MEETING HELD 30 JUNE 2020.

The minutes of the Finance Committee held on 30 June 2020 were confirmed as a correct record.

MOTION TO PROCEED ‘IN COMMITTEE’

Proposed by Councillor Schenning
Seconded by Councillor Callan and

AGREED – that Committee move ‘*In Committee*’.

4. PERIOD 4 MANAGEMENT ACCOUNTS

Confidential report, previously circulated, presented by the Chief Executive.

Causeway Coast and Glens Borough Council has approved annual budgets and delegated authority to officers to utilise these budgets in the provision of services to our rate payers.

Previously circulated to members was a management accounts report detailing the financial position as at period 4 of the 2019/20 financial year (up to 31 July 2020) and a single page service area summary. From section 2 onwards included a commentary regarding service areas of Council explaining deviations from budget.

The Chief Executive outlined that at the end of period 4 Council are favourable by **£1,501,386.26** subject to any final end adjustments or audit changes and confirmed the Reserves Position as set out below:-

The reserves position is as set out below:

General fund at 31 July 2020:	£4,046,531
Percentage of net operating expenditure:	6.29% (required range 5 - 7.5%)
Other available cash reserves:	£1,151,613 (Repairs and Renewals Reserve and the Reorganisation Reserve)
Total cash reserves at 31 July 2020:	£5,198,144
Total reserves, including sinking fund:	£9,479,248

Overview of Period 4 position (to July 2020):

The net position for the 4 month period is £1,501,386. The biggest change is obviously the impact of Covid-19 on income and cost of services. This is offset by service efficiencies, income support from central government and the

furloughing of staff. Detailed commentary by service areas previously circulated to members.

Councillor Holmes requested that Officers provide year end estimates for each Directorate in terms of income, loss and savings. The Chief Executive said this had been modelled in June but at present was fluid due to lack of clarity around the furlough situation and advice from the Executive/Chief Medical Officer. The Chief Executive agreed to bring firm figures to next Finance Working Group and then to next Finance Meeting.

At the request of Councillor Callan, PwC presenter James Davidson was invited to comment at this time. James Davidson explained that he would give a fuller update at Item 7 but confirmed that there were difficult times ahead in terms of facilities up and running but not receiving full income. He explained that it was difficult to forecast due to the 'moving parts'.

Councillor Callan said a follow up in this regard would be welcome from James Davidson at next Finance Committee meeting.

Councillor Peacock sought clarity around why there was no Finance Committee meeting held in August and stated her dissatisfaction. The Chief Executive advised there were staffing issues.

Councillor Peacock felt that budgeting had not been adequately prepared or set correctly from the outset as departments were over budgets. She sought clarity that training had been delivered to budget holders as per review.

The Director of Leisure and Development felt that he was now content with the management information provided and that HoS and Tier 4 Managers had undergone training at this time. He confirmed that there had been an improvement in communication and training in terms of budget setting.

Councillor Scott felt it would be useful every month to have a breakdown of income to help determine whether this would fall short of pre-prepared budget in order to assist with the efficient running of Services for both Directors and Council. The Chief Executive agreed that this would be available going forward and that figures would be brought to Committee.

Alderman Duddy was of the opinion that the report was favourable.

Alderman Duddy voiced concerns about hiring of vehicles from a vicinity outside of Causeway Coast and Glens Borough Council, resulting in no local

providers benefiting and sought clarity that the decision to hire was based on value for money. The Chief Executive explained that it would have met with procurement policy but that the Director of Environmental Services was not here to comment.

Alderman Duddy also visited the possibility of bulk fuel purchase and the Chief Executive said the matter would be put to the Director of Environmental Services.

Alderman Duddy asked how staff working from would avail of their annual leave. The Chief Executive advised that (subject to confirmation) employees, including furloughed staff, were being asked to use 50% of their annual leave by September.

In answer to a question from Alderman Duddy about accumulation of TOIL by Events staff, the Director of Leisure and Development Services confirmed that this had not occurred this year due to the pandemic and events not taking place as normal.

Councillor McMullan raised the issue of leasing vehicles as an option and said it had been agreed at a previous committee this matter would be looked into.

Councillor Holmes voiced concern that budgets being set were not affordable.

Councillor Peacock applauded the hard work which had been done by Officers and said that it was not useful for blame to be apportioned.

5. COVID-19 IMPACT ON FINANCES

Confidential report, previously circulated, was presented by the Chief Executive. This report outlined several financial implications resulting from the continuing situation.

Department for Communities Covid-19 Support. On 10th of June 2020 the Council received a payment of £1,965,989 from the Department for Communities to offset Covid-19 related income losses for the period March to June 2020. This amounts to 60.29% of Council's bid for £3,260,946 and is proportionate to payments received by other Councils. A further claim of **£1,034,083** has been submitted for the second quarter (*July to September*).

Revitalisation funding. Department for Communities (DfC) released total funding of **£449,000** towards Tranche 1 of a Council Revitalisation Plan. This includes an allocation of £340,000 from DfC for investment in urban settlements with a population of 5,000 or more and funding of £109,000 from the Department

of Agriculture, Environment and Rural Affairs (“DAERA”) for investment in smaller settlements. A Department for Infrastructure (DfI) contribution of **£394,862** towards Tranche 2 of the Covid-19 Recovery Revitalisation Programme has been offered for projects which support active travel, promote connectivity and access to services, and/or create and enhance green/blue spaces

Furloughed employees. Payments from HMRC of £186k for April - May and £141,516 for June have been received. A further claim for **£111,523** was made for July. These claims are for Council employees; agency staff are being dealt with by Staffline (*formerly Grafton*) Recruitment.

DAERA support. A bid for £733,788 has been made to DAERA for the increased cost of waste management up until the end of June resulting from the Covid-19 situation. DAERA have indicated that they will pay Councils 66% of these claims based on their available funding (**£484,300**). In a reversal of their previously advised position, they are advising that no further claims can be made.

Scheme of Emergency Financial Assistance (SEFA). This scheme was activated by the Department for Communities on the 3rd of April and runs the 3rd of October 2020. Any expenditure prior to 3 April cannot be claimed for and claims will be in two phases, phase 1 until 3 July; phase 2 from 4 July until 3 October. The schemes intend to cover costs resulting from emergency response but is quite prescriptive on what can be claimed. A claim of **£14,344.69** for phase 1 was submitted in July and payment is expected shortly.

Reserves Position. At rate setting in February 2019 it was agreed that an applied balance of £2.38m be included within the budgets and this has been reflected in the year end accounts. The reported surplus against budget at period 12 has increased slightly as set out below:

General fund at 31 March 2020: **£3,879,580**

Percentage of net operating expenditure: 6.03% (required range 5 - 7.5%)

Other available cash reserves: £1,151,613 (Repairs and Renewals Reserve and the Reorganisation Reserve)

Total cash reserves at 31 March 2020: £5,031,193

Total reserves, including sinking fund: **£9,312,297**

Impact on business rates income. Land and Property Services (LPS) on behalf of the Department for Finance are responsible for the calculation, collection and payment of domestic and non-domestic rates to councils. After 4 months the Actual Penny Product (APP) forecast for 20/21 for July is currently

sitting at positive **£699,793**; this includes a cushion of £1,685,092 to take into account movements in NDVR, Landlord Allowances and Write off.

In general terms, for 2020/2021 non-domestic (business rates) account for £17m of our rates income with domestic rates providing £29.8m. Considering a number of loss of business rate scenarios could result in losses of income as summarised in the table below:

5% loss	10%	15%	20%	25%	30%	35%	40%
£851,865	£1,704m	£2,556m	£3,407m	£4,259m	£5,111m	£5,963m	£6,815m

The analysis of this Council area by Ulster University Economic Policy Centre, models an annual impact of 13.3% on the Borough's economic output. Recent economic modelling is suggesting a lower impact of 9%, with a slower recovery, this latter forecast would result in a loss of c£1.5m.

Discussions are ongoing with the Department for Finance and Treasury to secure an offset for any potential loss of rates. The request is that the estimated income for 2020-2021 is guaranteed and that the same income is assured for the following two financial years (three years in total). A 75% compensation on any deficit was agreed in England.

Recommendation

Despite the positive APP forecast and the positive period 4 in-year budget position it is suggested that a provision against future rates income losses of £1.5m is reflected in the management accounts.

Discussion ensued around the information provided and members were of the opinion the content was welcome and useful. Members also welcomed the financial support from Westminster via Stormont.

Alderman Hillis expressed concerns regarding the future for businesses once Rates payment resumed and furlough ceased. He said it was a reality that some may never recover fully from the outfall of the pandemic, financially.

Alderman Hillis said the update from the Chief Executive was re-assuring.

Proposed by Councillor Peacock

Seconded by Councillor McQuillan and

AGREED - to recommend that despite the positive APP forecast and the positive period 4 in-year budget position it is suggested that a provision against future rates income losses of £1.5m is reflected in the management accounts.

6. FINANCE RECOVERY PLAN

Confidential report, previously circulated was presented by the Chief Executive. This report set out a programme of proposed projects designed to ensure the sustainability and robustness of Council finances for the current term and beyond.

Objectives

- Minimise the impact of Covid-19 on the delivery of Council services;
- Efficiency and improved effectiveness through transformation, including embracing changes forced by pandemic response;
- Balance the budget by minimises the deficit on the provision of services;
- Increase income;
- Replenish
- Reducing the level of borrowing to £50m;
- Realise assets, reduce liabilities and optimise the use of the estate;
- Set rates to meet the level of service expected by the ratepayer.

Key work strands

Transformation

- Transformation roadmap to be agreed by the Council;
- Maximise use of technology;
- Deliver alternative operating models.

Covid-19 impact

- Maximise Covid-19 Support from central government: DfC / DAERA / SEFA / DoF.
- Reduce the lost income deficit: car parks, leisure centres, caravan parks, building/room hire, rental income etc.
- Offset the inevitable loss of rates income due to Covid-19.

Operational efficiency

- Review the Council structure, with a particular focus on Finance;

- Service areas will be subjected to further operational efficiency reviews in the next 12 month period;
- Accurate tracking of all agreed savings proposals;
- Route optimisation delivered in Operations and contracts finalised;
- End to end review of waste operations in line with regional waste strategy;
- Leisure management review completed.

Centrally allocated cost savings

- Review of cross-cutting costs: eg, overtime, utilities, insurance, fleet, fuel, travel, procurement.

Capital Asset realisation and rationalisation (already underway)

- Report presented to Finance Committee in November 2019, project team established;
- Disposal of Killyrammer in D1 process with Planning;
- Laurel Hill, Dunluce Centre, Waterworld opportunities to generate receipts;
- Includes analysis of all Council owned facilities based on need and viability;
- Consider the Covid-impact on the market / timing of disposal.

Capital Programme (already underway)

- Cap further borrowing, based upon an annual reduction of capital financing.
- Maintain annual investment of £1.85m in essential maintenance, fleet and ICT.
- Deliver projects currently at stages 3 and 4 (Review again in light of Covid-19).
- Adhere to Prudential indicators.

Income generation

- Rates income: Further work with Building Control / LPS / GIS to ensure optimum rate collection;
- Maximise grant income (both capital and revenue);
- Develop additional annual income opportunities throughout Council, eg, further development of caravan sites;
- Minimum of an inflationary increase will be proposed to Members;
- Maximise rental income from Council property.

Financial healthcheck

This encompasses a review of:

- Finance policies;
- Financial processes;
- Finance systems (link to HR systems);
- Capability to deliver the service (Structures reviewed – Tier 3 and Finance prioritised).

Reporting and Performance

- Further review of financial reporting to Council / Committee;
- Quality assurance of reports;
- Benchmarking against other Councils, linkage to Performance Improvement Plan;
- Boroughwide consultation on services;
- Roll out Personal Contribution and Development Review across the Council;
- Comprehensive programme of internal and external communication.

Macroeconomic / cost assumptions

A number of assumptions are required to forecast cost pressures:

- Recession will cause an annual impact of -13.3% on the Borough's economic output;
- Inflation on goods and services – Bank of England target is 2%, currently 0.9%;
- Interest rates – Bank of England base rate recently reduced to 0.10%;
- Economic growth - negative. Recent increase in district GVA resulted in a cut to Rates Support Grant.
- National pay awards – averaging c.3%, pressure to increase post Covid-19 and revised living wage;
- Recycling contract costs increasing due to global pressures and end market pricing;
- Central government grant funding (eg,RSG) dropping each year;
- Cost of utilities, insurance and fuel increasing each year;
- Resourcing the £72m growth deal.

Governance

The Financial Recovery Plan will be overseen by the Finance Committee who have set up a working group to drive and advise the programme of work, with input from an independent adviser.

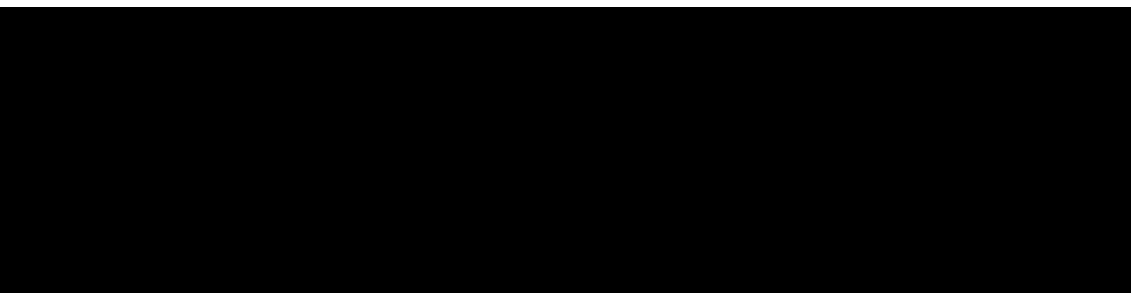
Rates estimate targets to be set by Council

Financial year	2020/21	2021/22	2022/23
Rates estimate	7.2%*	3.9%*	2.9%*

**illustrative – for Council direction / decision pending further analysis of projected income and expenditure.*

It is recommended that the Finance Committee considers draft report and directs work accordingly.

Redacted under NI Local Government Act Schedule 6 Paragraph 4



Councillor Schenning sought information on Asset Disposal given the current recession situation. The Chief Executive confirmed that house prices were holding up well and negative equity was less prevalent at this time asset disposal could be visited and that a report on assets could be a useful exercise.

At the request of members Director of Leisure and Development confirmed that Dunluce Centre legal title progressing and 3 interested parties with Council agent, ultimately an investment opportunity for whoever secures the purchase. The Director agreed to provide an update in this matter. Alderman Hillis had reservations about whether the management of the sale of Dunluce Centre was being undertaken based on lessons learned from the past when undertakings were made by investors which fell through leading to others not having opportunity to purchase.

At the request of members Director of Leisure and Development further confirmed that the most commercially viable options for Waterwold included selling with planning permission, thus possibility of further shaping regeneration.

Councillor McMullan enquired about the value of other assets in Council ownership, whether a figure could be sought to assist decision making.

Councillor Schenning enquired about the value of artefacts and ways of determining those which had been gifted or on loan. Councillor McMullan felt an update on the current inventory of assets would be welcome.

Proposed by Councillor Peacock
Seconded by Councillor McQuillan and

AGREED – to recommend that the Finance Committee approve draft report.

7. PWC FINANCIAL ADVICE

Mr James Davidson, PwC provided a verbal update to members as follows:

The favourable variance of £1.5m was evidence of the good work carried out in controlling costs over the lockdown period. A note of caution should be considered however given the pandemic and what may lie ahead - e.g. reopened facilities but with only partial income expected. If officers anticipate challenges ahead with income levels, and the potential for a loss in rates revenue (as noted earlier), it would be prudent to make provision in the management accounts for these potential future adverse variances (especially seeing the 1.5m positive variance year to date). It is difficult to have full visibility of the financial position, given management accounts have material swings due to covid related variances, government support grants (some of which may be included to date, others not) - a dashboard to show how these links together may be helpful.

It would be helpful to identify and forecast for a number of scenarios regarding facilities reopening, and potential additional costs for the rest of the year. Would like to see "outturn" forecasting of the expected position (or potential positions) for the remainder of the year. There are a number of unknowns regarding Covid therefore more than one scenario may need to be forecast, especially for heavily affected facilities e.g. leisure centres.

Would like to see budgeting process this year commencing earlier than in previous years, perhaps in October. It will be assisted by the outturn forecasting referred to in my last point. A robust, collaborative process should be set up for FY22 budget setting.

The positive variance in the management accounts shows officers have been able to avail of budget enhancing opportunities in a time of crisis e.g. the redeployment of staff by the Director of Environmental Services. It would be good to reflect on any other opportunities Directors have been able to identify to understand if they can be applied going forward to improve the financial position further.

Very positive to see an improving reserves position, however Covid challenges likely to remain ahead.

Councillor Callan suggested that Council develop a dashboard/forecast in the form of traffic light systems with actions points for officers in order to achieve desired outcomes. Councillor Callan said that lessons had been learned from Covid-19 crisis and felt that Working Group would deliver savings and improved services to ratepayer.

Councillor Scott asked about the current situation regarding harmonisation of contracts and when this was being rolled out.

The Director of Leisure and Development confirmed that this had commenced in his Directorate and that the Environmental Services Directorate was progressing, although he was not in a position to comment on that Directorate. The Director of Leisure and Development further explained that there were some challenges as preliminary work around costings and rotas had ended due to lockdown. He also confirmed that agreement had not been reached to undertake meetings remotely and that social distancing measures would be in place to facilitate meetings.

Councillor Scott asked about incorporating a paragraph in all job descriptions 'any other duties allocated as required by Management within competency'.

The Director of Leisure and Development confirmed there was a paragraph in all job descriptions with similar wording.

Councillor Holmes stated that there was a difference in the term 'any reasonable requirements' and 'any other duties' which should be considered when compiling job descriptions.

Councillor Scott also suggested that staff could be trained to be multi-functional, perhaps at this time via online training.

The Chief Executive confirmed that online training was ongoing at present including:

- APSE training
- Financial training
- Absentism Policy training

8. MINUTES OF THE FINANCE WORKING GROUP

Confidential report, previously circulated, was presented by Chief Executive. Members were asked to note the Record of discussion there-in.

MOTION TO PROCEED 'IN PUBLIC'

Proposed by Councillor Callan
Seconded by Councillor Schenning and

AGREED – that Committee move '*In Public*'.

9. ANY OTHER RELEVANT BUSINESS (NOTIFIED IN ACCORDANCE WITH STANDING ORDER 12 (o)).

This being all the business, the Chair thanked everyone for their attendance and the meeting closed at 9.50 PM.

Chair