

FINANCE COMMITTEE MEETING HELD THURSDAY 8 DECEMBER 2022

| | Item | Summary of Key Recommendations |
|-----|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Apologies | Alderman A McQuillan, Councillors Callaghan, Callan, C McQuillan, C McShane |
| 2. | Declarations of Interest | Nil |
| 3. | Minutes of Finance Committee meeting held Thursday 10 November 2022 | Signed as a correct record |
| | 'In Committee' Items 4-11 inclusive | |
| 4. | Period 7 Management Accounts | Information |
| 5. | Prompt Payment Statistics | Information |
| 6. | Debt Management | Information |
| 7. | Estimated Penny Product | Information |
| 8. | Actual Penny Product Forecast | Information |
| 9. | NILGOSC Annual Accounts | Information |
| 10. | Rates Support Grant | That Council await the correspondence from the Permanent Secretary and defer writing a letter until the Full Council meeting in January 2023 |
| 11. | Correspondence | That the Chair of the Finance Committee and the Chair of the Corporate Policy and Resources are Elected |

| | | |
|------------|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| | | <i>Member representatives at the Regional Pay Briefings with the National Joint Council</i> |
| | | |
| 12. | Any Other Relevant Business (notified in accordance with Standing Order 12 (o)) | <i>Nil</i> |

UNCONFIRMED

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE
FINANCE COMMITTEE HELD
IN THE COUNCIL CHAMBER, CIVIC HEADQUARTERS AND VIA VIDEO
CONFERENCE ON THURSDAY 8 DECEMBER 2022 AT 7PM**

In the Chair: Alderman McLean (C)

Members Present: Alderman Duddy (R), Hillis (C)
Councillors Bateson (R), Beattie (R), Holmes (C), McCaw (R), Peacock (C), Scott (C), Wilson (R)

**Non Committee
Members present:** Alderman Baird (R)

Officers Present: D Jackson, Chief Executive (R)
D Wright, Chief Finance Officer (C)
P Donaghy, Democratic and Central Services Manager (R)
J Keen, Committee & Member Services Officer (C)

The Chief Finance Officer 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 Alderman A McQuillan, Councillors Callaghan, Callan, C McQuillan, C McShane.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

**3. MINUTES OF FINANCE COMMITTEE MEETING HELD THURSDAY 10
NOVEMBER 2022**

Summary previously circulated.

AGREED – to recommend that the Minutes of the Finance Committee Meeting held Thursday 10 November 2022 were confirmed as a correct record.

* **Councillor Holmes arrived in The Chamber at 7.09pm.**

MOTION TO PROCEED ‘IN COMMITTEE’

Proposed by Councillor Holmes
Seconded by Councillor Scott

AGREED – that Committee 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. PERIOD 7 MANAGEMENT ACCOUNTS

Management Accounts for P7 were presented. The Chief Finance Officer highlighted the current position to Members being £980k adverse against budget, Council having set a budget for 2022/23 with an applied balance or deficit of £1.8m therefore if this position holds for the remainder of the year Council will be in a year end position approximately £1m adverse against budget but this translates into a reduction in Reserves of £2.8m. The Chief Finance Officer pointed out the main contributing factor to the current position was the lack of Rates Support Grant, Council having received no payment in this regard so far during 2022/23. At this point Council should have received three-quarters of the budgeted grant which would equate to just under £1.6m, therefore adjusting for this Council would be £600k approximately favourable against budget which would translate into a year-end position of a £1.2m reduction in Reserves. The lack of or payment of Rates Support Grant is therefore crucial to the year-end position for Council and it is therefore vital that the Department for Communities continue to be lobbied in this regard, the other six Councils who are due to receive Rates Support Grant will be in similar positions.

The Chief Finance Officer highlighted employee costs in the Management accounts which were currently adverse against budget by £106k, this being due to the inclusion of an accrual for impending pay awards however, he pointed out this did not take into account the possibility of any improvement in a pay award offer, therefore any improvement in Council's local pay award offer would increase the adverse variance on this element.

The Chief Finance Officer invited questions.

- * **Alderman Hillis joined the meeting in the Chamber at 7.12pm.**
- * **The Chair declared a recess at 7:14pm to address technical problems**
- * **The meeting resumed at 7:31pm.**

The Chief Finance Officer advised Committee Members that, due to technical difficulties, the meeting was not being audio recorded and provided advice regarding continuing the Committee meeting without it being audio recorded.

It was Agreed – that Finance Committee proceed with the meeting without the audio recording.

- * **An audio recording of this meeting is not available, due to technical reasons.**

In response to a question regarding the rates support grant, the Chief Finance Officer advised this would be addressed under Agenda Item 10 in the meeting.

5. PROMPT PAYMENT STATISTICS

Confidential for information 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 2019 the latest data being for quarter 3 of 22/23 year being up to and including end of November 2022. The excellent start in terms of performance for 2022/23 had seen a drop in performance during Q2 but has been recovering during Q3. In November 72.49% (66.98% for September) of invoices were paid within 10 working days and 92.69% (88.16% for September) of invoices were paid within 30 calendar days.

Improvement Actions

Whilst the recent decline in figures has been recovered and Council is meeting its self imposed target of paying 90% of invoices within 30 days, 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 continually improve levels 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 is ongoing and Council should be able to expect future improvements once the implementation is complete.

| 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 | 6567 | 25956 |
| Total amount paid | £ 12,255,753 | £ 14,938,664 | £ 11,824,362 | £ 16,652,683 | £ 55,671,462 |
| Number of invoices paid within 10 days | 4139 | 4113 | 5240 | 4331 | 17823 |
| % of invoices paid within 10 days | 70.99% | 63.85% | 73.63% | 65.95% | 68.67% |
| Number of invoices paid within 30 days | 5447 | 5886 | 6613 | 5893 | 23839 |
| % of invoices paid within 30 days | 93.43% | 91.37% | 92.92% | 89.74% | 91.84% |
| Number of invoices paid outside 30 days | 383 | 556 | 504 | 674 | 2117 |
| % of invoices paid outside 30 days | 6.57% | 8.63% | 7.08% | 10.26% | 8.16% |
| No. of Disputed Invoices | 32 | 26 | 48 | 28 | 134 |
| % of disputed invoices | 0.55% | 0.40% | 0.67% | 0.43% | 0.52% |
| Average Payment Days | 15.80 | 17.23 | 15.27 | 16.81 | 16.27 |
| | | | | | |
| Prompt Payment Statistics 2022/2023 | | | | | |
| | Q1 | Q2 | Q3* | Q4 | Total |
| Total No of Invoices | 6461 | 6090 | 5024 | | 17575 |
| Total amount paid | £ 17,214,458 | £ 17,078,164 | £ 9,779,269 | | £ 44,071,891 |
| Number of invoices paid within 10 days | 4446 | 3487 | 3518 | | 11451 |
| % of invoices paid within 10 days | 68.81% | 57.26% | 70.02% | #DIV/0! | 65.16% |
| Number of invoices paid within 30 days | 5872 | 5267 | 4555 | | 15694 |
| % of invoices paid within 30 days | 90.88% | 86.49% | 90.66% | #DIV/0! | 89.30% |
| Number of invoices paid outside 30 days | 589 | 823 | 469 | 0 | 1881 |
| % of invoices paid outside 30 days | 9.12% | 13.51% | 9.34% | #DIV/0! | 10.70% |
| No. of Disputed Invoices | 33 | 35 | 47 | | 115 |
| % of disputed invoices | 0.51% | 0.57% | 0.94% | #DIV/0! | 0.65% |
| Average Payment Days | 16.24 | 18.55 | 15.99 | #DIV/0! | 16.97 |
| * Incomplete period | | | | | |

In response to a question regarding the new finance system, the Chief Finance Officer advised that final tests were being completed and was expected to be introduced on 1 April 2023.

6. DEBT MANAGEMENT

Confidential information 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.

Due to the timing of this committee meeting the data being presented is July as August information was not available at the time of writing.

Detail – Aged Debt Analysis

Tables, previously circulated, to show aged debt analysis as at 30 November 2022 and at 30 November 2021.

Table previously circulated illustrated movement and comparison between last year and this year (30 November 2021 and 30 November 2022)

As reported previously it should be noted that £135,291.37 included within the 90 days and over figure relates to the waste disposal customer who has gone into administration.

Table previously 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

Table, previously circulated, detail the status of any debt which was over 90 days in excess of £10 currently (excluding BID and direct debit accounts).

Options

Debt write-off under £1,000.

In accordance with Council's 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 was one such debt this month, detail circulated in report.

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 is reminded that a significant debtor has

gone into administration. Further detail was provided within the confidential report.

In response to questions regarding the figures contained in the over 90 Days analysis, the Chief Finance Officer explained that the figures which look like they may be unaccounted are debts being paid by BID and Direct Debit accounts, these payments will be received. The Chief Finance Officer advised that further detail could be brought to the next Finance Committee.

7. ESTIMATED PENNY PRODUCT

Confidential information 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 forecasts on the Estimated Penny Product (EPP) which is used in the rates setting process by Councils in order to determine the rate to be struck.

Detail

LPS have issued to Councils the first in year forecast for the EPP based on figures at 30 September 2022. The forecast for Causeway Coast and Glens Borough Council gives an EPP of £2,009,470 compared to £1,944,020 which was used in calculating our rate for the current year. This represents an increase of around 3.36% however caution needs to be exercised due the newer figure containing values derived from the current non-domestic revaluation exercise. On the domestic side we see approximately 1.28% of growth therefore this Council continues to see slow but relatively steady growth in this area however Council cannot rely on rates base growth to overcome the ongoing cost pressures in the provision of services, other efficiencies or sources of revenue generation must be explored and maximised to minimise the impact upon our ratepayers. Officers are currently investigating any potential sizable properties which have been approved recently or are imminent so that they could be added to our EPP thereby reducing potential additional ratepayer burden. Only 4 of the eleven Councils are in a positive position currently with this Council topping the table. Whilst this is a good position to be in it may also be a consequence of our success that Council is more exposed to the possibility of the non-domestic challenges arising out of the revaluation exercise and therefore "leakage" from the rates base should these challenges be successful.

EPP analysis

Tables, previously circulated, sets out the variance of the EPP forecast from the Estimated Penny Product (EPP) from previous calculations, the first table is the domestic property side and the second sets out the non-domestic calculations. The second table shows the positive effect of the non-domestic revaluation.

Application

As this is the first draft of the EPP the figure has not been used in any rates calculations to date, this will be applied after Council receives the second draft later in December.

Revaluations

Whilst the current figures are encouraging Council must be mindful that a number of outstanding challenge cases against previous revaluations remain, in particular with regards the University and Schools which, if successful, could cause a significant impact of these figures when back dating of the claims is taken into account. It is also likely that due to the positive effect of the current revaluation this Council could be subject to a higher level of challenges than other areas where the revaluation has not been as positive.

In response to questions, the Chief Finance Officer advised Elected Members that revaluation challenges were ongoing and could impact negatively on income, if the outcome was not in favour of Council.

8. ACTUAL PENNY PRODUCT FORECAST

Confidential information 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 second formal in year forecast for the APP based on figures at 30 September 2022 and has followed this with the monthly interim forecast for October. 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 £207k, a decrease from September of £142k.

Monthly Analysis

Table, previously circulated, detailed the monthly analysis.

EPP analysis

The table below, previously circulated, sets out the variance of the APP forecast from the Estimated Penny Product (EPP) used when setting the rate. This table demonstrates that the positive position is mainly generated by domestic properties. 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. Please note

there is a slight variance between the figure at 2.1 above and the table below, these are both LPS produced figures.

Revaluations

Whilst the figures remain positive Council must be mindful of the potential effect which outstanding challenge cases against previous revaluations may have, in particular with regards the University and Schools which, if successful, could cause a significant impact of these figures when back dating of the claims is taken into account. The reduction in the forecast APP does seem to mainly come from a number of finalised challenge cases for this month.

9. NILGOSC ANNUAL ACCOUNTS

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

Background

Northern Ireland Local Government Superannuation Committee (NILGOSC) administer the employer's pension scheme on behalf of a number of Public Sector employers including Councils. All staff at commencement of their employment are auto-enrolled to the scheme but have a short period during which they can opt out if so desired.

Detail

Current employer contribution rate to the pension scheme is 19.5% but due to a positive triennial valuation of the scheme's funding means that from 1 April 2023 the employer's contribution will reduce slightly to 19.0% for three years up to 31 March 2026, this reduction is worth approximately £170,000 per year to Council and will be effective from the 2023/24 rates estimates.

Accounts and supporting documents

The accounts together with circular 12/2022 from NILGOSC and a letter from the Local Government Auditor are attached as appendices for members information.

10. RATES SUPPORT GRANT

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

Background

The Department for Communities (DfC) allocate an annual budget to the provision of Rates Support Grant (RSG) for those Councils whose rates base is less wealthy relative to the other Councils, currently seven of the eleven Councils in Northern Ireland receive an allocation from this grant pot.

Detail

For the financial year to 31 March 2023 Council included a budget of £2,124,324 for RSG. This grant is normally payable to Council on the 1st day of each quarter with instalments being received in April, July, October and

January. At the time of writing this report Council has received no payment in respect of RSG from DfC meaning that Council's finances at this point are in deficit to the tune of £1,593,243.

In the management accounts for period 7, up to 31st October 2022, Council is adverse against budget to the amount of £980k which when read in conjunction with the budgeted applied balance means that currently Council is looking at a reduction in the General Reserve of approximately £2.78m.

Adjusting for the RSG the management accounts at period 7 would be favourable against budget to the value of £613k. This would translate into a reduction in the General Reserve of £1.19m.

It is clear that the non-payment of RSG is having a major adverse effect on Council's finances therefore it is imperative that Council takes some action to attempt to remedy the situation.

Department Position

DfC have repeatedly referred to the lack of an Executive and therefore no agreed Central Government budgets as the reason for there being no allocation to RSG and hence no payments being made to Councils. As detailed in 2.2 and 2.3 above the effect of this stance is extremely damaging to Council's financial position.

The Secretary of State for Northern Ireland has recently introduced legislation around Central Government departments operation therefore it would be timely to approach the Permanent Secretary for DfC to address this situation.

Attached as an appendix (previously circulated) to this report is a draft letter to the Permanent Secretary for members consideration. Members are asked to review the content of the letter and advise any amendments they feel are required.

Recommendation

It is recommended that Council review and approve the draft letter and authorise the Chief Executive to write to the Permanent Secretary for the Department for Communities requesting urgent action to address the adverse financial situation Council finds itself in due to the non-payment of Rates Support Grant during the 2022/23 financial year. It is further recommended that the Chief Finance Officer be authorised to approach the other six Councils who receive RSG in a joint approach to the Department.

The Chief Finance Officer provided a verbal update to advise Elected Members that Council were awaiting correspondence from the Permanent Secretary and recommended that Committee await the outcome of the correspondence from the Permanent Secretary and defer writing a letter until the Full Council meeting in January 2023.

Councillor Scott stated he was awaiting a response from correspondence he sent to the Secretary of State.

Proposed by Councillor Peacock
Seconded by Councillor Scott and

AGREED - To recommend that Council await correspondence from the Permanent Secretary and defer writing a letter until the Full Council meeting in January 2023.

11. CORRESPONDENCE

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

On presenting the report the Chief Finance Officer put to the Committee to consider if Elected Members wish to be represented at the Regional Pay Briefings with the National Joint Council and proposed the Chair of the Finance Committee and the Chair of Corporate Policy and Resources are representatives.

Proposed by Councillor Peacock
Seconded by Councillor Bateson and

AGREED – to recommend that the Chair of the Finance Committee and the Chair of the Corporate Policy and Resources are Elected Member representatives at the Regional Pay Briefings with the National Joint Council

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

There were no matters of Any Other Relevant Business.

MOTION TO PROCEED ‘IN PUBLIC’

Proposed by Councillor Scott
Seconded by Councillor Peacock and

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

This being all the business The Chair thanked Elected Members for their attendance and the meeting closed at 7:59pm

Chair