

**FINANCE COMMITTEE MEETING
THURSDAY 10 DECEMBER 2020**

No	Item	Summary of Key Recommendations
1.	Apologies	<i>Nil</i>
2.	Declarations of Interest	<i>Nil</i>
	<i>'In Committee' Items 3 - 6 inclusive</i>	
3.	Management accounts for Period 7, including year-end financial modelling	<i>Note</i>
4.	Finance Dashboards for Period 7	<i>Note</i>
5.	Rates Estimates 2021/22	<i>Note</i>
6.	PwC Update	<i>Verbal update</i>
7.	Any Other Relevant Business (Notified in Accordance with Standing Order 12 (o))	<i>Nil</i>

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF
THE FINANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER, CIVIC HEADQUARTERS AND VIA
VIDEO CONFERENCE ON
THURSDAY 10 DECEMBER 2020 AT 7.35 PM**

In the Chair: Councillor McLean (C)

Members Present: Alderman Duddy (C) and Hillis (C)
Callan (R), Beattie (R), Holmes (C), McMullan (R),
McCaw (C), Peacock (R), Nicholl (R), Schenning (R),
McQuillan (C) McAuley (C) and Scott (R)

In attendance: Alderman Robinson (R)

Officers Present: D Jackson, Chief Executive (C)
M Quinn, Director of Corporate Services (R)
A McPeake, Director of Environmental Services (R)
R Baker, Director of Leisure & Development (R)
L Clyde, Financial Accountant (R)
P Donaghy, Democratic and Central Services Manager (R)
I Owens, Committee & Member Services Officer (C)

In attendance: J Davidson, PwC (R)
C Thompson, ICT Operations Officer (C)
A Lennox, Mobile Operations Officer (C)

Key: (C) Attended in the Chamber
(R) Attended Remotely

1. APOLOGIES

There were no apologies.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

MOTION TO PROCEED ‘IN COMMITTEE’

Proposed by Alderman Duddy
Seconded by Councillor Callan

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

***The information contained in the following items is restricted in accordance with Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014.**

3. MANAGEMENT ACCOUNTS FOR PERIOD 7, INCLUDING YEAR-END FINANCIAL MODELLING

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 rate payers.

Previously circulated was a management accounts report detailing the financial position as at Period 7 of the 2020/21 financial year (up to 30 September) together with a service area summary. Also included was a commentary by service areas of the Council, explaining deviations from budget. At the end of period 7 we are favorable by £,536,586 subject to any final adjustments.

Reserves Position

The reserves position is as set out below:

General fund at 31 October 2020:	£5,723,444
Percentage of net operating expenditure:	8.89%
	(required range 5 - 7.5%)
Other available cash reserves:	£1,151,61
(Repairs and Renewals Reserve and the reorganisation Reserve)	
Total cash reserves at 31 October 2020:	£6,875,057
Total reserves, including sinking fund:	£11,156,161

Capital Expenditure to Date

Capital expenditure for the first 7 months to 31 October is £2,193,833, this is made up as follows:

Land	£81,600
Vehicles, plant and equipment	£480,100
Assets under construction	£1,632,133

Impact of Covid-19

A payment for income losses from DfC for quarter 2 of £1,601,625 was received on 3 December but too late for these accounts. This can be viewed as the previously agreed £1.5m provision against future Covid 19 related losses.

Overview of Period 7 position (to October 2020)

The net position for the 7 month period is £2,536,586. 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 was circulated.

Councillor Callan suggested that priority be given to addressing issues arising from NIAO report findings.

Councillor Holmes reflected on how prudent decisions made in the last 6 months had helped to drive down cost and questioned what lessons may have been learned. The Chief Executive confirmed that the focus on absolute essential services had unquestionably helped to control the cost of Council business.

Alderman Duddy suggested that members consider using the rescinding motion as an alternative to call-in to help drive down associated costs of employing a barrister to deal with such matters.

AGREED - to recommend that Council note the report.

4. FINANCE DASHBOARDS FOR PERIOD 7

Confidential report, previously circulated, presented by the Chief Executive, including modelled graphical illustrations as follows:-

Council Wide; Environmental Services; Leisure and Development; Corporate Services and Planning.

AGREED - to recommend that Council note the report.

5. RATES ESTIMATES 2021/22

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

The purpose of this report is to inform members of the pressures being faced by Council in terms of financial budgeting and the setting of the rate for 2021/22. The summary table (previously circulated) details the estimated impact of the larger known high level influences on the rates and therefore gives an indication of the challenges which Council will face and need to address in considering the setting of the rate for 2021/22.

The draft estimates (previously circulated) has necessitated a number of assumptions being made and their impact included to allow us to

consider their consequences; in particular the impact of Covid-19 and any associated government guarantees against potential income losses. Some these are laid out in some more detail below. At this stage there are many factors the outcome of which are unknown but we can make some judgements about these. This first draft is at the highest level and does not take into account a great deal of the detail which officers will consider over the next few weeks as we build up a picture of the budgetary requirements for the next financial year or the potential for efficiencies. It is fair to say that in some instances this draft does attempt to reflect a “worst case” scenario in terms of some of the assumptions made.

In considering the first draft of the rates there are a number of significant high level pressures which we must include:

Wages and Salaries – by far the largest cost to the Council. For the purposes of this draft wages and salary costs have been increased by 1% for a pay award but also taking into account pay increments and employers pension contribution regarding agency staff. This takes into account the recent announcement by the Chancellor of the Exchequer regarding a pay freeze for the public sector, last year a 2.75% increase was agreed Council having provided for 2% in the estimates. This draft allows for the 0.75% shortfall in the current year’s estimates. In an effort to be prudent a 1% increase has been allowed for based on the recent announcement by the Exchequer on public sector pay.

Insurance – insurance costs have risen in recent years and with the continued uncertainty around Brexit coupled with a new tender for insurance services the insurance budget has been increased to approximately £1.3m, up from approximately £940k in the current estimates. The increase takes account of both the increase in insurance costs for the current year and an anticipated increase for next year.

Waste Contracts – the budget for our waste contract has been increased by approximately £1.39m taking into account increased waste tonnages and rates.

Car park income - has been reduced by £290k reflecting 50 percent of the reduction in income through our carparks during the past year.

Building Control income – has been reduced by £30k reflecting the reduction in service income during the past year.

Planning income – has been reduced by £350k reflecting the reduction in service income during the past year; in particular the lack of large scale applications.

Additional staff – Approximately £200k has been included to allow for additional staffing resources that may be required next year.

Special Event - £250k has been provided for a special one off event.

Whilst provision has been made for all those influences detailed above there remain many areas to be considered over the next few months. Some of these will potentially be of benefit to the budget.

One area which has not been adjusted in this draft is the Estimated Penny Product (EPP). This figure is how much rates income is generated by adding a penny to the rate, the higher this figure the better. Initial estimates regarding our rates base have not yet been received. Domestic properties in the rating system have been showing steady growth in recent years and it is hoped this will continue. On the non-domestic side this council areas has had extremely high levels of activity through planning and some of these are beginning to come through to fruition generating additional rates income.

As we continue to look at potential areas of efficiency particularly in regards to our estate, the eventual disposal of some no longer required assets will generate savings which have not yet been included.

As stated at the beginning of this report this is a very high level first indication of where some of the main pressures are going to be on budgets for the next year. These figures will be examined in much more detail over the coming weeks and refined to give a more accurate picture of where rates levels are likely to be, to include efficiency options, additional income generation suggestions, and the impact of the penny product on the rates strike

The Chief Executive said that there had been good detailed work undertaken by service areas to enable the provision of this information.

Regarding Covid-19 impact, the Chief Executive felt there was uncertainty regarding the potential impact of the vaccine going into the New Year and at this stage was unsure of continuing central government financial support going into the next financial year.

Councillor McQuillan felt that the presence of a representative from Finance team was essential at Finance meetings and the Chief Executive confirmed that the Financial Accountant was in the meeting.

Councillor Holmes welcomed the work being undertaken by the Audit and Governance Risk Officer.

Councillor Holmes sought clarity on the rebalance between the household and business rates and the direction of travel around the regional rate. The Chief Executive confirmed that Stormont budget occurs after Council strike rate but that best estimate at present was a regional rate of 5/6%.

The Chief Executive confirmed, at the request of Councillor Holmes the status of current structure within the legal team.

Councillor McQuillan referred to a '4 year budget' consideration and the Chief Executive confirmed that it was intention to recommend this going forward.

The Chief Executive confirmed that rates strike would be set for 1st March but recommended that Members aim to settle in February.

AGREED - to recommend that Council note the report.

6. PwC UPDATE

Mr Davidson was invited to provide a verbal update summarised below:-

- (i) P7 accounting period positive thus far and financial performance in line with P6;
- (ii) Trends compared with last month show no significant change;
- (iii) A number of upsides exist, including additional receipts just in from the Department of Communities which will impact favourably.
- (iv) A number of downside risks exist, including any refunds of central grants received, rates income, the potential for end of year landfill provision, and the ongoing impact of Covid-19
- (v) Period up to the setting of budgets is very important with need for sessions to develop ideas discussed this evening, consider financial pressures in each service area, and their savings proposals;
- (vi) When moving forward Council should refer not only to this year's results, but also to pre-Covid figures for comparison due to unprecedented situation since January 2020;
- (vii) In January there is a requirement to consider the budgeting position in more detail, opportunities for further savings, the out-workings of the Audit report findings, and other items on the medium term plan. At the request of members the Chief Executive agreed to make the findings of the Audit report available to Mr Davidson, PwC.

Councillor Callan welcomed the positive update from Mr Davidson, said the Council were on a sound financial position and felt the dashboard performance information provided was an excellent tool to enable the provision of information to members.

Councillor Callan requested again that 'Debt Position' become a standing Item on the Finance Committee agenda.

Councillor Callan asked Mr Davidson if there was anything that members should be mindful of or give consideration to at this juncture in the financial year.

Mr Davidson confirmed that he had been in communication with the Finance team around the debt forecasting exercise which would be brought back to the Finance Committee in the New Year. Mr Davidson confirmed that the financial aspect of the Medium Term plan / Covid recovery plan were the key elements which should be reviewed and he understood the various areas appeared to be moving along satisfactorily for each of the identified workstreams.

Councillor Callan suggested that input from group leaders, elected members and officers collectively in terms of consideration of financial position was crucial and was keen to see a representative from the Finance section available to present at Finance Committees going forward.

The Financial Accountant was invited to speak and confirmed that the Finance team were under immense pressure at this time. Councillor Callan applauded the hard work undertaken by them.

AGREED - to recommend that Council note the verbal update.

7. ANY OTHER RELEVANT BUSINESS (NOTIFIED IN ACCORDANCE WITH STANDING ORDER 12 (O))

MOTION TO PROCEED '*IN PUBLIC*'

Proposed by Alderman Duddy
Seconded by Councillor McQuillan

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

This being all the business, the Chair thanked everyone for their attendance and the meeting closed at 8.40 PM.

Chair