

FINANCE COMMITTEE MEETING THURSDAY 14 OCTOBER 2021

	Item	Summary of Key Recommendations
1.	Apologies	Councillors Holmes, Schenning
2.	Declarations of Interest	Nil
3.	Minutes of the previous Finance Committee	Confirmed
	'In Committee' (Items 4 - 16 inclusive)	
4.	P5 Management Accounts	Information
5.	P5 Debt Management Report & Prompt Payment Statistics	Information
6.	Finance System Update	to recommend that Council invite the Project Manager from Technology One to the next Finance Committee meeting.
7.	Budget Timetable	to recommend that Council agrees the proposed timetable for setting the annual budget.
8.	Budget Procedures	to recommend that Council adopt the budget procedures.
9.	Policy on Loan Redemptions	to recommend that Council bring each loan to the Finance

		Committee to consider each loan individually, whether to clear it off or continue with the repayments.
10.	Independent Finance Committee Member Options	to recommend that Council approve Option 3: Approve alternative support from the external market where a suitably experienced and qualified sole expert sits as an independent observer on the Finance Committee, similar to the Audit Committee
11.	Non-Domestic Rates Update	Information
12.	Members Training: Dates and Topic	Information
13.	NI Audit Fee	to recommend that Council approve the NIAO payment.
14.	Actual Penny Product Forecast Analysis	Information
15.	PwC update	Verbal Update
16.	Any Other Relevant Business	Nil
16.1	Update on recent direction by the Minister for DfC regarding the extra ordinary audit (abbrev) (Alderman Duddy)	Withdrawn

**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 14 OCTOBER 2021 AT 7.00 PM**

- In the Chair:** Alderman Hillis (C)
- Members Present:** Alderman Baird (R), Duddy (C), Finlay (C)
Councillors Beattie (R), Callan (R), McLean (C),
McMullan (R), McQuillan (C), Nicholl (R), Peacock (R),
Scott (C), Wilson (C)
- Officers Present:** M Smyth, Director of Finance (Interim) (C)
D Wright, Chief Finance Officer (R)
J Keen, Committee & Member Services Officer (C)
- In attendance:** J Davidson, PwC (C)

J Winfield, ICT Operations Manager (C)
C Thompson, ICT Mobile Operations Officer (C)

Press (1 no)
- Key:** (C) Attended in the Chamber
(R) Attended Remotely

SUBSTITUTION

Alderman Baird substituted for Councillor Holmes.

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 Holmes and Schenning.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

3. MINUTES OF PREVIOUS FINANCE COMMITTEE MEETING

Summary, previously circulated.

The Minutes of the Finance Committee meeting held Thursday 9 September 2021 were confirmed as a correct record.

MOTION TO PROCEED 'IN COMMITTEE'

Proposed by Councillor McQuillan
Seconded by Alderman Duddy 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.**

The Chair advised Committee of its obligations and protocol whilst the meeting was being audio recorded '*In Committee*'.

- * **Alderman Finlay joined the meeting at 7:10pm.**

4. P5 MANAGEMENT ACCOUNTS

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

The aim of the report was to provide members with an overview of the P5 Management Accounting Period for Leisure and Development; Environmental Services; Corporate, Policy and Resources; Finance, Legal and Planning; Performance.

In response to questions the Director of Finance (Interim) advised that the harmonising of jobs has a small impact on the budget, stating there will be small increase. The Director of Finance (Interim) exercised caution by not providing further details as negotiations with trade unions were still ongoing, stating the information should be kept confidential.

It was advised, by the Chief Finance Officer, that there is a reorganisation reserve in accounts which can be used to offset one off costs in relation to harmonising jobs.

In relation to queries relating to current contracts, the Director of Finance (Interim) and Chief Finance Officer provided details of measures in place to safeguard Council against risks of a contractor going out of business. The Chief Finance Officer further advised that there have not been any contractors who have approached Council to indicate any financial difficulties to date.

The Chief Finance Officer advised that in relation to increased costs for fuel, Council avail of a central procurement directorate fuel contract which is used as a benchmark against local suppliers and there was fluctuation within the contract.

Responding to questions regarding surplus capital in Leisure and Development, the Director of Finance (Interim) advised the money would remain within the Directorate throughout the year, the virements option was in place, if required.

Committee sought reassurance regarding an overspend in Environmental Services. The Director of Finance (Interim) provided an explanation regarding an unforeseen expense which had balanced with income generated and overall, the financial position for Environmental Services was that the net balance had nil impact.

The Director of Finance (Interim) highlighted there will be adjustments in budgets and it was important to catch major adjustments early. He drew Committees attention to the Directors' commentary within the report which indicate adjustments and projections for the end of year position that indicated there would be no overspend. He advised any indication of difficulties in keeping to a budget will be picked up on and brought to the Finance Committee.

5. P5 DEBT MANAGEMENT REPORT & PROMPT PAYMENT STATISTICS

5(i) P5 DEBT MANAGEMENT REPORT

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

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

Tables circulated detailing the status of debt.

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 the debt management policy it 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 our debt management policy, Council approval is sought in order to write off any debts in excess of £1,000. There are no such debts this month.

In response to questions about the details of specific debts, the Chief Finance Officer advised that he would find out the details and report back to the Committee, information can be provided in next month's debt management report. The Chief Finance Officer advised that going forward the age of debts can be provided in a column in the table provided in the Debt Management report.

Councillor Wilson, in referring to an Item in the report, requested that it be recorded that his opinion was Council had deviated from its own rules regarding trading pitch regulations at the beginning of the year and a second deviation had now occurred. Councillor Wilson felt Council was open to legal challenge, he felt a very robust system needed to be in place for the next auction.

The Director of Finance (Interim) advised this issue would be looked at.

In response to questions, the Chief Finance Officer advised that those renting are provided with an invoice at the beginning of the year, have the option of paying by monthly Direct Debit or Standing Order and therefore reflected in the over 90 days analysis.

5(ii) 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 2 of 21/22 year being up to and including end of September 2021. This is a significant improvement on prior years with 63.85% (67.24% year to date) of invoices being paid within 10 working days and 91.37% (92.35% 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. There is now a sustained improvement in these figures which is to be welcomed and is due undoubtedly to the efforts of all staff who process invoices and receive goods but in particular to the Accounts Payable team who have, in very trying circumstances, performed extremely well during the last couple of 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.

Table circulated detailing Prompt Payment Statistics.

6. FINANCE SYSTEM UPDATE

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

Background

Council has recently agreed that a new Financial Information and Payroll system be procured.

Detail

The purpose of this report is to update Council on progress. The procurement phase has been completed and the One Council system has been purchased from Technology One Ltd. This is a cloud-based system which will allow increased flexibility for Council staff to access financial information but also vital processes such as payroll, accounts payable, accounts receivable and more.

Progress

Technology One have been formally engaged and Council's project manager has had an initial meeting with Technology One's project manager to initiate the project. The software is currently being built and will soon be available for Council staff to access and commence the design and build stages. In the meantime, staff have setup a project board and are assessing data migration strategies in anticipation of the software being available. The project board will be meeting with the project manager on Thursday 7th October as part of the scheduled weekly board meetings. The project manager has indicated a willingness to address the finance committee which could be a useful option for members to avail of.

It is recommended that Council invite the Project Manager from Technology One to the next Finance Committee.

Proposed by Alderman Duddy
Seconded by Councillor McQuillan and

AGREED – to recommend that Council invite the Project Manager from Technology One to the next Finance Committee.

7. BUDGET TIMETABLE

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

Background

District councils are obliged under legislation, Section 3 of the Local Government Finance Act (Northern Ireland) 2011, as part of the annual budget procedures to submit estimates of income and expenditure of the council for the next financial year. Regulation 3 of the Local Government (Capital Finance and Accounting) Regulations (Northern Ireland) 2011 states the prescribed date for the annual budget for a financial year beginning on or after 1st April 2012 shall be 15th February. There is a possibility that this date may be delayed to March 2022 due to the ongoing Covid-19 pandemic. This report proposes a timetable for the annual Council budget setting.

The suggested programme reflects the uncertainty relating to the Covid-19 pandemic and its impact on Council services and costs.

Proposed budget setting timetable

A proposed timetable for setting the annual budget was tabled at Appendix 1 (circulated).

It is recommended that Finance Committee agrees the proposed timetable for setting the annual budget.

Date	Action	Forum	Remarks
Nov	Overview of 2022/23 financial outlook, including budgetary pressures, Covid-19 income & cost analysis forecasting.	Finance WG Party Groups	
Dec	Reports to Committees highlighting cost pressures, efficiencies and Covid-19 modelling agreeing draft budgets for consolidation and reporting to Council in January	ES / L&D / CP&R Committees	
9 Dec	Finance Committee considers capital programme / cost of debt	Finance Committee	
Jan 21	Finance Committee debates Rate strike. Workshop with all Members.		

			Split into Party Groups.
1 Feb	Council agrees efficiency proposals	Full Council	
3 rd Feb	Rates strike Council meeting	Full Council	Could be delayed to March
9/10 ^h Feb	Back-up Rates strike Council meeting	Full Council	Could be delayed to March
15 Feb 2022	Council rate due with Department for Communities	DfC	Could be delayed to March

In response to questions, the Chief Finance Officer advised that budget holders will be involved in round table discussions.

Proposed by Alderman Finlay
 Seconded by Alderman Duddy and

AGREED – to recommend that Council Committee agrees the proposed timetable for setting the annual budget.

8. BUDGET PROCEDURES

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

Introduction

This document provides a policy framework for the preparation and monitoring of budgets.

This Code of Practice defines the procedures and forms to be adopted by Council finance officers in the production of Council Estimates and Monitoring Statements.

Budget Preparation

Context

- In conjunction with the Chief Finance Officer, services will prepare, on an annual basis, a draft budget and service plan that will identify all service and financial implications of meeting the Council's priorities and targets over the planning time frame. The Administration will determine the format of the budget and service plan. The Chief Executive and Chief Finance Officer will provide services with detailed guidance on the completion of the budget and service plan;
- Services will provide any financial information required by the Council in relation to their service plan or any other matters deemed relevant by the Council;

- The Chief Finance Officer will ensure that the Council budget is set in accordance with all statutory requirements in respect of the production of a balanced budget and the setting of local taxation and rent levels.

Audit Trail and Supporting Documentation

- All service budgets will be based, in the first instance, on the approved budget of the previous year;
- The Chief Finance Officer shall maintain a full audit trail, providing analysis of budget movements from one year to the next. This audit trail will include an analysis of all adjustments including, growth, savings, inflation, resource redirections and budget pressures etc.;
- Services shall make available appropriate back-up to exemplify and support the value of material budget movements;
- The Chief Finance Officer will maintain lists of all budget options

Devolved Budgets

- In order to discharge the management of expenditure and income effectively and ensure its control within approved budgets, Directors/SMT Members shall align financial accountability and responsibility with that of operations. Budgets shall be devolved to a level that accords with managerial decision making;
- Where budgets are decentralised, the basis for decentralisation must be clearly defined and understood by managers.

Budget Profiling

- The Chief Finance Officer will provide a core suite of standard profiles for the phasing of budgets;
- Services will ensure that budgets are profiled in a meaningful manner reflecting pay cycles, demand patterns and prior years' trends as appropriate;
- Services are responsible for the profiling of their budgets and shall, in conjunction with budget holders, develop and apply appropriate profiles;
- Budget profiles may be updated during the course of the financial year, with the agreement of the Chief Finance Officer, in order to reflect material variations in anticipated spend patterns.

Management Accounts

Format and Content of Reports

- Management accounts will be a joint report by the Senior Management Team and the Chief Finance Officer;
- Management Accounts will be produced in line with the timetable issued by the Chief Finance Officer to meet the Committee reporting cycle;
- Management Accounts shall be produced at levels appropriate to the recipient.
- Council management accounts will be produced at the highest level and more detailed cost centre and subjective analysis shall be produced for use within services;
- Management Accounts will reflect the format agreed by Council and shall report annual and profiled budget and any approved variations during the year, actual to date and variances;

- All material movements to budgets shall be reported;

Significant variances shall be reported and explained, and include action to be taken;

- Services will provide a forecast of financial performance against budget the year-end.

Audit Trail

- All management accounts will be based on information contained in the Council's financial systems;
- Working papers, detailing the reason and value of adjustments to the base monitoring information will be maintained.

Adjustments

Management Accounts shall reflect a true and fair view. Appropriate adjustments shall be made in order to:

- eliminate errors in base information;
- accrue known commitments in relation to the profile;
- account for the matching of income and expenditure related to trading accounts;
- account for known changes to the anticipated spend pattern. Professional judgement shall be exercised in the compilation of such adjustments and appropriate supporting evidence shall be maintained.

Explanation of Variances

- Management Accounts shall highlight reasons for material variances, management action plans being taken and the projected level of outturn variance where appropriate
- Internal financial reports shall also assign responsibility for tasks in management action plans and report indicative timescales;
- Variances will be reviewed each period and progress of management action plans considered.

Materiality and Significance

- Appropriate focus shall be placed on variance analysis, the objective being to secure sufficient coverage to those variances that contribute most to deviation from income and expenditure budgets rather than comprehensive line by line analysis. By necessity, this will be a subjective professional judgement. Prescription is not advocated, as the materiality threshold for variance explanation will vary in accordance with:
 - reporting levels;
 - scale of budget;
 - degree of budget decentralisation;
 - political sensitivity;
 - impact on service delivery and performance.

Service areas shall establish their decentralised materiality thresholds and criteria and communicate these to budget holders.

Authentication

- Internal financial reports prepared by Council finance officers shall be presented to, and certified by, the management or leadership team of the Service and recorded as appropriate;
- Service areas shall establish internal reporting mechanisms and procedures to address disputes on issues of financial management and control;
- Associated budgets e.g. Trading Operation recharge income and related client service expenditure shall be subject to liaison and agreement at budget preparation, phasing, and update stages. In the event of failure to resolve disputes at service level, the matter shall be referred to the Chief Finance Officer.

Financial Support

Provision of Financial Information

- Financial reports shall be provided to budget holders in accordance with the financial accounting cycle based on the financial ledger system.

Consultation

- Council finance officers shall maintain regular contact with budget holders to review their financial position and obtain variance explanations as required. This shall be undertaken appropriately in line with the Committee reporting process.
- Budget holders/service managers shall provide all relevant information required by finance officers;

Training

- Appropriate staff development and training resources shall be made available in support of effective financial management and control.

Virement

Criteria

- Authority for the transfer of resources from one budget to another is provided in this Code of Practice and requires the agreement of the Chief Executive. Approval of such virement shall take cognisance of the following criteria:
 - adherence to the Accounting Code of Practice (ACOP);
 - the balancing of related expenditure and income issues;
 - movements within approved schemes of budget delegation;
 - the need to remedy anticipated budget pressures elsewhere;
 - the impact of approved service developments on the nature of service spend;
 - previous Council decisions on the application of budget resources;
 - the remedy of error in budget compilation;
 - spend to save initiatives.
- Virement shall not be used:
 - to mask overspend and underspend issues;
 - to apply underspends or over-recoveries of income without reference to Committee;
 - to reverse any decision made by the Council during its budget process unless subsequently approved by Council.

- Services shall limit requests for virement to material sums;
- All approved virement will be reported in service monitoring statements;
- Virement must not result in an increase in the overall budget of the Council in the current or any subsequent financial year.

Authorisation

- Virement adjustments shall be recorded in a form suitable for the approval of the Chief Executive.
- The Chief Executive will approve virement between Services up to £100,000; all virement greater than this sum will require Council approval.
- Any anticipated expenditure in excess of the authorised sum must be reported to Committee for approval prior to the commitment of expenditure

The Chief Finance Officer provided a verbal recommendation that the budget procedures are adopted by Council.

In response to questions, the Chief Finance Officer clarified it would be difficult to put a procedure in place for how any/every overspend would be clawed back, as overspend may be due to reasons outside Council control for example, rising costs of fuel.

The Chief Finance Officer stated information contained in **bullets** 1.3.4 'Explanations of Variance' within the report, was a starting point and important to consider explanations of overspend within a Directorate and take action from there. Equally a budget needs to be considered if running on surplus year after year.

Councillor Peacock raised concern regarding the amount of virement the Chief Executive can authorise and considered the figure to be too high. Concern was expressed regarding issues within budgets that could be masked and that virements should be set at £10,000 to allow Members scrutiny and approve virements. Councillor Peacock agreed that when setting budgets, budget holders are involved and are held responsible.

The Chief Finance Officer advised the document was in draft and could take direction from Members, if reducing the amount of virement the Chief Executive can authorise. The Chief Finance Officer clarified the figure of £100,000 he had taken guidance on from other policies he has seen during his research. It was also confirmed that all virements would be reported to the committee as is the case for example with write-offs under the debt management policy, even though the Chief Finance Officer has delegated authority to write-off amounts up to £1,000 these still have to be reported to Council. The Chief Finance Officer clarified transparency and scrutiny are built into the Policy. It was further advised there was no current procedure in place and we have been looking at best practice to address an area that had been left deficient. In the absence of procedure, the guidance was that it was a Council decision.

The Director of Finance (Interim) advised that it was essential budgets are signed off by budget holders. He advised the £100,000 virement authorised by

the Chief Executive was a reasonable amount from his experience managing other budgets of this size, and any virements will be reported through Senior Leadership Team and brought to the Finance Committee.

Alderman Duddy highlighted that overspend would be found quickly and questions raised, he considered all the information Elected Members would be looking for is in the report and expressed his confidence that staff and Directors would bring information to the committee at the earliest opportunity. Alderman Duddy stated it was good to see the report, to improve governance.

Proposed by Alderman Duddy
Seconded by Councillor Scott and

AGREED – to recommend that Council adopt the budget procedures.

The Chair put the motion to the Committee to vote
12 Members voted for; 0 Members voted against; 0 Members abstained
The chair declared the motion carried

* **Alderman Duddy left the meeting at 8:30pm.**

9. POLICY ON LOAN REDEMPTIONS

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

Background

Council makes extensive use of borrowing to finance its capital programme currently holding a loans portfolio amounting to £63.816m this being made up of £53.618m from Government Accounts Branch (GAB) in the Department of Finance (DoF) and £10m with Commercial banks.

Detail

The purpose of this report is to allow Council to consider its position regarding loans that were drawn down regarding assets that are later disposed of. Council has recently sold the former Dungiven Sports Centre which had outstanding loans with GAB amounting to £34,496.94 at the point of sale. When Council enquired regarding the redemption of this loan that redemption order attached as an appendix to this report was received. The maturity date of the loan is 2035 and the premium on early redemption amounts to £11,149.24. By way of information the interest due on this loan over the remaining life amounts to £12,285.56, essentially the penalty for early redemption is almost all the remaining interest being paid now.

Redemption

Officers sought to clarify this situation around obligations to redeem loans in such circumstances from both the DoF and the Department for Communities (DfC) in terms of regulatory or legislative requirements. The response from DoF was as follows:

“In response to your question, the loans are issued under The Financial Provisions (Northern Ireland) Order 1983. There does not appear to be any specific requirement under the Act for a loan to be repaid in full immediately if the assets it is funding are sold. Loans to councils are not secured on individual assets but are charged on all the revenues of the council. There would appear to be no formal requirement for us to demand immediate full repayment. However, you would need to ensure that you would not be breaching any guidance or legislation applicable to local councils or your own internal policies.”

Following this the same question was put to DfC who responded as follows: “There is nothing in the Regs that I’m aware of.”

It would appear therefore that Council has some discretion on this matter and in the absence of a pre-existing Council policy this report is being tabled.

Options

There are now a couple of options available to Council;

Repay the loan in its entirety incurring the additional unbudgeted penalties/premiums; or,

Continue to repay the loan over its remaining life allowing all payments to be made in accordance with the original schedule with these payments being fully budgeted annually.

Option 1 would allow the Council to free up future budget and reduce the annual cost of financing its debt however it would have a budgetary impact in the year of redemption reducing the capital receipt of any asset sale by the total amount of the loan redemption. In the event where any receipt for an asset was lower than the total redemption value of the loan Council would have to make up the difference out of its reserves in the year of loan redemption.

Option 2 would allow Council to make use of the full capital receipt but would not reduce future debt financing costs. These costs would continue to be included in future budgets as they are currently.

It is recommended that Council adopt option 2 as its policy position on loan redemption following the disposal of an asset with outstanding loan finance linked to it.

During debate consideration was given to the repayment of loans, continuing with repayments and the repayment of loans on an individual basis. It was considered a flexible approach was the most favourable and was an opportunity to manage debt accordingly.

In response to questions, the Chief Finance Officer advised, in the case of the loan used in the report, the penalty would not have a significant effect on the overall Council budget. This would not always be the case with every loan, as the penalty for early repayment is dependent on the size of the loan.

The Chief Finance Officer and the Director of Finance (Interim) both advised that there was no incentive to pay loans and consideration could be given to continuing with the repayments.

The Chief Finance Officer further advised that if a loan was not repaid, the capital receipt would be placed in a capital receipt reserve and Elected Members would decide what to do with it.

When asked about loans against the Dunluce Centre the Chief Finance Officer advised he was unsure of the current position and would provide this information at the next Finance Committee.

Proposed by Councillor McLean
Seconded by Councillor Scott and

AGREED - To recommend that Council bring each loan to the Finance Committee and consider each loan individually on whether to clear it off or continue with the repayments

Councillor McQuillan sought clarification of the Dungiven Sports Centre loan. The Chair advised it would be brought back to the next Finance Committee meeting subject to Full Council approval of the policy.

The Chair put the motion to the Committee to vote
12 Members voted for; 0 Members voted against; 0 Members abstained
The Chair declared the motion carried

* **Councillor Wilson and Councillor Nicholl left the meeting at 8:54pm.**

10. INDEPENDENT FINANCE COMMITTEE MEMBER OPTIONS

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

Purpose of Report

The aim of this report is to bring to the attention of the Finance Committee the recurring independent member costs that support Finance Committee and currently provided by PwC Project Coast, and consider what options to take regarding ongoing support.

Background

In 2019, Finance Committee sought independent support for the Finance Committee function, and as such, market engagement took place to procure that support.

PwC, through their Project Coast Letter of Offer, engaged with Causeway Coast and Glens Borough Council and offered support via an experienced consultant attendance at Finance Committee who provided independent external financial oversight.

From January 2020, PwC attended CC&GBC Finance Committee meetings monthly to provide financial oversight and commentary to the reports delivered to Members.

Since March 2021, CC&GBC engaged an Interim Director of Finance strengthening the support to the Finance Team. The 2019/20 and 2020/21 Financial accounts have been completed and certified. The Management Accounts have been developed and routinely provided to Finance Committee Members. The National Ireland Audit Office Report to those Charge with Governance issues reduced from 14 issues to 4.

In addition, a Finance Committee Working Group has been set up to engage Members and allow Member feedback.

PwC support over the last 21 months is noted as recurring. As such, guidance is sought in relation to the ongoing support and costs that have averaged £3,809 (excl VAT) for year March 2020 to March 2021. More recently, over the last 6 months, these costs have reduced on average to £2,127 per month

Options

Option 1: Continue with the ongoing support and costs provided by PwC and consider a review date of the recurring service in the future. This will have no impact on the cost or the current service level provided.

Option 2: End PwC support with no further support, this will be a reduction of independent oversight and monthly savings of circa. £2,100 per month, but without any independent oversight, good financial governance may weaken.

Option 3: Consider alternative support from the external market where a suitably experienced and qualified sole expert sits as an independent observer on the Finance Committee, similar to the Audit Committee representative at circa. £275 (plus costs) per quarter.

It is recommended that the Finance Committee recommends to Council Option 3.

Committee Members remarked on the excellent work provided by the Independent Member to date and thanked him for his work. It was highlighted that Mr Davidson from PwC was currently undertaking two pieces of work, an update was sought as the status of this work.

Proposed by Councillor Peacock
Seconded by Councillor McLean and

AGREED – to recommend that Council approve Option 3: approve alternative support from the external market where a suitably experienced and qualified sole expert sits as an independent observer on the Finance Committee, similar to the Audit Committee.

11. NON-DOMESTIC RATES UPDATE

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

Purpose of Report

The aim of this report is to bring to the attention of the Finance Committee the revaluation of the non-domestic rates that is scheduled to take place April 2023.

Background

In June 2021, the Finance Minister advised that a revaluation of the non-domestic properties will take place. This report highlights that revaluation will take place in April 2023.

The rates evaluation will have an impact on the generation of rates for the district councils in generation of revenue and will be based on the rental valuation.

The Non-Domestic Rates letter is attached for your information.

Recommendations

Councils are asked to get involved to raise awareness of the process with local business and stakeholders for the information required in October.

12. MEMBERS TRAINING: DATES AND TOPIC

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

Purpose of Report

The aim of this report is to bring to the attention of the Finance Committee Member dates for financial training.

Background

As reported in the Governance Framework of CC&GBC Annual Accounts and through Members own requests, plans are being made to provide finance training that may enhance Members financial awareness, that in turn may then support additional financial governance in Members' roles.

Training will be provided through an external and internal provider, as this will provide Members greater opportunity to have a variety of views on financial, that will in turn support good financial governance.

The first internal training session takes place on Thursday 21st October at 1:00pm and 7:00pm and will last up to one hour each session. The training will be delivered by the Interim Director of Finance in the Council Chamber and on MS Teams.

A practical level financial overview will be provided on:

- (i) What good financial governance looks like and how Council Members can support this;
- (ii) An overview of the key financial reports;
- (iii) An overview of key Local Government guidelines with particular focus on CIPFA (Public sector) guidelines; and

(iv) What operational controls are in place behind the scenes.

During the session Members are encouraged to ask questions and if required identify gaps on further training on.

External training will be organised with the support of the Democratic Services Team with dates to follow.

Recommendations

Finance Committee are asked to take note of the training dates and attend if available.

13. NI AUDIT FEE

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

Purpose of Report

The aim of this report is to bring to the attention of the Finance Committee the NIAO Audit Fee and obtain approval for payment from Council.

Background

The 2019/20 Financial Accounts of Causeway Coast and Glens Borough are audited under statute by the Northern Ireland Audit Office. This external audit took place for the Financial Accounts ending 31st March 2020.

The Northern Ireland Audit Office provide an unqualified audit opinion that represented the accounts gave a true and fair representation of the financial position of CC&GBC. The Financial Accounts are now published on CC&GBC website.

The NIAO presented their audit fee of £37,500 as per attached invoice.

Under CC&GBC procurement policy, any expenditure more than £10,000 requires Council approval.

Recommendations

Finance Committee are asked to recommend Council approve the Northern Ireland Audit Office payment.

Proposed by Councillor Scott

Seconded by Councillor McLean and

AGREED – to recommend that Council approve the Northern Ireland Audit Office payment.

14. ACTUAL PENNY PRODUCT FORECAST ANALYSIS

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

Background

Land and Property Services (LPS) who issue bills and collect rates on behalf of Councils issue in year forecasts on the Actual Penny Product (APP) and projected outturns with regards the amount of rates actually collected.

Detail

LPS has issued to Councils the first in year forecast for the APP based on figures at 30 June 2021. The forecast for Causeway Coast and Glens Borough Council indicates that we are on course to receive a positive finalisation in terms of rates income amounting to approximately £263k. At the September committee Members had asked for a breakdown of this forecast between domestic and non-domestic properties in the borough.

EPP analysis

The table below sets out the variance of the APP forecast from the Estimated Penny Product (EPP) used when setting the rate. This table demonstrates that the entire positive position is generated by domestic properties, in fact it also slightly subsidises a small negative position on the non-domestic side. This underlines Finance Officers' concerns around the status of the non-domestic sector given the current levels of subvention by Central Government, which will end, the ongoing challenge cases regarding the last revaluation of non-domestic properties and the impending next planned revaluation of non-domestic properties having the potential to exacerbate the number and level of challenges to subsequent revaluations and continuing uncertainty around our town centres and their economic recovery.

Table circulated detailing the Causeway Coast and Glens EPP 21/22 v APP Forecast.

In response to questions the Chief Finance Officer advised that the ill recovery of rates is due to them being irrecoverable by Land and Property Services for reasons such as buildings being uninhabitable or that the owner cannot be traced. Considering domestic properties, it may be due to a property being dilapidated and the Land and Property Service not being informed. It was further advised that the Land and Property Services would investigate if rates were not paid for a second year. T was advised that losses are budgeted for. Land and Property Services are looking at tackling losses as they do have an impact on Council and ratepayers. The Chief Finance Officer advised that Councils meet with the Land and Property Services on a quarterly basis although it is more often at this time of year. Councils meet with the Land and Property Services individually and the Chief Finance Officer is due to have this meeting in November.

15. PWC UPDATE

Verbal update provided by the PwC representative.

The PwC representative stated he supported the decision to consider alternative support from the external market. It was acknowledged the Finance Committee was working well, the numbers are steady month on month and his contribution to the meetings was decreasing. In response to an earlier question

in relation to two pieces of work the PwC representative was working on, he advised the Capital Forecasting was complete and Review work was paused, although not far from completion.

Addressing concerns regarding energy costs, inflation and the general rise of costs, the PwC representative advised this was a concern all businesses were facing and Council needs to consider this. PwC representative encouraged Finance Committee to keep doing the simple things right with budgets and accountability.

PwC representative thanked staff and Elected Members for their support.

MOTION TO PROCEED ‘IN PUBLIC’

Proposed by Councillor Scott
Seconded by Councillor McLean and

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

16. ANY OTHER RELEVANT BUSINESS

Alderman Duddy

An update on the recent direction by the Minister for the DfC in regards to the extra-ordinary audit of the council.

Has the Audit Office given any indication as to when the report will be concluded?

Has an interim report been provided?

Alderman Duddy withdrew the item of AORB stating the Director of Finance (Interim) had advised Alderman Duddy should address it at Audit Committee.

This being all the business the Chair thanked everyone for their attendance and the meeting closed at 9:25pm

Chair