

FINANCE COMMITTEE MEETING THURSDAY 9 SEPTEMBER 2021

No.	Item	Summary of Key Recommendations
1.	Apologies	Alderman Hillis, Councillor Nicholl and McMullan
2.	Declarations of Interest	Nil
3.	Minutes of the previous Finance Committee	Confirmed
	'IN COMMITTEE' (Items 4-10 inclusive)	
4.	P4 Management Accounts	Information
5.	Debt Management Report	Information
6.	Prompt Payment Statistics Report	Information
7.	Actual Penny Product Forecast Q1	Information
8.	Postal VAT Claim with Agreement to sign	Council accept the agreement as presented and that the Chief Finance Officer be authorised to sign it on Council's behalf once the final version has been drafted
9.	PWC	Information
10.	Any Other Relevant Business	

10.1	Progress made to realise capital off assets and Project Priority List (Alderman Duddy)	<i>that a monthly report from Capital Assets Realisation Team (CART) be provided to Finance Committee, to include an immediate review as to whether Council require the office space in all four civic buildings, the first report being brought to the November Finance Committee; that six Elected Members sit on Capital Assets Realisation Team (CART) nominated by D'Hondt.</i>
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UNCONFIRMED

**MINUTES OF THE PROCEEDINGS OF THE FINANCE COMMITTEE
MEETING HELD IN THE COUNCIL CHAMBER, CIVIC
HEADQUARTERS AND VIA VIDEO CONFERENCE ON THURSDAY 9
SEPTEMBER 2021 AT 7.00 PM**

In the Chair: Councillor Callan (C)

Members Present: Alderman Duddy (C), Finlay (C)
Councillors Bateson (R) Beattie (R), Holmes
(C), McLean (C), Schenning (R) Peacock (R),
Scott (C), Wilson (C), McQuillan (C), McCaw
(R)

Non-Committee

Members in attendance: Alderman Robinson (R)

Officers Present: M Smyth, Director of Finance (Interim) (C)
A McPeake, Director of Environmental Services (R)
J Richardson, Head of Capital Works, Energy and
Infrastructure (R)
D Wright, Chief Finance Officer (R)
W Hall, Assets Realisation Officer (R)
E Callaghan, Capital Accountant (R)
I Owens, Committee & Member Services Officer (C)

In attendance: J Davidson, PWC (R)

C Thompson, ICT Officer (C)
A Lennox, ICT Mobile Operations Officer (C)

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

The Director of Finance (Interim) undertook a roll call.

The Chair advised Committee of its obligations and protocol whilst the meeting was being audio recorded; and with the remote meetings protocol.

1. APOLOGIES

Apologies were recorded for Alderman Hillis, Councillors Nicholl and McMullan.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS FINANCE COMMITTEE

Summary previously circulated.

The Minutes of the Finance Committee meeting held Thursday 12 August 2021 were confirmed as a correct record.

MOTION TO PROCEED 'IN COMMITTEE'

Proposed by Councillor McLean
Seconded by Councillor Scott and

AGREED – to recommend 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.

The Chair advised Committee of its obligations and protocol whilst the meeting was being audio recorded '*In Committee*'.

4. P4 MANAGEMENT ACCOUNTS

Confidential information report, previously circulated, was presented by the Director of Finance (Interim).

The aim of the report was to provide members with an overview of the P4 Management Accounting Period for Leisure and Development; Environmental Services; Corporate, Policy and Resources; Finance, Legal and Planning; Performance.

Finance Committee are asked to note this report and question as necessary.

The Director of Finance (Interim) provided clarity to Alderman Finlay on the current debt position and the requirement to ensure sufficient cash reserves.

The Director of Environmental Services provided clarity to Councillor McQuillan regarding an overspend on cleansing and Covid costs which the Director stated would be recouped by the end of the financial year.

5. DEBT MANAGEMENT REPORT

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

Purpose of Report

This report informs members of the current position surrounding debt owed to the Council by its customers.

Background

Council implemented a revised Debt Management Policy in February 2017.

Detail – Aged Debt Analysis

Figures were shown as at 31st Aug 2020 and 31st Aug 2021 including the movement and comparison between both periods.

Tables, previously circulated detailed the status of any debt which was over 90 days in excess of £10 at the previous report but which has now been cleared.

Over 90 Days analysis

Tables, previously circulated detailed the status of any debt which was over 90 days in excess of £10 currently (excluding BID accounts):

Options

Debt write-off under £1,000 – there were no such debts this month which the Chief Finance Officer had the authority to write off.

Debt Write-off over £1,000 – there were no such debts this month for which approval was required to write off.

Finance Committee are asked to note this report and question as necessary.

The Chief Finance Officer answered questions from members relating to the report previously circulated.

6. PROMPT PAYMENT STATISTICS

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

Background

Department for communities (DfC) requires Council to record and publish statistics regarding the payment of supplier invoices with specific reference to two distinct measures namely invoices paid within 10 working days and invoices paid within 30 calendar days.

Detail

These figures are published on a quarterly basis by DfC with Councils required to do likewise. The purpose of the statistics is to encourage Councils to support businesses especially those local and/or small businesses for whom cash flow is of vital importance to their continued survival. In addition as part of Council's performance improvement plan for this year the payment of our suppliers has been identified as one of the performance improvement objectives with a target of 90% of suppliers being paid within 30 calendar days. The tables below detail Council's performance since April 2018 the latest data being for quarter 2 of 21/22 year being up to and including end of August 2021. This is a significant improvement on prior years with 67.25% of invoices being paid within 10 working days and 91.74% of invoices being paid within 30 calendar days for the now complete first quarter. The quarter 2 figures, which encompass July, have shown a slight reduction however this expected at this time of year due to many staff being on leave. There is now a sustained improvement in these figures which is to be welcomed and is due undoubtedly to the efforts of all staff who process invoices and receive goods but in particular to the Accounts Payable team who have, in very trying circumstances, performed extremely well during the last couple of years.

Improvement Actions

Whilst the improvements above are most welcome Council cannot afford to rest on its laurels. There is still room for improvement as other Councils have performance that is higher than Causeway Coast and Glens Borough Council therefore we must now strive to firstly maintain this level of performance and with the implementation of a new finance system seek to identify efficiencies in our processes especially where the new technology can offer electronic solutions to manual tasks.

Finance Committee are asked to note this report and question as necessary.

7. ACTUAL PENNY PRODUCT FORECAST Q1

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

Background

Land and Property Services (LPS) who issue bills and collect rates on behalf of Councils issue in year forecasts on the Actual Penny Product (APP) and projected outturns with regards the amount of rates actually collected.

Detail

LPS has issued to Councils the first in year forecast for the APP based on figures at 30 June 2021. The forecast for Causeway Coast and Glens Borough Council indicates that we are on course to receive a positive finalisation in terms of rates income amounting to approximately £263k, The figure has been calculated on the basis of a number of assumptions which are detailed below:

The Assumptions

- Gross Rate Income (GRI) calculated to 30th June 2021 from the rating system without any further adjustments.
- Rates foregone from vacant property in the non-domestic sector for the initial 3-month exemption period have been calculated based on the monetary value of losses used in the EPP, at 31st March 2021 or 30th June 2021, whichever is the higher. In the case of Causeway Coast and Glens Borough Council the forecast has calculated these based on the losses used in the EPP. Losses in the “50%” and “Exempt” categories were also calculated on the monetary value of losses used in the EPP, at 31st March 2021 or 30th June 2021, whichever is the higher. In this regard losses built into the forecast exceed actual losses in the LPS accounting system at 30th June 2021 by £282K inclusive of district and regional rates. Accordingly, unless losses in those categories increase by that amount between now and year end then there is the potential for improvement in the forecast. We will look at this in more detail in the second quarter.
- Rates foregone (exclusions including developer exclusions) from REH have been calculated based on the monetary value of losses used in the EPP, at 31st March 2021 or 30th June 2021, whichever is the higher.
- Discount by way of landlord allowances has been calculated based on the monetary value of losses used in the EPP, the position at 31st March 2021 or the position at 30th June 2021, whichever is the higher loss.
- Write-offs based on losses of £16.8 million (split across the 11 Councils) based on the higher of the outturn position for the past two

rating years. The write-off position will be kept under very close review throughout the course of the year. LPS will be reviewing this year's approach to their usual legal recovery procedures due to the ongoing Covid-19 pandemic, which may result in lower than otherwise expected levels of write-off. On the other hand, should the volumes of businesses facing insolvency events start to rise again, this will push the write-off upwards. LPS will keep the situation under scrutiny and will be alerting you to how this changes throughout the year.

- Cost of Collection estimated at £18.9 million for the rating year apportioned across the 11 Councils on the basis of statutory formula. Rateable Values used were the average of those in the Valuation Lists at 31st December 2020 and 30th June 2021.
- The CAP based on losses in the system at 30th June 2021.

With regard to losses in the non-domestic sector and in particular vacant property we should not be complacent. The economic climate remains challenging and can impact without warning and sometimes significantly on revenue streams, thus making projections very difficult. We therefore believe that Council need to take a prudent approach to penny product figures at this stage of the year. Central Government support within the local economy continues and therefore may be artificially underpinning our rates base, the full effect of this will not be evident until that support ceases therefore whilst the forecast is positive we do need to be cautious until we see the full effect of the ongoing pandemic.

This is an encouraging forecast and it does indicate that estimates used in setting the rate were very consistent with the strength of our rates base which continues to show growth albeit slowly and steadily.

Finance Committee were asked to note this report and question as necessary.

The Chief Finance Officer outlined to Elected Members that towards the end of 2021 it would be clearer how the figures were holding up.

At the request of Councillor Callan, the Chief Finance Officer agreed to provide a breakdown of the non-domestic and domestic rate income generated. The Chief Finance Officer said the full effect of Covid on rates income would not be clear until year end 2021/22.

8. POSTAL VAT CLAIM WITH AGREEMENT TO SIGN

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

Background

At our Council meeting on 28 April 2015 an item was tabled under correspondence relating to the possibility of an action to make a claim for VAT on postal services. In April 2018 Council resolved to withdraw

from the claim authorizing the Chief Finance Officer to do so at an appropriate time.

Detail

The claim being made by this council, the majority of which is on behalf of the four legacy councils, was almost entirely made up the potential VAT on franked postage. Initially council was advised this was definitely included in the VAT claim however latterly this had been thrown into some doubt given further advice and some more recent VAT decisions. This Council and its Northern Ireland counterparts had become increasingly disappointed with the progress and advice being received. In addition despite the apparent lack of progress the legal firm had attempted to levy further charges which to date have been disputed and not paid.

Withdrawal Agreement

Council have recently received a draft Precedent Settlement Agreement, which is attached as an Appendix, setting out the terms of the remaining Northern Ireland Councils and their withdrawal from the process. The agreement requires agreement from all the Councils involved and does include refund of fees paid and indemnity against any further fees being levied. Whilst the attached document is not a final version it is not expected that it will be amended substantially.

It is recommended that Council accept the agreement as presented and that the Chief Finance Officer be authorised to sign it on Council's behalf once the final version has been drafted.

Proposed by Alderman Duddy
Seconded by Councillor Scott and

AGREED - to recommend that Council accept the agreement as presented and that the Chief Finance Officer be authorised to sign it on Council's behalf once the final version has been drafted.

9. **PWC UPDATE**

The Chair invited J Davidson to speak.

J Davidson provided an update on the reports presented, he commented on the following Items raised:

- Trends remain similar to Period 3
- Surplus slowing down somewhat as normality resumes.
- Figures within each Directorate looking positive.
- Saving seen in employee costs and energy costs
- Leisure facility and car parking income may remain low.
- Caravanning season had a good year.
- Rates income behind at present.

- Impact of withdrawal of Government furlough will factor soon.

10. ANY OTHER RELEVANT BUSINESS

10.1 Progress made to realise capital off assets and Project Priority List (Alderman Duddy)

“What substantial efforts are being made to realise capital off our disposable assets? What progress has been made in regards to, Waterworld and Dunluce Centre Portrush, and Laurel Park, Coleraine etc? Is Mr. Smyth aware of Councillors top ten project priority list, and has he been made aware those projects some of which have been sitting dormant are to be delivered before the end of this council term?”

The Director of Finance (Interim) advised the Head of Capital Works, Energy and Infrastructure and Capital Works Officer were in attendance to answer questions. The Director of Finance (Interim) informed Elected Members that discussions were ongoing between himself and the Head of Capital Works, Energy and Infrastructure and that discussions would be progressed to the Finance Committee Working Group in accordance with the Director’s Financial Strategy.

Alderman Duddy stated Elected Members were frustrated by the lack of progress since inception of Causeway Coast and Glens Borough in terms of Asset Realisation and felt that there should be political representation on the CART (Capital Assets Realisation Team). Alderman Duddy referred to a lack of monies to see the projects agreed to come to fruition. Alderman Duddy advised financially, asset realisation was the only way forward, and referred to the deadline of March 2020 for a report on Asset Realisation which had not yet been brought to the Finance Committee for consideration.

Councillor Wilson concurred with the remarks made by Alderman Duddy, referring to bureaucracy and suggested all buildings not being fully utilized should be considered for Asset Realisation including at least two civic buildings, due to changes in work patterns since the onset of the pandemic.

Alderman Finlay felt that progress could be made in realisation of the Cloughmills Recreation and reiterated the need for assets to be sold in order to generate income to fund projects.

Alderman Duddy suggested a monthly report from Capital Assets Realisation Team (CART) be tabled. Councillor McQuillan requested that Elected Members are nominated to sit on the group via D'Hondt.

Proposed by Alderman Duddy
Seconded by Councillor Wilson and

AGREED - to recommend that a monthly report from Capital Assets Realisation Team (CART) be provided to Finance Committee, to include an immediate review as to whether Council require the office space in all four

civic buildings, the first report being brought to the November Finance Committee; that six Elected Members sit on Capital Assets Realisation Team (CART) nominated by D'Hondt.

Alderman Finlay raised concern about the potential cost of The Open Golf to be held in Portrush in 2025, the Director of Finance (Interim) agreed to look into this.

The Director of Finance (Interim) clarified the decision to realise assets lay with Elected Members and reminded members of the current debt position at Causeway Coast and Glens Borough Council. The Director of Finance (Interim) confirmed the Financial Strategy was being expediated, within which would sit an Asset Strategy that he and the Head of Capital Works, Energy and Infrastructure were currently working on.

Elected members welcomed the Financial Strategy but felt that informative reports needed to be presented to enable decisions to be made.

Alderman Duddy referred to an Item of AORB he had submitted which had not been circulated and asked that it be discussed at the next Finance Committee meeting.

MOTION TO PROCEED 'IN PUBLIC'

Proposed by Alderman Duddy
Seconded by Councillor Scott and

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

This being all the business, the Chair thanked everyone in attendance and the meeting concluded at 8.50PM.

Chair