



**FINANCE COMMITTEE MEETING
THURSDAY 12 MARCH 2020**

No	Item	Summary of Key Recommendations
2.	Declarations of Interest	<i>Nil</i>
3.	Period 10 Management Accounts	<i>Information</i>
	<i>'In Committee'</i>	
4.	Cart Work Stream Progress Report	<i>Information</i>
5.	Any Other Relevant Business (Notified in Accordance with Standing Order 12 (o))	
	5.1 Councillor Holmes (Departmental Capital Spend and Revenue Budget)	<i>Bring report to next committee</i>
6.	Capital Programme	<i>Defer pending receiving the amended document</i>
7.	In-Year Savings	<i>Information</i>
8.	Period 12 2018/2019 analysis	<i>Information</i>
9.	PwC Financial Advice	<i>Noted</i>
10.	Any Other Relevant Business	
	10.1 Councillor McCaw (Coleraine BID)	<i>Information</i>

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF
THE FINANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER, CIVIC HEADQUARTERS ON
THURSDAY 12 MARCH 2020 AT 7.00 PM**

In the Chair: Councillor Peacock

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

Officers Present: D Jackson, Chief Executive
R Baker, Director of Leisure & Development
A McPeake, Director of Environmental Services
J Richardson, Head of Capital Works, Energy & Infrastructure
S McMaw, Head of Performance
S Duggan, Civic Support & Committee & Member Services Officer

In attendance: J Davidson, PwC

SUBSTITUTIONS

Councillor Nicholl substituted for Councillor McGurk.

AGREED – To Change the Order of Business, to receive AORB Item submitted by Councillor Holmes, after the Capital Programme Item.

1. APOLOGIES

Apologies were recorded for Councillors Callan and McGurk.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

MOTION TO PROCEED ‘IN COMMITTEE’

Proposed by Councillor Knight-McQuillan
Seconded by Councillor Scott and

AGREED – that Committee move ‘*In Committee*’.

3. PERIOD 10 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 utilize these budgets in the provision of services to rate payers.

Circulated was a management accounts report detailing the financial position as at period 10 of the 2019/20 financial year (up to 31 January 2020) together with a single page summary. Also included was commentary regarding individual areas of Council explaining deviations from budget. At the end of period 10 Council are currently favourable by £90,456 compared to adverse by £231,816 at period 9.

Reserves Position

In terms of the reserves position of Council the deficit reported at 1.2 in the report contains an in year adjustment with regards Council's Minimum Revenue Provision 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. Taking this all into account the reported surplus against budget at period 10 means that the general reserve position is as set out below:

Reserves at 31 March 2019	£3,762k
Favourable at period 10	£ 90k
Applied balance at period 10	£(1,983)k

Reserves at 31 January 2020	£1,869k
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Capitalisation of Voluntary Severance

Management had previously reported the intention to seek a direction from the Department for Communities (DfC) to capitalise voluntary severance payments as opposed to pay for these directly from reserves. It was reported that DfC have approved Council's application for the full amount of £4m. Applications have now been made to DfC to reprofile approximately £1.8m of this to prior years and currently there appear to be no known obstacles which could prevent this from being approved, members will be updated as soon as officers know the final outcome. The approval of the direction and the re-profiling will allow officers to claw-back expenditure that had been previously financed direct from reserves in respect of voluntary severance payments and this, together with the MRP

in-year benefit of £640k, will effectively counteract the applied balance thereby protecting Council's reserves at acceptable levels, this was illustrated in year-end projections in paragraph 1.5 of the report.

Year-end projections and Overview of Period 10 position (to January 2020) was circulated.

The report provided explanatory variances for Leisure and Development, Environmental Services, Corporate Policy and Resources, Performance, Finance, Legal and Planning.

Councillor Holmes stated he was pleased with the progress and trend in the last two months. Councillor Holmes questioned how fluctuations in labour were now being accounted for. Councillor Holmes also queried where Council's income was accounted for, for example caravan parks, he suggested income should stay within the relevant facilities account.

The Director of Leisure and Development advised last year's information was being used to profile the next year's subsequent period, month by month.

The Director of Leisure and Development clarified Council's income was not ring fenced to a specific cost centre, however, he advised, this would be advantageous.

Councillor Holmes commented that Council's sickness cost had not been built into the budget. The Chief Executive advised Council did not fill a post due to sickness unless necessary, in order to drive down absence and in-year cuts were made in this instance.

Councillor Scott commented that Council's fuel costs were double what was expected, he queried how this was monitored.

The Director of Environmental Services advised there was an under provision in the budget. He referred to a report presented to the Audit Committee noting fuel management had been identified as an issue, a recommendation had been to centralise fuel going forward.

PwC representative commented, there could be a contingency measure in place within the budget for sickness absence. In relation to overlaying a profile from last year to this year, PwC representative advised he would bring a report back on whether it had been completed correctly.

Alderman McCandless congratulated Officers on the reduction in staff costs, Period 10.

Alderman Hillis sought clarification of savings by the closure of Waterworld. The Director of Leisure and Development projected annual savings of £80,000, there were still residual costs such as vacant building rates and insurance etc.

Councillor Schenning sought a timescale for the Finance Training. The Chief Executive clarified a facilitator was currently being sourced.

4. CART WORK STREAM PROGRESS REPORT

*** Councillor Scott left the meeting at 8.10PM.**

Confidential report, previously circulated, presented by the Chief Executive to update Members on the assets that Infrastructure were seeking to realise efficiency and commercial opportunities.

The report presented the progression of identified assets, the step by step process of asset realisation (inclusive of the status from the November report 2019 and the latest update). The document shall develop and will provide the forum for future update to highlight progress status.

The Head of Capital Works, Energy and Infrastructure responded to queries.

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

5.1 Councillor Holmes

“How does Council's budgeting process allow for departmental capital spend and is there any impact on revenue budgets”?

The Chief Executive provided an example of a refuse collection vehicle, from that being hired, to one being purchased; the purchase should be removed from the revenue budget and apportion of MRP related to the Environmental Services budget.

Councillor Holmes considered Council required a Policy surrounding the matter.

Proposed by Councillor Holmes
Seconded by Councillor Scott and

- to recommend that Council bring a report to a Finance Committee meeting in two months' time.

The Chair put the motion to the Committee to vote.
Committee voted unanimously in favour.
The Chair declared the motion carried.

- * **Councillor Scott re-joined the meeting at 8.15PM during early consideration of the Item.**

6. CAPITAL PROGRAMME

Confidential report, previously circulated, presented by the Director of Leisure and Development.

The purpose of the report was to recommend a 10-year Capital Investment Programme to Members, which includes:

- Working principles to be applied to the delivery of the Capital Programme.
- The reduction of annual debt financing.
- The reduction of Council's total borrowings.

Recommendation

Based upon the information presented, within the context of the Medium Term Financial (MTFP) Plan Members are to consider setting:

1. Working principles to be applied to the Capital Programme:
 - The Capital Programme is dependent upon affordability set by Council.
 - A proactive approach is applied to Council's existing assets i.e. the prioritisation of our own essential estate / fleet / IT.
 - The strict Application of Councils 4-Stage Capital Project Management System using an objective Business Case approach.
 - Within this term of Council, no further projects will be progressed into the 4 stage process unless:
 - The project addresses essential Health and Safety works.
 - The project is offered significant Grant Funding, which makes a project affordable.
 - The project is self-financing. The return from the investment is derived within an appropriate timescale.
2. A 1.25% annual reduction of debt financing, the target being the reduction of the annual debt financing costs by £1m over a ten year period.

Councillor Holmes questioned whether some projects were critical, they required review and whether there was scope for additional projects. Councillor Holmes felt any spend should occur across the District Electoral Areas.

The Chief Executive advised the principle was to lower Council's debt, Council's priorities could be looked at and an analysis of what had been spent within the last 5 years and what was proposed to spend in the next 5 years, with a view of proportionality across the seven DEA's, tempered by a needs analysis.

The Chair, Councillor Peacock agreed, it would be useful to revisit, along with rural proofing.

The Chief Executive apologised for projects that had not been removed, following the issue being raised at the last committee meeting.

Proposed by Councillor Holmes
Seconded by Alderman McCandless and

AGREED – to recommend that Council defer consideration, pending receiving the amended document.

The Chair put the proposal to the committee to vote.

Committee voted unanimously in favour.

The Chair declared the motion carried.

7. IN-YEAR SAVINGS

Confidential report, previously circulated.

The report provided an update on the progress of agreed savings as at the end of period 10 (31 January 2020).

Council agreed a suite of cost saving initiatives. The in-year position was set out for Leisure and Development and Environmental Services.

8. PERIOD 12 2018/2019 ANALYSIS

Confidential report, previously circulated.

Causeway Coast and Glens Borough Council reported a significant adverse movement in the period 12 management accounts for 2018/2019.

The report set out some analysis of the more significant movements in period 12 of 2018/2019 which contributed to the year-end position. The summary table at 1.3 within the report detailed areas of the organisation where the majority of the movements occurred. Periods 9 and 10 were included to provide some additional context.

A detailed analysis was provided within the report.

Councillor Holmes stated he had expected more information, he was not satisfied with the explanation provided.

The Chief Executive responded to questions and agreed to bring back further detail of the £450,000 and £182,992 adverse variances to include detail of the cost centres.

PwC representative clarified Operations had an overspend each month, every month from Period 9 and further advised the analysis reported was not near the level needed.

Following a request for clarification from the Chair, Councillor Peacock, PwC representative advised there was evidence prior year actuals had not been taken into account and when setting at month 8 for the year ahead, not enough had been budgeted for and no plan as to how the difference would be made up in savings.

Councillor C McShane felt budget holders were never able to sit within budget.

9. PWC FINANCIAL ADVICE

Confidential report, previously circulated, presented by PwC representative.

The report set out a programme of proposed review work being undertaken by officers following previous PwC update at prior month Finance Committee.

It is recommended that the Finance Committee notes the report.

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

10.1 Councillor McCaw

Coleraine Business Improvement District

1. Is Coleraine BID the only BID in Northern Ireland taking legal action against businesses for non payment of levy?
2. What is the update on potential dialogue between BID and the Coleraine Retail Consortium?
3. Given that BID propose to continue a further legal summons on up to 100 businesses (confirmed at their recent information

session), what safeguards are there for the Causeway Council's reputation?

The Chief Executive advised two other Councils had taken legal action against businesses on behalf of BID Companies.

The Chief Executive advised he had met with the BID Chair, a brief was being provided to the Leisure and Development Committee on 18th March, BID representatives had been invited to attend, however, a representative was unavailable for that date.

Alderman Duddy clarified Legislation, the Minister was the only person able to suspend or terminate BID, Council had no powers.

Proposed by Alderman Duddy
Seconded by Councillor Schenning

- to recommend that Council does not invite BID representatives to present to Council.

Alderman McCandless stated he felt the representatives should be heard.

The Chair put the motion to the committee to vote.

5 Members voted For; 6 Members voted Against.

The Director of Leisure and Development further updated committee, he advised that representatives from Coleraine Retailers Consortium were scheduled to present to the Leisure and Development Committee on 18th March, however advised it may be postponed.

In light of the information provided, Alderman Duddy withdrew his proposal.

Councillor McCaw felt Council was required to do everything it could.

MOTION TO PROCEED '*IN PUBLIC*'

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

This being all the business, the Chair thanked everyone for their attendance and the meeting closed at 10.00PM.

Chair