

**FINANCE COMMITTEE MEETING HELD THURSDAY 10 FEBRUARY 2022,
RECONVENED TO WEDNESDAY 16 FEBRUARY 2022**

	Item	Summary of Key Recommendations
1.	Apologies	Councillors Bateson, McLean, McMullan
2.	Declarations of Interest	None
3.	Minutes of the Finance Committee meeting held Thursday 13 January 2022	Confirmed
	'IN COMMITTEE' (Items 4-9 inclusive)	
4.	P9 Management Accounts	Information
5.	P9 Debt Report	Information
6.	P9 Prompt Statistics	Information
7.	Any Other Relevant Business Notified in Accordance with Standing Order 12 (o)	Nil
8.	Transactional Banking Direct Award Contract (DAC)	to recommend that Council approve extending the current contract for transactional banking services with Bank of Ireland for a six month period up to 30 September 2022 subject to confirmed agreement from our banking provider to the change from two years to six months.

9.	Correspondence	<i>Information</i>
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**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 10 FEBRUARY 2022 AT 7.00 PM**

- In the Chair:** Alderman Hillis (C)
- Members Present:** Alderman Finlay (C)
Councillors Beattie (R), Holmes (C), McCaw (C), McLean (C), McQuillan (C), Nicholl (R), Schenning (R), Scott (R), Wilson (C)
- In Attendance:** Alderman Boyle (C)
- Officers Present:** M Smyth, Director of Finance (Interim) (C)
D Wright, Chief Finance Officer (R)
P Donaghy, Democratic & Central Services Manager (R)
S Duggan, Civic Support & Committee and Member Services Officer (C)
- In attendance:** A Lennox, ICT Mobile Operations Officer (R)
C Thompson, ICT Operations Officer (C)
C Ballentine, ICT Officer (C)

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

The Chair, Alderman Hillis advised the Council meeting concerning the rates estimates had adjourned the prior evening and was now scheduled to reconvene after the Finance Committee opens and adjourns.

Proposed by Councillor Scott
Seconded by Alderman Finlay and

AGREED – that the Finance Committee meeting does adjourn and reconvene to Wednesday 16th February 2022 at 7PM.

The business of the Agenda was not completed, all items to be considered at the reconvened Finance Committee meeting.

The meeting adjourned at 7.05pm.

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE
RECONVENED FINANCE COMMITTEE MEETING HELD
IN THE COUNCIL CHAMBER, CIVIC HEADQUARTERS AND VIA VIDEO
CONFERENCE ON WEDNESDAY 16 FEBRUARY 2022 AT 7.00 PM
(adjourned from 10 February 2022)**

In the Chair: Alderman Hillis (C)

Members Present: Alderman Finlay (C)
Councillors Beattie (R), Callan (R), Holmes (C), Nicholl (R), Peacock (R), Schenning (R), Scott (R), Wilson (C)

Officers Present: M Smyth, Director of Finance (Interim) (C)
D Wright, Chief Finance Officer (R)
J Keen, Committee and Member Services Officer (C)

In attendance: C Thompson, ICT Operations Officer (C)
C Ballentine, ICT 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 Councillors Bateson, McLean and McMullan.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE FINANCE COMMITTEE MEETING HELD THURSDAY 13 JANUARY 2022

Copy circulated.

AGREED – that the Minutes of the Finance Committee meeting held Thursday 13 January 2022 were confirmed as a correct record.

MOTION TO PROCEED ‘IN COMMITTEE’

Proposed by Alderman Finlay
Seconded by Councillor Callan and

AGREED – to recommend that Council 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. P9 MANAGEMENT ACCOUNTS

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

The Director of Finance (Interim) summarised the P9 Management Accounts:

- At Period 9 Council have a positive variance of £1,500,000 surplus to budget, driven by a favourable growth income of £3,800,000 offset by an adverse expenditure of £2,300,000. These cost drivers are heavily influenced by waste disposal in Environmental Services which the Director of Environmental Services has commented on in the Director's commentary.
- Employee costs - favourable £959,000 includes annual pay award, reduced by £50,000 on the previous month due to services continuing to open.
- Waste disposal is one of the biggest influencers showing £100,000 profit
- Taxation and non specific income is adverse at £400,000. This is a result of the rates support grant being reduced by £500,000 at the beginning of the year, an additional £1,330,000 in rates support grant has been received. This is in line with the forecasts of the balance sheet presented before the rates setting process.
- Capital Expenditure is £2,600,000 in the year. As a result of the reduced capital expenditure CFR has been reduced to £77,100,000. In future there will be a Council approved target when setting the medium term financial plans to help support financial planning.
- Cashflow remains healthy and remains above £10,000,000. It has reduced from previous months balances and a tighter long term forecast will be implemented along with other treasury management considerations to draw down loans over the coming months with Council approval and insight.

The remaining tables were Directorates and commentary's, specific factors for their areas.

5. P9 DEBT REPORT

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

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

Table circulated to show aged debt analysis as at 31st Jan 2022.

Table circulated to show aged debt analysis as at 31st Jan 2021.

Table circulated to show movement and comparison between last year and this year (31st Jan 2021 and 31st Jan 2022).

The 90 days and over figure includes debts relating to rents paid monthly and Business Improvement District (BID) invoices, the BID debt belonging to a third party. Adjusting for these figures the debt which Council staff are actioning in accordance with the debt management policy amounts to £71,449.

Tables circulated detailing 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 circulated detailing 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

In accordance with our debt management policy the Chief Finance Officer is required to report to Council any debts under £1,000 which the Chief Finance Officer has the authority to write-off. There are no such debts this month.

Debt Write-off over £1,000

In accordance with Council's debt management policy, Council approval is sought in order to write off any debts in excess of £1,000. Whilst there is no write-off required at this point Council has recently been informed that a significant debtor has gone into administration.

Further detail was provided within the confidential report.

In response to questions the Chief Finance Officer provided further detail of a specific debt contained within the report.

6. P9 PROMPT PAYMENT STATISTICS

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

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 4 of 21/22 year being up to and including end of January 2022. There has been a slight dip in performance for January most likely being due to invoices being held back over the holiday period with 58.53% (68.62% year to date) of invoices being paid within 10 working days and 86.14% (92.00% year to date) of invoices being paid within 30 calendar days for the now complete third quarter. Overall, the figures for the year to date are still comfortably better than previous 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. 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.

Prompt Payment Statistics 2018/2019						
	Q1	Q2	Q3	Q4	Total	
Total No of Invoices	4785	8355	7245	9823	30208	
Total amount paid	£ 6,610,672	£ 13,234,217	£ 11,722,216	£ 18,675,670	£ 50,242,775	
Number of invoices paid within 10 days	2222	3629	3205	4406	13462	
% of invoices paid within 10 days	46.44%	43.44%	44.24%	44.85%	44.56%	
Number of invoices paid within 30 days	4330	6845	5992	7679	24846	
% of invoices paid within 30 days	90.49%	81.93%	82.71%	78.17%	82.25%	
Number of invoices paid outside 30 days	455	1510	1253	2144	5362	
% of invoices paid outside 30 days	9.51%	18.07%	17.29%	21.83%	17.75%	
No. of Disputed Invoices	2	14	22	88	126	
% of disputed invoices	0.04%	0.17%	0.30%	0.90%	0.42%	
Average Payment Days	19.24	23.45	31.17	23	24.49	
Prompt Payment Statistics 2019/2020						
	Q1	Q2	Q3	Q4	Total	
Total No of Invoices	5453	7504	7102	7923	27982	
Total amount paid	£ 11,235,850	£ 14,304,005	£ 11,816,835	£ 15,184,690	£ 52,541,380	
Number of invoices paid within 10 days	1767	2648	3078	3818	11311	
% of invoices paid within 10 days	32.40%	35.29%	43.34%	48.19%	40.42%	
Number of invoices paid within 30 days	4177	5924	5723	6404	22228	
% of invoices paid within 30 days	76.60%	78.94%	80.58%	80.83%	79.44%	
Number of invoices paid outside 30 days	1276	1580	1379	1519	5754	
% of invoices paid outside 30 days	23.40%	21.06%	19.42%	19.17%	20.56%	
No. of Disputed Invoices	36	80	107	99	322	
% of disputed invoices	0.66%	1.07%	1.51%	1.25%	1.15%	
Average Payment Days	23.52	24.26	21.55	21.68	22.7	
Prompt Payment Statistics 2020/2021						
	Q1	Q2	Q3	Q4	Total	
Total No of Invoices	3424	5544	5802	6296	21066	
Total amount paid	£ 5,602,247	£ 10,310,263	£ 10,622,455	£ 17,216,296	£ 43,751,261	
Number of invoices paid within 10 days	2414	3804	4308	4087	14613	
% of invoices paid within 10 days	70.50%	68.61%	74.25%	64.91%	69.37%	
Number of invoices paid within 30 days	2846	4951	5184	5383	18364	
% of invoices paid within 30 days	83.12%	89.30%	89.35%	85.50%	87.17%	
Number of invoices paid outside 30 days	578	593	618	913	2702	
% of invoices paid outside 30 days	16.88%	10.70%	10.65%	14.50%	12.83%	
No. of Disputed Invoices	10	82	102	57	251	
% of disputed invoices	0.29%	1.48%	1.76%	0.91%	1.19%	
Average Payment Days	15.52	13.85	16.26	17.06	15.74	
Prompt Payment Statistics 2021/2022						
	Q1	Q2	Q3	Q4*	Total	
Total No of Invoices	5830	6442	7117	1847	21236	
Total amount paid	£ 12,255,753	£ 14,938,664	£ 11,824,362	£ 4,178,687	£ 43,197,466	
Number of invoices paid within 10 days	4139	4113	5240	1081	14573	
% of invoices paid within 10 days	70.99%	63.85%	73.63%	58.53%	68.62%	
Number of invoices paid within 30 days	5447	5886	6613	1591	19537	
% of invoices paid within 30 days	93.43%	91.37%	92.92%	86.14%	92.00%	
Number of invoices paid outside 30 days	383	556	504	256	1699	
% of invoices paid outside 30 days	6.57%	8.63%	7.08%	13.86%	8.00%	
No. of Disputed Invoices	32	26	48	16	122	
% of disputed invoices	0.55%	0.40%	0.67%	0.87%	0.57%	
Average Payment Days	15.80	17.23	15.27	18.29	16.28	
* Incomplete period						

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

There were no matters of Any Other Relevant Business Notified.

8. TRANSACTIONAL BANKING DIRECT AWARD CONTRACT (DAC)

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

Background

Causeway Coast and Glens Borough Council currently operates within a two year agreement for day to day banking services with Bank of Ireland.

Detail

The current arrangement was setup in 2019 for a two year period which will expire on 31 March 2022. Council therefore needs to ensure banking arrangements are in place from 1 April 2022.

Council's current provider have indicated that they are prepared to offer a further two years on the current charging basis. The current cost of our transactional banking is approximately £30,000 per annum. Details of the offer are attached as an appendix to the report circulated. The offer was initially for a two year extension however Senior Leadership Team (SLT) have directed that a six month extension would be more appropriate. Agreement has been sought from our Banking provider that this change is acceptable.

Some market research has indicated that this is a very reasonable offer therefore the cost of a tendering process and the time it would require outweigh any potential savings that could be made against the estimated cost of extending our current arrangements.

In addition Council's finance department is embarking on a major financial systems implementation which will continue until the latter half of 2022, it would be beneficial to minimise any further disruption or major changes during this hectic period of change therefore maintaining the current provider during this period would be recommended.

It is recommended that council approve extending the current contract for transactional banking services with Bank of Ireland for a six month period up to 30 September 2022 subject to confirmed agreement from our banking provider to the change from two years to six months.

In response to questions the Director of Finance (Interim) confirmed the position of the proposed extension to the contract with the Bank of Ireland. The Director of Finance (Interim) provided details on the progress of the implementation of the new financial systems.

- * **Alderman Finlay left the meeting at 7:29pm.**
- * **Councillor Holmes joined the meeting at 7:30pm.**

The Chief Finance Officer confirmed the tender process for the Transactional Banking Direct Award Contract.

Proposed by Councillor Callan
Seconded by Councillor Scott and

AGREED – to recommend that Council approve extending the current contract for transactional banking services with Bank of Ireland for a six month period up to 30 September 2022 subject to confirmed agreement from our banking provider to the change from two years to six months.

9. **CORRESPONDENCE**

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

NILGOSC's Response to Climate Change

Executive Summary

NILGOSC is an active supporter of the 2015 Paris Agreement and has been taking action to mitigate climate risk since 2008. It manages the £9bn investment fund for the Local Government Pension Scheme in Northern Ireland, which provides pension services for over 140,000 members, and as a global investor recognises climate risk as a key investment risk.

NILGOSC's approach to tackling climate risk includes working with others to engage with governments and companies as well as specific investments. NILGOSC is continuing to increase its holdings in low-carbon assets such as wind energy, solar, energy from waste, hydro, public transport, district heating and manufacturers for the renewable energy industry.

NILGOSC does not prohibit its fund managers from holding shares in companies from specific industries such as oil & gas but does require its managers to take climate risk into account when making stock selection decisions and it continually reviews their decisions. Its holdings in oil & gas have reduced significantly. For further information please see our Responding to Climate change briefing note and our short video.

Detailed Response

NILGOSC is both a global and a long-term investor therefore it expects the returns it receives on its investments to be affected by Climate Change. Research has indicated that traditional investment portfolios will be affected negatively, more so with each increase in temperature. In 2008 NILGOSC published its Climate Risk Statement which set out the action it would take to mitigate the risk of Climate Change to the pension fund. Following the action taken to date and with that planned for the future NILGOSC plans to deliver returns in line with its investment strategy.

NILGOSC has a fiduciary duty to its employers and members and must exercise its power to invest on investment grounds only, not for some other reason. It is not permissible to exclude from the fund any investments for non-investment reasons if it is likely to have an adverse impact on the returns achieved or lead to the fund being exposed to an unduly narrow and undiversified portfolio. Therefore, NILGOSC makes decisions around investments on investment grounds only which includes considering the effects of Climate Risk on future values.

In 2019 NILGOSC almost halved the proportion of the fund invested in equities. This shift along with an increase in fixed income and infrastructure assets has significantly reduced the likelihood of a negative effect on returns in the scenario of temperature rises. However, returns should be greater if the temperature rise is limited to 2°C or less therefore NILGOSC supports the aims of the Paris Agreement. It demonstrates its support through the various engagement activities it undertakes on top of the investment decision making process.

In essence NILGOSC has a 3 strand approach to mitigating climate risk:-

1. Engagement with Governments

As NILGOSC is a global investor it is *global* carbon emissions which cause us concern, rather than solely local emissions. We have therefore collaborated with other like minded investors around the world to encourage governments to take action aligned to the <2°C path. NILGOSC is a signatory to the United Nations Principles of Responsible Investment and is a member of the Institutional Investor Group on Climate Change. With these bodies we have called upon the G20 and G7 governments at various times over the last number of years to take further action to meet their Paris commitments. With other UK investors we have more recently written to the United Kingdom prime minister to encourage further action and commitments to meet the UK's Net Zero by 2050 target. Closer to home we have contributed to DAERA's consultation on the NI Climate Bill. This type of engagement activity is regular and ongoing.

2. Engagement with Companies

NILGOSC is the owner of shares in many companies across the world. NILGOSC can exercise some degree of influence over these companies by the way it votes at company meetings. NILGOSC's policy is to vote at every meeting. In the year to 30 June 2021 NILGOSC voted at 185 meetings in 22 countries. It cast 2,222 votes of which 33% were against the company management's recommendation.

By far the more effective way to influence companies is by collaborating with other investors. NILGOSC is a member of Climate Action 100+ which is an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. The companies include 100 'systemically important emitters', accounting for two-thirds of annual global industrial emissions, alongside more than 60 others with significant opportunity to drive the clean energy transition. Launched in December 2017 at the One

Planet Summit, Climate Action 100+ garnered worldwide attention as it was highlighted as one of 12 key global initiatives to tackle climate change. To date, more than 615 investors with more than USD \$60 trillion in assets under management have signed on to the initiative.

As an example of the effectiveness, in 2019, along with our Climate Action 100+ colleagues NILGOSC co-filed a resolution at the BP Plc AGM calling on it to disclose how its spending plans, emission policies and broader business strategy align with the Paris agreement. The resolution was supported by shareholders and by company management. This is a major step forward in aligning that company's business plan to a <2°C world and is an indicator of the influence shareholders can have over a company's activities.

3. Specific Investments

NILGOSC delegates the selection of individual investments held to its externally appointed fund managers and does not impose restrictions on environmental, social or governance (ESG) grounds alone. NILGOSC has however instructed its active fund managers to take account of climate risk considerations in its decision-making process, provided the primary financial obligation is not compromised. Where climate change produces a financial risk for a particular investment, NILGOSC expects this to be a fundamental part of the investment decision making process and monitors such decisions accordingly.

All active fund managers are instructed to engage, on NILGOSC's behalf, with those companies where ESG policies fall short of acceptable standards. NILGOSC requires all its external managers to provide regular reporting on such engagement activity and assesses its compliance through its quarterly balanced scorecard monitoring process.

NILGOSC seeks to ensure that the fund managers and consultants it appoints have the necessary expertise in assessing climate risk. NILGOSC assesses these capabilities at the selection and appointment stage through the tender process and applies mandatory ESG criteria. NILGOSC will only appoint fund managers and consultants who have demonstrated that they meet an acceptable threshold for ESG capabilities. In making investment decisions, NILGOSC will encourage its fund managers to address climate risks and opportunities in their investment research, analysis, decision making and engagement activities.

Through this process the level of high intensity carbon emitters has fallen within the NILGOSC portfolio. NILGOSC maintains a diverse portfolio covering all sectors but the direct holdings, for example, in the Utilities sector tilts towards those energy companies using renewable sources such as NextEra Energy, Eversource Energy, and Endsea. NILGOSC also has holdings in Tesla and NIO the electric car manufacturers. It should be noted however that equity holdings are subject to change.

In addition, NILGOSC is continuing to build up its Infrastructure portfolio and currently holds assets that are an important part of the emerging low-carbon

economy. The assets are worldwide and include wind, solar, energy-from-waste and hydro power generators, public transport systems, district heating and manufacturers for the renewable energy industry. Within the last year we committed a further €50m to a renewable energy only fund.

MOTION TO PROCEED ‘IN PUBLIC’

Proposed by Councillor Callan
Seconded by Councillor Schenning and

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

This being all the business the Chair thanked everyone for their attendance and the meeting closed at 7:36pm

Chair