

FINANCE COMMITTEE MEETING THURSDAY 13 JANUARY 2022

	Item	Summary of Key Recommendations
1.	Apologies	None
2.	Declarations of Interest	None
3.	Minutes of the Finance Committee meeting held Thursday 9 th December 2021	Confirmed
	'In Committee' (Items 4-9 inclusive)	
4.	P8 Management Accounts	Information
5.	P8 Debt Management Report	Information
6.	P8 Prompt Payment Statistics	Information
7.	2022/23 Budget Overview	Information
8.	Capital Expenditure 5 Year Plan	to recommend that Council review the Gantt Chart monthly at the Finance Committee Working Group and provide quarterly updates at the Finance Committee
9.	Procurement Support	to recommend that Council accept Option 2 with the caveat that a regular update is provided monthly to the Finance Committee Working Group and quarterly to the

		Finance Committee as set out
10.	Any Other Relevant Business Notified in Accordance with Standing Order 12 (o)	None

UNCONFIRMED

**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 13 JANUARY 2022 AT 7.00 PM**

- In the Chair:** Alderman Hillis (C)
- Members Present:** Alderman Finlay (R)
Councillors Bateson (R), Dallat O'Driscoll (R), Holmes (C), McLean (C), McMullan (R), McQuillan (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:** A Lennox, ICT Mobile Operations (C)
C Ballentine, ICT Officer (R)

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

SUBSTITUTION

Councillor Dallat O'Driscoll substituted for Councillor Beattie.

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

There were no apologies recorded.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS FINANCE COMMITTEE

Copy circulated.

AGREED – that the Minutes of the Finance Committee meeting held Thursday 9 December 2021 were confirmed as a correct record.

MOTION TO PROCEED 'IN COMMITTEE'

Proposed by Councillor Wilson

Seconded by Councillor Schenning 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. P8 MANAGEMENT ACCOUNTS

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

The Chief Finance Officer summarised headline figures:

- Rates support grant has been cut by £500,000, money in the Covid Recovery Reserve can be utilised by year end.
- Employee costs - favourable £992,000 includes annual pay award;
- Insurance – covered in month 1, no change;
- Utility Costs – Council are under a fixed price contract until March, and as will be advised at rates estimates this is going to end;
- Third Party Payments – adverse to approximately £2,000,000, income is favourable and balances out the adverse numbers;
- Department for Communities (DfC) Grant Funding paid in March and can release. Claims have been submitted for Quarter 1 and Quarter 2 and if approved by DfC may release out of that Reserve against those claims.
- Capital Expenditure £196,000, year to date spend under £1.24M.

The Chief Finance Officer referred further through the document to the Balance Sheet General Fund closing balance at £8.24K, 13.58% of net operating expenditure and above the requirement of 5%-7.5%. Covid Recovery Reserve £4.488M, which can be used to offset and mitigate losses. There is £500,000 Rates Support Grant and will utilise at the end of the year.

P8 Capital Financing Requirement £77.17M and within the debt ceiling of £80M. Loan balances are £63.8M of total loans, there is no change from last month and the next repayment 1 February.

Projected cash flow bank balances for December, January, February are the main figures, loan repayments in February of £3.5M, and will see a decrease in February.

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

* **Councillor McQuillan joined the meeting at 7:11pm**

In response to questions from Elected Members, the Chief Finance Officer advised there were options available of how to offset negative balances in the budget, these would be provided for Members' consideration.

5. P8 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

As at 31st Dec 2021 table was circulated within the report.

As at 31st Dec 2020 table was circulated within the report.

Movement and comparison between last year and this year (31st Dec 2020 and 31st Dec 2021) table circulated within the report.

The 90 days and over figure includes debts relating to rents paid monthly (£8,333) and Business Improvement District (BID) invoices (£34,324), 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 £37,240.

The tables circulated detailed 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

The tables circulated detailed the status of any debt which was over 90 days in excess of £10 currently (excluding BID accounts) was circulated within the report.

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. This debtor currently owes Council £135,291.37 relating to disposal charges and landfill tax for waste disposal at Craigahulliar.

The Director of Finance provided a further update on the situation with the debtor. A Company Voluntary Arrangement has been agreed, as more information is received it will be brought back to Committee Members.

6. P8 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 3 of 21/22 year being up to and including end of December 2021. The improvement on prior years is being sustained with 73.63% (69.59% year to date) of invoices being paid within 10 working days and 92.92% (92.56% year to date) of invoices being paid within 30 calendar days for the now complete third quarter. These are safely the best figures Council has returned on these statistics and provide continued evidence of the improvements that have been made to systems and processes whilst maintaining the security of Council finances.

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		19389
Total amount paid	£ 12,255,753	£ 14,938,664	£ 11,824,362		£ 39,018,779
Number of invoices paid within 10 days	4139	4113	5240		13492
% of invoices paid within 10 days	70.99%	63.85%	73.63%	#DIV/0!	69.59%
Number of invoices paid within 30 days	5447	5886	6613		17946
% of invoices paid within 30 days	93.43%	91.37%	92.92%	#DIV/0!	92.56%
Number of invoices paid outside 30 days	383	556	504	0	1443
% of invoices paid outside 30 days	6.57%	8.63%	7.08%	#DIV/0!	7.44%
No. of Disputed Invoices	32	26	48		106
% of disputed invoices	0.55%	0.40%	0.67%	#DIV/0!	0.55%
Average Payment Days	15.80	17.23	15.27	#DIV/0!	16.08

7. 2022/23 BUDGET OVERVIEW

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

Background

The purpose of this report is to advise Members of the draft budget position, budget bridge, budget timetable and assumptions.

Detail

At setting the 2021/22 Budget, Council directed Council Officers to develop budgets and decision making at respective committees. As such, Directorates took high level 2022/23 Budget positions to their respective Committees in December 2021 for review and will do so again in January 2022.

General Assumptions and Observations

The latest Bank of England Monetary November Monetary Policy Report, published in December 2021 reported that CPI inflation is expected to peak in April 2022 at around 5%, a figure materially higher than the August Monetary Report, before it falls back materially in the second half of next year. The report advised that CPI was likely to average around 4.5% for 2022 as a whole and is expected to remain above 2% for the next 2 years.

While CPI is calculated on a chosen basket of goods, the Bank of England noted that the base effects accounted for a significant amount of this pick up as prices were compared to weaker levels seen in the earlier pandemic, nevertheless it is recognised that key to the CPI inflationary pressures is influenced by current energy price spikes, demand / supply problems and a tightening of the labour market.

Our staffing costs that were budget circa £32M this year, relates to over 50% of our operational costs. We have assumed a 3% pay rise in 2022/23 alongside the mandatory 1.25% increase to Employers National Insurance Contribution. This 4.25% increase adds an estimated £1.5M costs to our budget alone. Our staff increases are outside our control and allocated UK centrally, and it is noted that HM Treasury issued a report that advised public sector pay increases should be minded of the Bank of England inflationary target of 2%.

CC&GBC Energy Manager conducted research into energy inflation and noted that price increases fluctuated widely depending on the source. As influenced in the Directorates reports in December, the following increases were recommended; Gas (100% increase), Electricity (75% Increase), water rates (14% increase).

Using material prices over the first 6 months of the year we have noted around 50% increase overall in materials.

Further intelligence will be gathered in January on inflationary pressures, table provided in the report to summarize the assumptions for clarity.

Budget Position: 2021/22 v 2022/23

Table, circulated in the report, indicates a current budget position of £5.9M adverse to the previous budget year. It should be noted that MRP, a calculation that considers our capital expenditure costs for the year still needs to be calculated but for the purpose of this draft budget, it is assumed MRP will remain the same as last year.

It should be noted that red indicates an adverse increase and Members will see that currently nearly all Heads of Service are showing increases.

Budget Bridge

The table in Appendix 1(circulated) represents the main 2022/23 budget cost influencers that builds up our £5.9M adverse position, that is expected as a worst-case scenario.

In addition to our expected bridge, Finance has assumed adjustments to some of the fields that could reduce the adverse position by 50% based on a high-level review and observations. It must be noted that these assumptions will only materialize on agreement with the Directorates and the respective Committees, and ultimately Council.

Budget Timetable

Finance Officers recognise that further budgetary work is ongoing before the February 15th Rate Strike Deadline and have in place an updated Budget Timetable that details work and meetings that will be carried out ahead of the final rate strike

Included within this timetable, as outlined in Appendix 2 (circulated), are meetings and workshops with Members and Committee. It is noted that plans are in place to set up Member Workshops at the end of January to compliment these meetings.

Next Steps

It is recommended that Finance Committee note the position, timetable, bridge and assumptions and consider the next financial steps in relation to the services they wish to deliver and advise party colleagues who are supporting the Committee Budget setting process.

During discussion Committee Members expressed frustration regarding not receiving information on staffing number employed by Council. Further discussion occurred regarding the rates setting process. Consideration was given to asset realisation, whether it could be more fully utilised and making the process easier.

In response to questions from Elected Members, the Director of Finance (Interim) advised consideration was given to what efficiencies can be made providing examples of where this has already taken place. He advised the rate setting process considered staffing costs and capital expenditure and confirmed he would liaise with the Director responsible for OD/HR regarding staffing numbers and pay grades as requested. The Director of Finance (Interim)

clarified that other Councils will be working towards meeting targets of a low rates increase, as Causeway Coast and Glens.

In response to questions from Elected Members, the Chief Finance Officer advised that some increases in expenditure are unavoidable, such as National Insurance payments, and offered suggestions of how other increases in cost may be met. The Chief Finance Officer advised some income revenues had been affected by the pandemic.

* **Councillor Wilson left the meeting at 8:21pm**

8. CAPITAL EXPENDITURE 5 YEAR PLAN

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

The purpose of this report is to present to Members an operational “working document” that outlines CC&GBC 5 Year Capital Expenditure at a high level.

Background

The- purpose of the 5 Year Plan as presented in Appendix 1 (circulated) is to provide Members with a visual overview of the current Capital Expenditure projects that are taking place in the current year and to provide an indication of the pipeline of projects in future years.

This is a visual summary that is consolidated CC&GBC operational project information and will be kept under constant review by the Finance Team, to support good financial governance, to improve and develop our reporting to Council Members and the Senior Leadership Team for decision making purposes, enhance our long-term cash forecasting, reduce risk against unforeseen surprises, essential for the organization’s Medium-Term Plan, and will help plan CC&GBC longer term rate planning.

Members are asked to recognize that the presentation is still in early stages of development and while any such forecast like this will never be 100% perfect, there is an increased risk of errors at this stage in the presentation as the Finance Teamwork with Project Teams to perfect the information. It should be recognized nevertheless as a significant step to longer term financial planning with CC&GBC and greater oversight for Committee Members

General Assumptions and Constraint

There are significant number of projects in the pipeline at various stages of development. As such exact project costs and delivery dates of projects are more uncertain. This uncertainty increases the further out in time we go.

Members are asked to keep in mind that it may be viewed as sensible to keep “shovel ready” projects in the pipeline for short notice Government Capital Grant funding. As such, Members are asked that when they review the chart in Appendix 1 (circulated) on keep in mind that CC&GBC has projects lined up on the condition that future grants are given to support their development, or

Council decide to go ahead with the projects at additional costs to the ratepayer through additional borrowings.

Next Steps

It is recommended that Finance Committee note the Gantt Chart and approve next steps to review the chart as (i) review monthly (ii) review quarterly or (iii) review at the Finance Committee Working Group

Councillor McLean considered it would be beneficial to receive monthly updates at the Finance Committee Working Group, stating that most of the political parties are represented on this working group and relevant information can be provided to the wider party, and quarterly updates are received at the Finance Committee.

Proposed by Councillor McLean
Seconded by Councillor McQuillan and

AGREED – to recommend that Council approve to review the Gantt Chart monthly at the Finance Committee Working Group and provide quarterly updates at the Finance Committee.

9. PROCUREMENT SUPPORT

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

The purpose of this report is to advise Members that the second attempt to recruit a Procurement Manager has been unsuccessful and to ask Members to consider options to cover this area in the medium term.

Background

Members are reminded that the CC&GBC Finance Team has been without a dedicated Procurement Specialist since February 2021. Members are also reminded that our Procurement Position is a Priority 1 position with the NI Audit Office in their report to Those Charge with Governance.

Since March 2021, attempts have been made continuously to recruit on a temporary basis, without success. There have been 2 rounds of advertising for the position, that was enhanced both in salary and grade, over the last 10 months. The first round provided 3 shortlisted candidates that pulled out prior to interview and 1 candidate on the second round that was unsuccessful.

Members are reminded that CC&G currently have engaged RSM to support the Agency Contract Procurement and a budget of £30,000 was provided. CC&GBC are currently forecasting that they will keep well within the budget.

Members are reminded that the procurement function is a specialist role that could provide to CC&GBC significant cost savings through the procurement of goods and supplies and contract management. The specialism and oversight of

the procurement position if filled would also mitigate CC&GBC position against legal action from suppliers who felt our procurement was unfair.

Options

Members are asked to consider a medium-term plan (6 -12 months) for the procurement role that will be in place ahead of the end of the financial year and external audit. Options members may wish to consider:

Option 1: Advertise through a specialist recruitment firm. The firm will have reach to potential resources that may not be actively looking but would consider a move. Initial soundings are that this will cost £10,000 for a placement, but there is concern that the NI market has limited Procurement Specialists and as such even with an expert agency, an ideal candidate may not materialize for a considerable time. There is also a risk that a candidate recruited through this process will expect enhanced remuneration over and above market value.

Option 2: Go to market to obtain specialist independent services from an external organization on a part time basis. If we estimate 2 days per week for 6 months, with options to extend twice for 3 months at a time, this will cover a medium-term plan for 6 – 12 months. Costs for the 6 months are estimated at £ (2 days x 4-week x 6 months x £850) = £40,800 and any additional 3 months is estimated at £20,400 each. The advantage to this is that immediate expert personnel will be on the ground at short notice but the disadvantage to council is additional costs. The costs will of course be mitigated the Procurement salary currently on budget that is circa £40k per year.

Option 3: CC&GBC continues the path as is with the limited support it has and utilizes other resources to support the function at the expense of other functions job role (currently we have 3 members overseeing the procurement function at variable degrees, including the Director of Finance) and keep returning to the market with the advertisement. The risk in this process is that it is uncertain when the role will be filled, and CC&GBC procurement risk may continue along with the Audit Office Priority 1 RTTCWG.

Next Steps

It is recommended that Finance Committee recommend Option 2 to Council that the role is immediately filled in the short term while Council takes a view on longer term options of training staff or looking at alternative resourcing

In response to questions, the Director of Finance (Interim) highlighted the importance of having a procurement officer in place and the steps that have been taken to date to fill the post.

Councillor McLean supported option 2 while Council continues to look for a procurement officer and suggested it would be beneficial to receive regular updates to see savings made and ensure Council receive value for money.

Proposed by Councillor McLean
Seconded by Councillor McQuillan and

AGREED - To recommend that Council accept Option 2, Go to market to obtain specialist independent services from an external organization on a part time basis. If we estimate 2 days per week for 6 months, with options to extend twice for 3 months at a time, this will cover a medium-term plan for 6 – 12 months. Costs for the 6 months are estimated at £ (2 days x 4-week x 6 months x £850) = £40,800 and any additional 3 months is estimated at £20,400 each. The advantage to this is that immediate expert personnel will be on the ground at short notice but the disadvantage to council is additional costs. The costs will of course be mitigated the Procurement salary currently on budget that is circa £40k per year, with the caveat that a regular update is provided monthly to the Finance Working Group and quarterly to the Finance Committee.

* **Alderman Finlay left the meeting at 8:34pm**

MOTION TO PROCEED ‘IN PUBLIC’

Proposed by Councillor McLean
Seconded by Councillor McQuillan and

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

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

There were no matters of Any Other Business Notified.

This being all the business the Chair thanked everyone for their attendance and the meeting closed at 8:55pm

Chair