

**FINANCE COMMITTEE MEETING
THURSDAY 8 OCTOBER 2020**

No	Item	Summary of Key Recommendations
1.	Apologies	<i>Noted</i>
2.	Declarations of Interest	<i>Nil</i>
3.	Minutes of Finance Committee Meeting 10 September 2020	<i>Confirmed</i>
	<i>'In Committee' Items 4-8 inclusive</i>	
4.	Period 5 Management Accounts	<i>Noted</i>
5.	Covid-19 Impact on Finances	<i>Noted</i>
6.	Capital Assets Realisation Update	<i>Noted</i>
7.	Capital Expenditure Update	<i>Information</i>
8.	PwC Finance Advice	<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 BY
VIDEO CONFERENCE ON
THURSDAY 8 OCTOBER 2020 AT 7.00 PM**

In the Chair: Councillor McLean (C)

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

Officers Present: D Jackson, Chief Executive (C)
R Baker, Director of Leisure & Development (R)
A McPeake, Director of Environmental Services(R)
J Richardson, Head of Capital Works, Energy & Infrastructure (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)

Press (1 No.) (R)

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

1. APOLOGIES

An apology was recorded for Councillor McAuley.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

3. MINUTES OF THE FINANCE COMMITTEE MEETING HELD 10 SEPTEMBER 2020

The minutes of the meeting held on 10 September 2020 were confirmed as a correct record.

*** Press disconnected from the meeting.**

MOTION TO PROCEED 'IN COMMITTEE'

Proposed by Councillor Scott

Seconded by Councillor Schenning

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

4. PERIOD 5 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 rate payers.

Previously circulated was a management accounts report detailing the financial position as at period 5 of the 2020/21 financial year (up to 31 August 2020) together with a single page service area summary. Also included was a commentary regarding individual service areas of the Council, explaining deviations from budget. At the end of period 5 Council was favorable by £1,915,836.91 subject to any final adjustments.

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. Further to recent press releases from the Executive Office, additional income support from DfC and DAERA is anticipated.

Reserves Position

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

* **Councillor Holmes joined the meeting at 7.10 pm during discussion of this item.**

Mr Davidson from PwC was invited to comment at this time. Mr Davidson stated that the overall position was favourable with a variance of £1.9m with two grants pending which will favourably impact the figures. In terms of Environmental Services he felt that positive variances may now erode away as additional costs and income losses factor in. In terms of Leisure and Development he felt that, although favourable, variances may start to creep back also.

The Director of Leisure and Development outlined the development of management account modelling relating to net / income / expenditure reports. (slide presentation provided to committee)

The Director of Leisure and Development explained the financial position of Leisure and Development was £1.7m positive variance at Period 5 which is illustrated through dashboard graphics for income and expenditure for each Service area. The Director of Leisure and Development further confirmed that working with the Finance Department, the dashboard graphics will be replicated for each Directorate and each service area.

The Director of Environmental Services explained the position of Environmental Services at Period 5 was on target with a marginal adverse variance of £9,691. The Director of Environmental Services further confirmed that costs had increased with Household Recycling Centres and public toilets re-opening as well as the additional COVID-19 costs mentioned in the paper. He stated that Council had now received a letter of offer from DAERA for 66% of Quarter 1 claim. He explained that income was on target despite significant losses in car park revenue and reduced building control income but that this had been offset by increased income from landfill and trade waste.

Members were invited to ask questions.

Members requested that a standing item be added to Finance agenda by way of a monthly check on progress per Directorate and Head of Service with input from Mr Davidson around budgeting as it is crucial to have predictions against actual performance on a monthly basis for each service area.

Members felt it would be useful if Head of Service breakdown for each Directorate could be tabled, to include all committee members, where Heads of Service could be present, in person, for a question and answer session for their service area.

Members welcomed the detail and clarity in the report presented by the Director of Leisure and Development and commended the staff

involved. Members felt that the information available would be helpful to officers and elected members and would be a good tool in the rates striking exercise.

Members felt that a regular debt level update would be useful and assist with debt in comparison with other Councils and that this was the opportune time to have an update given some of the negativity in recent days.

The Chief Executive confirmed that from Period 6 onwards, a monthly balance sheet would also be available for members at Finance Committee meeting.

The Chief Executive confirmed that all Directors had fed into the setup of the reporting mechanism and it was ready to roll out from next month and thanked members for their favourable remarks.

At the request of Councillor Scott, the Chief Executive confirmed that harmonisation of job descriptions was ongoing and that a report had been requested by the Corporate Policy & Resources Committee.

AGREED - to recommend that Council note the report.

5. COVID-19 IMPACT ON FINANCES

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

Causeway Coast and Glens Borough Council initiated its Emergency Management Plan on the 16th of March 2020 in response to the Covid-19 pandemic. After a period of recovery during the summer months, the regional situational has worsened during recent weeks. This report updates financial implications resulting from the ongoing situation. Recently it was announced that local government would receive further Covid-19 related support from the Stormont Assembly: Department of Agriculture, Environment and Rural Affairs - £11.4million for waste management; and Department for Communities - £40million for local councils. The detail of these support packages has not yet been released.

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*). It is not clear if the Department may seek to reduce or recoup some of these claims for income from the Council against other operational expenditure efficiencies that have been made by service areas.

Furloughed employees

Payments from HMRC of £186k for April - May and £141,516 for June have been received; further claims for £111,523 and £43,282 were paid for July and August. 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 further reversal of their previously advised position, there may be further claims in light of paragraph 1 above.

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 £13,434 for phase 1 was paid.

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. Despite the positive APP forecast, level of reserves, and the positive period 5 in-year budget position, Committee recommended that a provision against future rates income losses of £1.5m is reflected in the management accounts.

AGREED - to recommend that Council note the report.

6. CAPITAL ASSET REALISATION UPDATE

Confidential report and power point presentation, previously circulated, presented by Head of Capital Works, Energy and Infrastructure.

Further to the asset realisation report presented to the Finance Committee previously, the Head of Capital Works, Energy and Infrastructure provided an update on the previous report with regard to the status of each asset realisation. Appendix 1, previously circulated, provided details on each of the specific sites.

*** The Chair declared a recess at 8.30pm.**

The meeting reconvened at 8.46pm.

On resumption of the meeting Members were invited to ask questions on the presentation received.

Members raised issues in relation to the timelines for a number of disposals and the viability of other assets to be earmarked for potential disposal and requested that Committee be updated again on progress.

During discussion Members also raised the issue of duplication between the Land and Property Sub-Committee and the Finance Committee in terms of the issues and information being presented and the sequencing of this.

*** Alderman Duddy left during discussion of this Item at 8.50pm.**

AGREED - to recommend that Council note the report.

7. CAPITAL EXPENDITURE

The Chief Executive confirmed that a full Capital Expenditure update would be provided at next Finance Committee meeting.

8. PWC FINANCIAL ADVICE

Verbal update provided by Mr Davidson.

Mr Davidson confirmed savings were evident and more grant income was expected but noted caution due to swings in numbers between last month and this month due to Covid-19 impact.

Mr Davidson advised that Council further work was required to develop an understanding of debt levels, tracking processes and monthly reporting mechanisms and the dashboard data analysis being introduced monthly could identify further opportunities for savings.

Regarding the progress of recovery plan, Mr Davidson said he would be available for workshops or committees as required and in response to a Member query agreed to undertake a current financial 'health check'.

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

There were no matters of Any Other Relevant Business.

MOTION TO PROCEED 'IN PUBLIC'

Proposed by Councillor Schenning
Seconded by Councillor Scott

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

This being all the business, the Chair thanked everyone for their attendance and the meeting closed at 9.15 PM.

Chair