

**FINANCE COMMITTEE MEETING
THURSDAY 11 MARCH 2021**

	Item	Summary of Key Recommendations
1.	Apologies	<i>Noted</i>
2.	Declarations of Interest	<i>Nil</i>
3.	Minutes of Finance Committee meeting held Thursday 11 February 2021	<i>Confirmed</i>
	'In Committee' Items 4 -8 inclusive	
4.	Management accounts for Period 10, including narrative	<i>Information</i>
5.	Finance Dashboards for Period 10	<i>Information</i>
6.	Asset realisation update	<i>Information</i>
7.	Prudential Indicators	<i>Recommend adoption</i>
8.	PwC update	<i>Verbal update</i>
9.	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 11 MARCH 2021 AT 7.00 PM**

In the Chair: Councillor McLean (C)

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

Officers Present: D Jackson, Chief Executive (C)
A McPeake, Director of Environmental Services (R)
R Baker, Director of Leisure and Development (R)
M Quinn, Director of Corporate Services (R)
J Richardson, Head of Capital Works, Energy and
Infrastructure (R)
D Wright, Chief Finance Officer (R)
I Owens, Committee & Members Services Officer (C)

In attendance: J Davidson, PwC (R)
A Lennox, ICT Operations Officer (C)
C Thompson, ICT Mobile Operations Officer (C)
Public (1) (R)

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

Councillor McLean wish to extend his sympathy to Alderman Finlay at this difficult time on the loss of his mother.

Councillor McLean requested that if members wished to have someone substitute for them at a Finance Committee that the Chair be advised also.

1. APOLOGIES

Apologies were recorded for Alderman Finlay.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

3. MINUTES OF THE PREVIOUS FINANCE COMMITTEE MEETING HELD THURSDAY 14 FEBRUARY 2021

AGREED – That the minutes of the meeting held on 11 February 2021 were confirmed as a correct record.

MOTION TO PROCEED ‘IN COMMITTEE’

Proposed by Alderman Hillis
Seconded by Councillor McQuillan

AGREED – that Committee move ‘In Committee’

***The public were ejected from the meeting at 7.10 pm.**

***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.**

4 MANAGEMENT ACCOUNTS FOR PERIOD 10, INCLUDING NARRATIVE

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

Background

This report summarises and provides a narrative for the Causeway Coast and Glens Borough Council 2020-2021 Management Accounts for the period up to and including Month 10.

Detail

Previously circulated was management accounts report detailing the financial position as at Month 10 of the 2020/21 financial year (up to 31 January 2021) together with a service area summary. Also previously circulated was a commentary by service areas of the Council, explaining deviations from budget for the following:-

Leisure and Development; Environmental Services; Performance; Finance, Legal and Planning; Non-service Income and Expenditure.

Councillor Holmes referred to a previous request for the tabling of spend against budgeting for all service areas and how the year-end figure might look. The Chief Executive agreed to provide this and confirmed that at this time the expectation was that it was looking like £7m favourable.

Alderman Hillis suggested that the figures indicating that the Leisure and Development Directorate was performing well but queried the Covid-19 related costs which resulted in an overspend. The Director of Leisure and Development confirmed that these were one off Covid-19 related costs and would be re-allocated to relevant service area in due course, giving the example of the provision of PPE equipment.

AGREED – to recommend that Council note the report.

5 FINANCE DASHBOARDS FOR PERIOD 10

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

Leisure and Development;
Environmental Services;
Planning;
Corporate;
Taxation and Non Specific Grant Income;
Finance Income and Expenditure;
Legal;
Performance.

AGREED to note that Council note the report.

6 ASSET REALISATION UPDATE

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

Purpose of Report

To update members on asset realisations.

Background

Members requested and initiated an asset realisation process to identify and realise financial potential of Council assets which are either underutilised or have been declared surplus.

Current Position

The Head of Capital Works, Energy and Infrastructure reported that the following projects were currently being considered in the asset realization process:-

Magilligan Ferry Terminal and Slipway; Killyrammer Old Schoolhouse; Lansdowne Shelter; Laurel Hill; North Pier Shop; Bushmills Visitors Information Centre; Waterworld; Dunluce Centre; Market Yard; Ballyreagh Road; Portstewart Crescent Building; Former Demolished Killowen Hall; Dungiven Pavillion.

Alderman Duddy pointed out that the contents of the report with regard to Market Yard was inconsistent with what was recommended at Land and Property and Ratified at Council Meeting on 2 March 2021.

Councillor McQuillan asked for an update in regard to Waterworld. The Chief Executive agreed to bring the Land and Property Solicitor to the next Finance Committee and reminded members that there were legal matters which to some extent limited the pace at which decisions can be reached.

AGREED to note that Council note the report.

7 PRUDENTIAL INDICATORS

Confidential report, previously circulated, was presented by the Chief Finance Officer.

Background

In setting the rate Council should also consider its Prudential Indicators which summarise the cost of servicing its loan finance.

Detail

The prudential indicators summary attached as an appendix (previously circulated) to this report were not formally adopted at the rates strike meeting

Recommendation

It is recommended Prudential indicators be formally adopted as tabled in the appendix (previously circulated).

Councillor McLean noted that gross debt was not reducing and questioned the percentage rate charged for debt at the higher rate.

The Chief Finance Officer confirmed that at present the cost of debt was £5 – 5.5m per annum and that an increase in interest rates would result in an increase in the cost of debt. The Chief Finance Officer said that work was

being undertaken in conjunction with PwC regarding the debt projection model and the impact of capital projects on debt as well as asset realisation.

The Chief Finance Officer said he would bring exact figures back to the committee with the percentage of debt at the various rates applicable.

The Chief Executive reminded members that Causeway Coast and Glens Borough Council had inherited debt from the legacy Councils and confirmed that next month a 10 year projection, including variables, would be provided which would include firm recommendations going forward.

The Chief Executive also agreed to provide members with the loan book for their information and said that locked in loans were an unfortunate scenario and did pose difficulty.

Alderman Hillis queried the current interest rate of a £1m loan and the Chief Finance Officer said that it was approximately 1.7 – 2.25%.

Councillor McQuillan asked about the life expectancy of current high interest loans and The Chief Finance Officer confirmed that some of them had still 10/15 years before completion and that the loan book would show this information.

Councillor McQuillan asked if the £6m borrowed included Limavady Play Park and the Chief Executive confirmed that was the case in addition to 9 x refuse vehicles at £160,000 each.

Councillor Callan welcomed 10 year plan and said that it was important to plan out capital expenditure thoroughly with robust controls.

Councillor Nicholl referred to inherited debt and expressed his concern that the debt position will remain while spending exceeds income and implored members to look at projects and debt position holistically.

Councillor Nicholl suggested Stormont could be further lobbied regarding interest rate charges to local Councils and said he would be raising the matter at NILGA at the earliest opportunity.

Councillor Holmes also cited the need to lobby Stormont on 'locked in' loans and the pressures of reducing costs of revenue.

Councillor McLean agreed that the next challenge for the Finance Committee was to look at the debt position.

Proposed by Councillor McQuillan
Seconded by Alderman Duddy

To recommend that Council formally adopt the Prudential indicators as tabled in report appendix.

All in attendance were in agreement.

Proposed by Alderman Duddy
Seconded by Councillor McQuillan

To recommend that Council lobby through the Partnership Panel and write to the Finance Minister regarding a means to clear high interest loans to Council.

All in attendance were in agreement.

Mr Davidson added that forecasting was near completion and a paper was being worked up by the Finance team in conjunction with PwC and that this would include all capital works including a 'wish list' and the impact of same on debt going forward. Mr Davidson also pointed to the need to spend less on capital assets and dispose of others through realisation.

AGREED to note that Council note the report.

8 PwC UPDATE

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

- P10 figures broadly as expected. Positive variances within the month in regard to Planning and Leisure and Development which continues its trend. Negative variances in the month within Environmental Services, however understood these will largely reverse out when DfC support is received to cover additional costs and lost income.
- The management accounts provide improved detail of DfC and other support monies which is very helpful. A full breakdown of the incremental Covid-19 related costs would also be beneficial to see.
- With regards to the asset realisation paper, it would be helpful to see a listing of all Council assets, with running costs and sales value, so Councillors can make ongoing assessments around their targets for realisation, if any.
- With regards to the prudential code paper, this appears standard format. The Capex levels may need to be revised following the debt/capital asset forecast being prepared by Finance, however are unlikely to go above these levels.
- The debt/capital asset forecast will be reported on in either April or May's Finance Committees - Reducing debt will continue to be a challenge Council, however means to do so can be considered as part of this exercise.

- Good to see a rates strike agreed by Councillors. An increase should help to cover inflationary costs (e.g. wages, insurance and waste contracts as identified by officers), and support with the ongoing costs associated with Covid-19.
- Council may wish to consider a 5-year strategy around costs and delivery of services, and potentially look further ahead to consider strategic options for service delivery.

Alderman Duddy ask Mr Davidson for clarity regarding recent press coverage suggesting that Council had benefited financially from the pandemic and that the improved financial situation was not necessarily due to the hard work and diligence of Officers.

Mr Davidson stated he had not seen the press coverage, but pointed to the benefit of actions taken by Officers (including a focus on costs, improved budgeting and financial management) and the role of the Finance Committee and working groups in providing accountability and challenge to spending levels, budgets and variances. In addition he noted that central government support to protect income and subsidise Covid related costs had also been crucial to the financial position in this financial year, with this support having been diligently sought by Officers.

The Chief Executive referred members to an exercise undertaken in December 2019 with the Emergency Planning team regarding contingency plans for a possible 'flu pandemic' which enabled the readiness of Council when Covid-19 emerged.

The Chief Executive confirmed that Council had shown resilience and robustness in service provision through the pandemic and that the Director of Leisure and Development had spearheaded a regional support hub which was closely followed by other Councils. In addition the Chief Executive said that Council were able to loan Registration staff to Belfast City Council.

In terms of the caravan parks rebate the Chief Executive said that a decision had to be made whether to benefit the ratepayers or forego the VAT rebate offered to Council.

The Chief Executive said that at all times Council had followed public health guidance, including the closure of services in order to ensure the safety of the public, Council staff and to ultimately save lives.

The Chief Executive confirmed that a corporate response was released in relation to recent press coverage in relation to Causeway Coast and Glens Borough Council.

Alderman Duddy thanked the Officers for the work undertaken which had led to the current financial position and referred to the high standard of service

provision during the pandemic including decisions to follow government health advice.

Councillor McQuillan concurred with Alderman Duddy's comments suggesting that Council were well prepared for the pandemic and that local community groups had benefited by grants provision.

Councillor McQuillan wished to put on record his thanks and appreciation to management and staff.

As Chair of Finance Committee Councillor McLean said he was disappointed at some of the recent negative communication regarding Council Officers which he felt was unhelpful.

AGREED to note that Council note the verbal update.

- 9** Any Other Relevant Business (notified in accordance with Standing Order 12 (o))

None.

MOTION TO PROCEED 'IN PUBLIC'

Proposed by Alderman Duddy
Seconded by Councillor McQuillan

This being all the business the Chair thanked everyone for their attendance and the meeting closed at 8.10 pm.

Chair