

FINANCE COMMITTEE MEETING THURSDAY 11 NOVEMBER 2021

| | Item | Summary of Key Recommendations |
|-----|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Apologies | Councillors Bateson, Callan |
| 2. | Declarations of Interest | Nil |
| | 'In Committee' Item 3 – 10 inclusive | |
| 3. | Minutes of The Previous Finance Committee | Confirmed |
| 4. | Technology One Finance System Update – Verbal Update From Tech 1 | Received |
| 5. | P6 Management Accounts | That Council Contact each Directorate and ask them, through their Heads of Service to bring back analysis how efficiently staff are working from home |
| 6. | Debt Management Report | Information |
| 7. | Prompt Payment Statistics | Information |
| 8. | Independent Member Recruitment | Approve as set out |
| 9. | Capital Asset Realization Team (Cart) Report | Information |
| 10 | Priority Listing As Per Minute Request | Information |
| 11. | Any Other Relevant Business Notified | None |

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE
FINANCE COMMITTEE MEETING HELD
IN THE COUNCIL CHAMBER, CIVIC HEADQUARTERS AND VIA VIDEO
CONFERENCE ON
THURSDAY 11 NOVEMBER 2021 AT 7.00 PM**

In the Chair: Alderman Hillis (C)

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

Officers Present: M Smyth, Director of Finance (Interim) (C)
D Wright, Chief Finance Officer (R)
J Richardson, Head of Capital Works, Energy and Infrastructure (R)
W Hall, Capital Assets Officer (R)
S Duggan, Civic Support & Committee & Member Services Officer (C)

In attendance: I Measures, Technology One (Item 4) (R)
A Lennox, ICT Mobile Operations (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 Councillors Bateson and Callan.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS FINANCE COMMITTEE

Copy, previously circulated.

The Minutes of the Finance Committee meeting held 14 October 2021 were confirmed as a correct record.

MOTION TO PROCEED 'IN COMMITTEE'

Proposed by Councillor Wilson

Seconded by Alderman Duddy and

AGREED – that Finance 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.***

4. TECHNOLOGY ONE FINANCE SYSTEM UPDATE – VERBAL UPDATE FROM TECH 1

Chief Finance Officer introduced Mr I Measures, Technology One. He advised Mr Measures was the Programme Manager implementing the system, the Chief Finance officer himself, would Project Manage for Council to co-ordinate the implementation of the project.

Mr I Measures verbally presented, he would be implementing the replacement Finance and HRP systems. The process had commenced with an initial catch up with the Chief Finance Officer, working through the planning phase for activities and resource requirements in place and an estimated go live date October 2022 for all systems. Mr I Measures outlined the background of the Company and his personal experience to date.

In response to the Chair, Mr I Measures clarified timings were on track, a plan to be created and activities to work through to ensure resources were aligned to meet the deadlines set out.

The Chair thanked Mr I Measures for this attendance.

- * **Councillor McCaw joined the meeting at 7.13pm.**
- * **I Measures left the meeting at 7.16pm.**

5. P6 MANAGEMENT ACCOUNTS

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

Income & Expenditure

At a high level, Council's net position is £1.8M favourable to budget. A note of caution as there are accruals previously discussed that the Director advised he would come back to.

- Elected Members should note that Council's (controllable) Income / Expenditure budget for the year is £67.2M. Members were advised to also note that employee costs are Council's largest costs and 50% of this budget.
- Elected Members were advised at P6, Council are 50% into the year. Council's overall income is coming in at 55% to budget while expenses are 51%.
- Council's income at 5% higher, the key issues:
 - o Leisure and Development static caravan income of £2.1M income is recognised at the start of the year, and therefore this equates to a £1.0M over recognised in the %;
 - o Leisure and Development income from Council's leisure centres is £0.5M adverse due to reduced footfall.
 - o Environmental Services landfill tax recouped from external parties is £1.9M favourable.
 - o Leisure and Development touring caravans, camping and caravan sales is £0.6M favourable
 - o Leisure and Development has £0.4M favourable increase government grant income
- Council's Expenses are 1% higher, and focusing on the key issues:
 - o £1.2M insurance and £1M rates are front loaded and recognised at the start of the year. Therefore at month 6, an estimate of £1.1M should not be there.
 - o The tax of increased tonnage at our landfill sites, where we pay landfill tax, is £1.6M adverse (keep in mind we are getting increased income on this)
 - o Council's staff is £1.0M favourable due mainly to Leisure and Development reduced opening.
 - o Council's reduced £0.5M Rates Support Grant is being felt at an £0.26M adverse

All departments, except for Finance Legal and Planning, are in a favourable net position. The £84k adverse position for Finance, Legal and Planning is driven by an uncontrollable £294k Rates Support Grant / Transferring Function Grant as previously explained. This variance is expected to get bigger as there is still a £0.3M reduction to hit, but this will be compensation by the £0.5M Rates Support Grant reserves Council planned last year.

Council's Covid planning reserve apportioning is currently being worked through and will be presented next month to show the impact on reserves. Council's accruals will also be incorporated in the numbers to make these expense stand out more.

The Director of Finance referred back to Council's £1.8M surplus, accruals not in the accounts relate to the pay award at £300k and a new accrual of £600k

that impacts our Minimum Revenue Provision Planning for the £1.2M sale of Dunluce that did not happen.

Headwinds / Concerns: The Director of Finance advised the next 6 months has worrying inflationary costs. He has asked for high level forecasts on the impacts of 33% rise on gas/oil/electric, 20% rise on diesel, 20% rise on materials, 15% rise on outsourced skilled. Council are currently estimating an adverse impact of £308k for these. The Director clarified he has ignored staffing costs and the fact the 1.75% wage offer has not been accepted.

Balance Sheet

Council's usable reserves remains steady at £19.5M and our General Fund remains strong at £7.4M. A plan will be brought forward to show how these will be managed.

Capital Expenditure

Council's Capital Expenditure has seen an increase of £555k this month, this was primarily made up of (i) Lower Bann Infrastructure Project (ii) Limavady accessible Play Park (iii) Technology 1 system costs. Altogether Council's cumulative Capital Expenditure for the year to £1.8M, and if this trend continues, Council will be well below its normal Capital Expenditure. This will have a positive impact on our Capital Financing Requirement (CFR) and loan position that remains at £78M and £64M respectively.

Cash Flow

At 11/11/21, Council's cash is £18m but expected pay runs will reduce this. Council's 3-month cash flow estimates remain strong.

The Director of Finance (Interim) invited questions from Finance Committee.

Councillor McQuillan sought clarification of the issue raised that the Dunluce Centre had not sold, the impact on the ratepayer and how the finance would be made up.

The Director of Finance (Interim) clarified that Finance Department plan ahead for the budget, estimated costs and expected cash flow to come in and as a result, was now short in budget planning as had commenced in February and was required to be clawed back.

The Chief Finance Officer clarified the Capital Programme Minimum Revenue Provision (MRP) payment of cost of assets and interest on loans. MRP set for the Rates this year was on the assumption of £1m capital receipt for the Dunluce Centre. The sale was now not going ahead and Council were not going to have the receipt, there was the potential MRP hit of £1M. Chief Finance Officer advised Capital spend was also not as much as previous years, was under budget and may have the opposite effect and mitigate, this issue being flagged as early as possible. The effect would not be known until 31 March, at the end of the financial year, and would be tracked.

Councillor Holmes referred to the price rises and queried whether there were cost reduction teams in Council reacting to the inflationary pressures.

The Director of Finance (Interim) advised the function was of the Finance Business Partners and outlined identified cost reductions whilst realising there are other efficiencies to make.

The Chief Finance Officer clarified Officers have gathered data on energy usage and were looking at the amount of energy Council are using, to be more efficient.

The Chair questioned Council's pricing mechanisms for energy. The Chief Finance Officer advised of the procurement tendering process, the current tender up on 31 March. The Head of Capital Works, Energy and Infrastructure advised Council were talking to suppliers and looking at forecasts and would keep Council updated, prior to the rates setting exercise.

Councillor Wilson felt a low rate had been struck, with a view of driving efficiency, he referred to a Time and Motion study, and potential for external efficiency analysts, whether there were outside organisations to undertake such a study and its costs.

The Director of Finance (Interim) advised Council was making savings and provided examples to include zero based budgeting. He advised he would need to investigate the cost of a Time and Motion study, the relevant committee being Corporate Policy and Resources committee. The Director clarified Procurement Manager interviews were due to take place.

Alderman Duddy considered new systems were more efficient and needed less staff to operate them. He drew on concerns around the £10,000 threshold for Director's spend, given rising costs in materials and energy. Alderman Duddy questioned how well staff are working from home and if they will return to the office.

Alderman Duddy also asked if the Essential Car User Policy was being brought back.

Alderman Duddy questioned what the Dunluce Centre sale was going to be used for, the impact on inhabitants, and that he considered assets disposal should be left out of forecasting.

The Director of Finance (Interim) advised as a result of new finance systems, there was less need for staff, to be released for more value added activities, to scrutinise costs, cost savings, and become dedicated finance business partners. He considered there could be more value added roles in

procurement. The Director of Finance advised the Dunluce Centre sale had been forecast, to realise assets was a best estimate.

The Director clarified Essential Car User Policy would be brought to Council; that there were legal issues and that staff return to the office would be brought to Senior Leadership Team.

Proposed by Councillor Wilson
Seconded by Alderman Duddy and

AGREED - To recommend that Council contact each Directorate and ask them, through their Heads of Service, to bring back analysis on how efficiently staff are working from home.

Councillor Wilson advised that if staff are operating efficiently from home, Council could look at selling capital assets.

Councillor Holmes supported the proposal and advised it would be difficult to measure.

The Chair put the motion to the Committee to vote.

11 Members voted For; 0 Members voted against; 0 Members Abstained.
The Chair declared the motion carried.

* **Councillor Holmes joined the meeting at 7.20pm during consideration of the item.**

6. DEBT MANAGEMENT REPORT

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

Purpose of Report

The aim of this report is to advise members of the aged debt position greater than 90 days, as requested in the September Finance Committee.

Background

At October 29, 2021 Council's aged debt greater than 90 days was £80,865.

Embedded within this £80,865 are direct debt payments that were raised at the start of the year and being paid monthly. The amount of direct debit payment included in the October figures is £12,500.

Also within the aged debt, a significant portion of the bad debt relates to an external partner that Council invoice for, on their behalf. This therefore has the impact on Council's aged debt reports, if they do not collect their debt.

As at Oct 29th 2021, the aged debt level of the external organisation greater than 90 days was £34,029. This equates to 4.2% of Council's aged debt that relates to Causeway Coast and Glens Borough Council.

Appendix 1 (circulated) provided Members with a “true” debt position of Council’s bad debt that is specific to Causeway Coast and Glens Borough Council, with commentary.

Members will see Council’s aged debt position greater than 90 days is £52k, of which is £12.5k annual rent still outstanding that is paid monthly without issue.

Feedback

Members to advise if they need further questions or need further information

Councillor Wilson raised the issue of the trading auction and payment terms, that he would not wish to learn a person given a grace period, as it would undermine the auction process.

Councillor Wilson requested that Heads of Service bring a breakdown of the last auction, how much each pitch went for and how quickly payment had been made.

The Chief Finance Officer clarified he had been informed trading auctions payment terms of 50% up front and 50% at a later date.

7. PROMPT PAYMENT STATISTICS

Confidential report, previously circulated, 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 3 of 21/22 year being up to and including end of October 2021. This is a tremendous improvement on prior years with 80.78% (69.88% year to date) of invoices being paid within 10 working days and 95.18% (92.90% year to date) of invoices being paid within 30 calendar days for the now complete first quarter. The quarter 2 figures, which encompass July, did suffer a slight reduction however this expected at this time of year due to many staff being on leave but this has since been recovered. These are safely the

best figures Council has returned on these statistics and provide continued evidence of the improvements that have been made to systems and processes whilst maintaining the security of Council finances.

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. It should be noted that the process of implementing the new finance system has recently begun and Council should be able to expect future improvements once the implementation is complete.

- * **Chief Finance Officer left the meeting at 8.34PM.**
- * **Councillor Wilson left the meeting at 8.34pm.**

8. INDEPENDENT MEMBER RECRUITMENT

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

Purpose of Report

The aim of this report is to obtain approval to proceed with the recruitment process for an independent Finance Member to support the Finance Committee.

Background

Since January 2020, PwC attended Causeway Coast and Glens Borough Council's Finance Committee meetings monthly to provide financial oversight and commentary to the reports delivered to Members.

In November 2021 Finance Committee agreed to end support from PwC and seek independent support, like that of the Audit Committee and as such, market engagement will have to take place to procure that support.

With support from ODHR, press advertisement should take place, and selection panels identified to support shortlisting and interviews. On Council approval to engage and to spend, this process will start to take place in the coming weeks.

The recruitment and selection panel for the Audit Committee Independent Member consisted of a ODHR representative, CPR Director and Chair of the Finance Committee.

The estimated ongoing costs for an Independent Finance Member is £3,300 per year, and includes expenses, and will result in savings to council of circa £25,000.

The Independent Finance Member's revenue expenditure has not been planned or budgeted for this year and may result in an overspend if costs cannot be saved elsewhere.

It is recommended that the Finance Committee recommends to Council the

- Approval to advertise and recruit an Independent Finance Committee member at £250 per meeting as laid out in the below attachment under Appendix 1 (circulated) Job Role.
- Agree that the recruitment and selection panel will consist of a representative from ODHR, the (Interim) Finance Director, and the Chair of the Finance Committee, similar to the process of Independent Audit selection.

Alderman Duddy queried the value, given Council's current financial position and Director and Officers meeting monthly.

The Director of Finance (Interim) clarified the cost of PwC representative and that of the proposed Independent Member.

(withdrawn)

Proposed by Alderman Duddy
Seconded by Councillor McQuillan

- To recommend that Council do not recruit an Independent Finance Committee member.

Councillor Holmes raised that the decision had already been taken, whilst dispensing of PwC representative last month.

The Director of Finance (Interim) checked the minutes of the meeting and clarified the procedural issue would therefore need to be addressed.

Councillor Peacock spoke in support, she recalled deciding to dispense of the PwC representative, and favoured the recommendation, the role and support had been very useful to Finance Committee.

Proposed by Councillor Peacock
Seconded by Councillor Holmes

- To recommend that Council approve - Approval to advertise and recruit an Independent Finance Committee member at £250 per meeting as laid out in the below attachment under Appendix 1 (circulated) Job Role.
- Agree that the recruitment and selection panel will consist of a representative from ODHR, the (Interim) Finance Director, and the Chair of the Finance Committee, similar to the process of Independent Audit selection.

Alderman Duddy, in agreement with this seconder, Councillor McQuillan, withdrew his proposal, as he stated a rescinding proposal would be required.

The Chair put the motion by Councillor Peacock, seconded by Councillor Holmes to the Committee to vote.

5 Members voted For; 5 Members voted Against; 0 Members Abstained; The Chair declared his Casting vote; For and declared the motion carried.

9. CAPITAL ASSET REALIZATION TEAM (CART) REPORT

Confidential report, previously circulated.

The aim of this report is to update members on the realisation of Capital Assets through the Capital Assets Realisation Team (CART)

Update

Appendix 1 (circulated) was the latest Capital Asset Realisation Team's report that was delivered to the L&P Sub-Committee of 6th October.

Work has continued on Asset Disposals since the date of the last report and the Asset Realisation Officer will present to the Finance Committee an additional up verbally supported by PowerPoint slides.

Capital Assets Realisation Officer presented to Committee.

Councillor McLean referred to the Land and Property sub committee, he supported D1 working in parallel with going straight to the open market at the start of any process.

Capital Asset Realisation Officer stated his support, that Council were already undertaking the process and a report would be brought back on the matter early next year.

Councillor McQuillan supported going to the open market, he observed there may be a concession opportunity at Riverside Park, Ballymoney. He observed the presentation stated assets in the older Coleraine Borough Council area

and requested it be extended to Limavady, Ballymoney and Moyle, to include the Depots at Ballycastle and Ballymoney, located not far from the town centre, of value and commented whether Portrush was the right place to have a Depot, being located far out.

In response to Alderman Duddy, the Assets Realisation Officer clarified the Councillor Membership included the six nominated Councillors.

Councillor Holmes considered D1 was best practice only, the matter was worth checking to ensure best value asset disposal. Councillor Holmes agreed looking at Council's estate.

The Director of Finance (Interim) advised he would be pressing Members for target for financial planning.

* **Alderman Finlay left the meeting at 9.13pm.**

10. PRIORITY LISTING AS PER MINUTE REQUEST

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

The aim of this report is to update Members on the motion raised in September Finance Committee on a Project Priority list, as per minutes;

“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”

Update

Within Council, Capital Expenditure is currently identified as “essential” capital expenditure and “non-essential” capital expenditure.

In the 2021/22 Capital Expenditure budget, there is £1.85M approved for “essential” capital expenditure and is broken down at a high level with £1.0M associated with fleet, £0.6M associated with repairs and £0.25M associated with ICT.

A Capital Expenditure priority list for “non-essential” spend, for projects relating to play parks and MUGAs, was devised and currently being worked through. As projects have now been delivered, a new priority list needs to be identified and approved.

Any priority list will become a “living” document and should be reviewed by Members at least on a quarterly basis, as unforeseen operational issues may take priority over uncommitted projects, that will result in re-prioritising projects because of agreed debt levels.

Any necessary change to the “non-essential” priority list should first be considered and approved by Finance Committee from an affordability perspective and recommended for final approval at Council.

Current Position

A draft 5-year project plan, supported by Gantt Charts exists and was presented to the Finance Committee Working Group at the start of this Finance Committee.

Highlighted within the Gantt Chart are projects that are colour coded as complete, committed or uncommitted.

Committed projects are stage 3 and 4 projects, according to HM Treasury Gateway Review Points, are projects that are contractual. Delaying or cancelling these projects will mostly likely incur financial penalties.

Uncommitted projects are those projects that are in stages 1 to 3 and are not contractual and therefore can be rejected, postponed, or delayed. It should be noted that there is Capital Costs associated with projects in stages 1 to 3 as Council approval has been provided, such as Feasibility Studies and Business Cases, but nevertheless, full project expenditure has not been authorised and therefore more scope for Member’s discretion.

Next Steps

The draft 5-year plan will be completed and moved to a “living” plan, and presented to Finance Committee next month.

On a quarterly basis. The 5-year plan represented by the Gantt Chart will be presented to Finance Committee Members for review and any changes are advised.

Further work is needed on setting up workshops that will guide Finance Committee through a new priority list. This should begin immediately.

Once expenditure limits and priority list are approved for the next 5 years, any new projects will be considered by the Finance Committee to advise on the affordability of new projects.

Finance Committee agree a strategic Capital Expenditure plan, setting approved debt limits, and make recommendations that Council approve debt limits.

Alderman Duddy stated the Capital List was agreed in 2017, of the Councillors Top Ten Projects, only two completed, the list may be out of date however the work still relevant and as needed today. For example, Cloughmills, Aghadowey, Burnfoot were next in the pipeline. Portrush had received £17M and possibly another £1M. The issue was that project officers are moved to Revitalise programmes, The Golf, PEACE IV, and Councillors projects left, he reiterated they are required to be completed.

Councillor Holmes advised Capital Projects had fallen to the Leisure and Development Project Board that meets monthly, all Councillors needed the update and Council should have a workshop.

11. ANY OTHER RELEVANT BUSINESS

There were no matters of Any Other Relevant Business notified.

Proposed by Councillor McLean
Seconded by Councillor McQuillan and

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

This being all the business the Chair thanked everyone for their attendance and the meeting closed at 9.23pm

Chair