

FINANCE COMMITTEE MEETING THURSDAY 16 JANUARY 2020

No	Item	Summary of key Recommendations
3	Minutes of Meeting held 28 November 2019	<i>Confirmed</i>
4	Minutes of Meeting held 19 December 2019	<i>Confirmed</i>
5	Period 8 Management Accounts	<i>Council Officers contact the Department of Communities ask what the Council position was if Council reserves fell below the recommended level of the working budget.</i>
6	Rates estimate summary 2020/21	<i>Information</i>
7	Break out session – round robin of Directorate savings proposals in Party Groups	<i>Information</i>

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF
THE FINANCE COMMITTEE
HELD IN COUNCIL CHAMBER, CIVIC HEADQUARTERS ON
THURSDAY 16 JANUARY 2020 AT 7 PM**

In the Chair: Councillor Peacock

Members Present: Alderman Duddy, Hillis and McCandless;
Councillors Bateson, Beattie, Callan, Holmes,
Knight-McQuillan, McAuley, McCaw, McLean, C
McShane, Schenning and Scott

Officers Present: M Quinn, Director of Corporate Services
R Baker, Director of Leisure & Development
A McPeake, Director of Environmental Services
D Wright, Chief Finance Officer
S McMaw, Head of Performance
A Mullan, Head of Operations
G Doyle, Head of Estates
B Edgar, Head of Health & Built Environment
W McCullough, Head of Sport & Wellbeing
J Welsh, Head of Community & Culture
T McKenna, Civic Support & Committee & Member
Services Officer

In attendance Alderman Boyle, Finlay, S McKillop and Robinson;
Councillors Hunter, MA McKillop, P McShane,
Mulholland, Nicholl, Quigley and Wilson.

1. APOLOGIES

Apologies were recorded for Councillor McGurk

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF MEETING HELD 28 NOVEMBER 2019

The Minutes of the meeting held Thursday 28 November 2019 were confirmed as a correct record.

4. MINUTES OF MEETING HELD 19 DECEMBER 2019

The Minutes of the meeting held Thursday 19 December 2019 were confirmed as a correct record.

MOTION TO PROCEED 'IN COMMITTEE'

Proposed by Councillor McAuley
Seconded by Councillor Scott and

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

5. PERIOD 8 MANAGEMENT ACCOUNTS

Alderman Duddy joined the meeting at 7.15pm during discussion of the item.

Confidential report, previously circulated presented by the Chief Finance Officer. Causeway Coast and Glens Borough Council has approved annual budgets and delegated authority to officers to utilize these budgets in the provision of services to our rate payers.

A Management Accounts report detailing the financial position as at period 8 of the 2019/20 financial year (up to 30 November 2019) together with a single page summary was previously circulated. At the end of period 8 Council is in deficit by £605,091 compared to £354,022 at period 7.

In terms of the deficit reported, this includes an in year adjustment with regards Council's Minimum Revenue Provision (MRP) which had been overprovided previously to the value of £639,999. This was in relation to private sector loans which Council has within its debt portfolio and is a one-off in year saving. At rate setting it was agreed that an applied balance be included within the budgets and this has been reflected in the Management Accounts. The surplus against budget at period 8 means that the general reserve position is as set out below:

Reserves at 31 March 2019	£3,762k
Deficit at period 8	£ (605)k
Applied balance at period 8	£(1,586)k
Reserves at 30 November 2019	£1,571k

Overview of Period 8 position (to November 2019)

The net position for the 8 month period was £1,228,981 against a budget of £623,891, showing an over spend of £605,091. In terms of net cost of services (excluding rates, rates support grant, de-rating grant and transferred function grant) the position at period 8 was actual net cost of £33,485,641 against a budget of £33,087,493, the variance being £398,148 adverse, and an explanation of the rates support grant income variance is detailed below.

Explanation of variance.

The Period 8 position includes an overspend in a number of service areas, the overspend being offset favourably by an adjustment to the Minimum Revenue Provision (MRP) of £640,000 due to the identification of an overprovision in previous years and the correction having been included in these accounts.

As set out above these accounts include the budgeted allocation of £1,586k from reserves therefore the effect on reserves as at period 8 would be a reduction of £2,176k bringing Council's general reserves to £1,571k.

Council are progressing with an application to the Department to capitalise severance costs. An application for a direction to the value of £4m has been lodged with the Department for Communities, the initial notification of the granting of direction was expected in early December but that has not happened and is anticipated at the very latest by the end of March, although it is understood that the total applications received total £13.8m whereby the amount available is £8.5m. This will help to offset the application of reserves together with the MRP adjustment.

Councillor Holmes sought clarification concerning council budgetary expenditure on wages and servicing its current debt. The Chief Finance Officer explained the Council was committed to capital debt through the capital expenditure programme and that wages were paid to staff to deliver services.

Councillor McAuley sought information on the comparison of current council wages to that of legacy council wages. The Chief Finance Officer confirmed that these figures were available, but not yet circulated.

Councillor C McShane expressed concern in relation to the level of Council's reserves, and asked what options and plans Council was considering to deal with the current issues. She enquired about the role of Central Government in this situation.

Councillor McCandless further enquired what the reporting arrangements were since 2015, regarding accurate and timely accounts, in terms of frequency, reporting and circulation. He expressed concern about the current reporting arrangements.

Alderman Hillis noted that the reserves position had decreased over the past number of years, and that a plan and options was required to address the situation to avoid negative consequences. He enquired if Officers had sought advice on this scenario from Central Government.

The Chief Finance Officer reminded Members of the Council's reserves position and the on-going rates setting process, and confirmed that he had not contacted the Department at this stage.

Non- Committee members, requested to speak on the matter under consideration. The Director of Corporate Services advised that Council's Standing Orders provided for non-committee members to attend the meeting, but could not speak or vote. Alderman Duddy cited from Standing Order 22.4, "Appointment of More Than One Committee."

Councillor Scott expressed disappointment at the pace of progress regarding clarity and accuracy of budgets.

In a response to Councillor Schenning regarding what the legal requirement was for the amount of council reserves, the Chief Finance Officer stated there was no legal requirement, but there were guidelines, 5-7.5% which equates to £2.75-£3 million.

Proposed by Councillor Schenning
Seconded by Councillor C McShane

-to recommend that Council Officers contact the Department of Communities to ask what the Council position was if the Council reserves fell below the recommended level of the working budget.

The Chair put the proposal to the Committee to vote.

7 Members voted For, 6 Members voted Against and 0 Members Abstained.

The Chair declared the motion carried

6. RATES ESTIMATE SUMMARY 2020/21

Confidential report, previously circulated presented by the Chief Finance Officer. The purpose of the report is to inform members of the initial pressures being faced by Council in terms of financial budgeting and the setting of the rate for 2020/21. The summary table 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 2020/21.

The draft estimates as tabled has necessitated a number of assumptions being made and their impact included to allow us to consider their consequences. These were laid out in more detail in the report previously circulated. At this stage there are many factors the outcome of which are unknown but some judgements can be made about these. This draft is at the highest level and does not take into account a great deal of the detail which officers continue to consider as we construct the budgetary requirements for the next financial year.

Alderman Duddy referred to the serious financial position, the focus on delivering services, and collective responsibility in the decision making process, and the potential consequences of DFC stepping in.

In response to a query from Councillor Beattie whether a workshop could be arranged ahead of the rates strike meeting on the 4th February, the Chief Finance Officer confirmed it was possible to do so.

In response to queries from Councillor Holmes regarding potential plans in the budget to rebuild reserves and if Capital Realisation Assets could be used to help build those reserves, the Chief Finance Officer explained that there was no plan as yet regarding the reserves and that the focus was on balancing the budget. The Chief Finance Officer further advised that the Capitalisation of the Voluntary Severance was progressing, plus the Minimum Revenue Provision which would cover the potential deficit in reserve. As to Capital Realisation Assets, these could not be used to build reserves, but could be used to help reduce debt.

7. Break out session – round robin of Directorate savings proposals in Party Groups

At **8.20pm** Members and Directors and Heads of Service moved to break out rooms for discussion on savings proposals.

At **11.05pm** Members and Directors and Heads of Service returned to the Council Chamber.

MOTION TO PROCEED ‘IN PUBLIC’

Proposed by Councillor McAuley
Seconded by Councillor Scott and

AGREED – to recommend that Council move ‘*In Public*’.

The Chair had to leave prior to the meeting concluding, at 10.50pm. In the absence of the Chair and a Vice Chair and there being no further business, Committee Member, Alderman Hillis, thanked Members and Officers for their hard work, the meeting concluded at 11.06 PM.

Chair