

**FINANCE COMMITTEE MEETING
THURSDAY 11 FEBRUARY 2021**

	Item	Summary of Key Recommendations
1.	Apologies	<i>Noted</i>
2.	Declarations of Interest	<i>Nil</i>
3.	Minutes of Finance Committee meeting held Thursday 14 January 2021	<i>Confirmed</i>
	'In Committee' Items 4 -10 inclusive	
4.	Management accounts for Period 9, including narrative	<i>Information</i>
5.	Finance Dashboards for Period 9	<i>Information</i>
6.	Rates Estimate 2021/22	<i>Information</i>
7.	Actual Penny Product Update	<i>Information</i>
8.	Asset realisation update	<i>Information</i>
9.	PwC update	<i>Verbal update</i>
10.	Any Other Relevant Business (notified in accordance with Standing Order 12 (o))	<i>Nil</i>

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE FINANCE
COMMITTEE HELD IN THE COUNCIL CHAMBER, CIVIC HEADQUARTERS
AND VIA VIDEO CONFERENCE ON THURSDAY 11 FEBRUARY 2021 AT 7.00 PM**

In the Chair: Councillor McLean (C)

Members Present: Alderman Duddy (C) and Hillis (C)
Councillor Callan (R), Beattie (R), Holmes (C),
McMullan (R), McCaw (R), Peacock (R), Nicholl (R),
Schenning (R), McQuillan (R), Scott (R), Wilson (R)

Officers Present: D Jackson, Chief Executive (C)
A McPeake, Director of Environmental Services (R)
R Baker, Director of Leisure and Development (R)
L Clyde, Financial Accountant (R)
J Richardson, Head of Capital Works, Energy and
Infrastructure (R)
J Culkin, Management Accountant (R)
E Callaghan, Project Accountant (R)
P Donaghy, Democratic & Central Services Manager (R)
I Owens, Committee & Members Services Officer (C)

In attendance: J Davidson, PwC (R)
A Lennox, ICT Operations Officer (C)
C Thompson, ICT Mobile Operations Officer (C)

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

1. APOLOGIES

Apologies were recorded for Councillors Bateson and McAuley.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

**3. MINUTES OF THE PREVIOUS FINANCE COMMITTEE MEETING
HELD THURSDAY 14 JANUARY 2021**

AGREED – That the minutes of the meeting held on 14 January 2021 were confirmed as a correct record.

MOTION TO PROCEED ‘IN COMMITTEE’

Proposed by Councillor Schenning

Seconded by Alderman Hillis

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 MANAGEMENT ACCOUNTS FOR PERIOD 9, INCLUDING NARRATIVE

Confidential report, previously circulated, presented by the Chief Executive.

Background

This report summarises and provides a narrative for the Causeway Coast and Glens Borough Council 2020-2021 management accounts for the period up to and including month nine. These management accounts show gross income, gross expenditure and capital expenditure to date.

Detail

Previously circulated was the management accounts report detailing the financial position as at period 9 of the 2020/21 financial year (up to 31 December) together with a service area summary. Also previously circulated was a commentary by service areas of the Council, explaining deviations from budget as follows:-

Leisure and Development; Environmental Services; Performance; Finance, Legal and Planning; Non-service Income and Expenditure.

The Chief Executive confirmed that the Department of Communities support and Department of Agriculture, Environment and Rural Affairs funding were secure, the position currently demonstrated resilience given current circumstances and that the year-end position was looking favourable.

Alderman Duddy welcomed the positive position and enquired given the continued closure of Museums and Leisure Centres had consideration been given to works to ensure buildings were Covid-19 safe in advance of them being re-opened. Alderman Duddy also asked if the same compliment of staff would be required post Covid-19.

The Chief Executive confirmed that there were plans to Covid proof Council buildings currently closed and pointed to a possible relaxing of restrictions before Easter but that said hospitality would not be impacted till after Easter with the likely hood that Arts Centres would not be re-opened before Summer. In terms of staffing and civic building occupation, the Chief Executive confirmed this was constantly under review.

The Chief Executive confirmed that Dungiven asset had been sold and that Dunluce Centre was being progressed at present and that further rationalisation of stock would take place to drive rates down.

In terms of Environmental Services the Chief Executive referred to how busy the staff were managing general enforcement and ensuring food provision governance.

AGREED – to recommend that Council note the report.

5 FINANCE DASHBOARDS FOR PERIOD 9

Confidential report, previously circulated, presented by the Chief Executive, including modelled graphical illustrations as follows:-

Leisure and Development;
Environmental Services;
Planning;
Corporate;
Taxation and Non Specific Grant Income;
Finance Income and Expenditure;
Legal;
Performance.

AGREED to note that Council note the report.

6 RATES ESTIMATES 2021/22

Confidential report, previously circulated, was presented by the Chief Executive.

Purpose of Report

The purpose of this report is to inform the rates setting process for 2021/22. The paper sets out the estimated impact of the larger known high level influences on the rates and offers proposals to reduce the setting of the rate for 2021/22 to an acceptable figure. Presently there remains uncertainty around two important issues:

- The extent to which local government may be compensated for Covid-19 related income losses in financial year 2021/2022;
- The extent to which businesses will be supported or rates income underwritten in financial year 2021/2022.

At this stage it appears that the Department for Communities will compensate Councils for income losses during financial year 2021/2022 through a prepaid grant and the rates holiday for businesses will be extended for 6 months into the next financial year. Stormont has indicated that the regional rate will be frozen next year although it should be noted that this only comprises approximately five percent of their budget income.

The attached spreadsheet (previously circulated) shows a rates pressure of 2.65%, subject to Members agreeing to the proposed Directorate savings, and prepaid appropriations (reserve allocation) of £616,415.

Pressures on the Rates

In considering the first draft of the rates there are a number of significant high level pressures which must be included namely Wages and Salaries; Insurance; Waste Contracts; Planning Income; Additional Staff.

Other Factors

Presently the Actual Penny Product (APP) is forecast to provide a benefit of c£635k. Domestic properties in the rating system have been showing strong growth in this past year; offsetting losses in the business sector. This figure has been reduced due evaluation appeals by NI Railways Network (£117k) and Community Rescue Services (£47k). The year-end budgetary position for March 2021 is forecast to be c.£5 million.

Proposals to reduce the rates increase

As detailed in the rates booklet (previously circulated) the Chief provided a summary of proposed headline cost savings and prepaid appropriations.

Next Steps

Rates booklets have been issued by Directorate for decision at the Special Council meeting on 25 February 2021. A Rates workshop will take place on the 18th of February 2021.

The Chief Executive confirmed that he had already commenced bi-lateral conversations with parties.

The Chief Executive confirmed he was working on a document to help simplify the information in the rates booklet by way of headline summary showing savings and comparisons in spending to reduce rates from 8% to 2.65%.

Councillor Nicholl sought assurance that aiming to agree a rates strike of 3% or below would not impact on operational services in terms of deliverability and welcomed the savings directly resulting from Leisure facilities being closed, however felt that the £1.5m recovery fund may not be sufficient going beyond Covid-19.

The Chief Executive felt that 2.65% was a solid rates strike and would not impact unfavourably on operations.

The Director of Leisure and Development confirmed that provision had been made for NI100 and supporting events when considering expenditure and that detailed consideration and scrutiny of figures had been undertaken to reduce costs reasonably without affecting service provision.

The Director of Environmental Services pointed to increased costs for his Directorate during the pandemic ie salaries/wages, insurance and waste contracts. The Director of Environmental Services said that predicted expenditure for next year was in line with expenditure for this year with income losses compensated through grant aid.

Alderman Hillis enquired about the continuation of the rates holiday for businesses and that fact that some may not recover from the impact of Covid-19. The Chief Executive confirmed that there was a possibility the rates holiday for businesses would continue for another 6 months.

Alderman Hillis questioned the placing of £1.5m into accounts as reserves and the Chief Executive confirmed the decision was made on sound advice given and was prudent given the uncertainty of the future.

Alderman Hillis asked about the VAT application to caravan invoices and The Director of Leisure and Development explained to members that the cost to customers would remain unchanged however the cost to Council would be reduced as only 5% VAT would be payable as part of the recovery assistance to Council. The Director of Leisure and Development advised members a report was being brought regarding this to the next Leisure and Development committee. Alderman Duddy stressed the importance of making the correct decision when considering this matter and Councillor McQuillan felt that this arrangement would not be welcomed. The Chief Executive said it was prudent to retain income from reduced VAT in to reserves for potential re-investment.

Councillor McQuillan sought assurance that there would be a budget for continuation of the current pilot scheme at Kilrea and Garvagh recycling centres. The Chief Executive assured members that any pilot scheme budget would be protected.

At the request of Councillor McQuillan, the Chief Executive confirmed that he had made an offer for the position of Finance Director and would update members accordingly at the earliest opportunity.

Councillor Holmes referred to increased costs of running the planning section and rising numbers of staff. The Chief Executive referred to a downturn in major applications and reminded members that the review of planning was ongoing and scheduled to complete by the end of March with performance and statistical information being scrutinised. The Chief Executive also confirmed that virtual communications with Officers and other relevant stakeholders will follow.

AGREED to note that Council note the report.

7 ACTUAL PENNY PRODUCT UPDATE

Confidential report, previously circulated, was presented by The Chief Executive.

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.

With regard to losses in the non-domestic sector and in particular vacant property we should not be complacent. The economic climate remains challenging particularly with the recent impact of the Covid-19 pandemic on businesses and the planned changes to future relations with the EU and can impact without warning and sometimes significantly on revenue streams, thus making projections very difficult. We therefore believe that Council need to continue to take a prudent approach to penny product figures at this stage of the year.

AGREED to note that Council note the report.

8 ASSET REALISATION UPDATE

Confidential report, previously circulated, was presented by The Chief Executive.

Purpose of Report

To update members on asset realisations.

Background

Members requested and initiated an asset realisation process to identify and realise financial potential of Council assets which are either underutilised or have been declared surplus.

Current Position

The Head of Capital Works, Energy and Infrastructure reported that the following projects were currently being considered in the asset realization process:-

Magilligan Ferry Terminal & Slipway;
Killyrammar Old School;
Lansdowne Shelter;
Laurel Hill;
North Pier Shop;
Bushmills Visitor Information Centre (VIC);
Waterworld;
Dunluce Centre;
Market Yard;
Ballyreagh Road;

Portstewart Crescent Building (formerly café) ;
Dungiven Sports Pavilion;
Former demolished Killowen Hall

Asset Realisation Resource Increase

To enhance resource and to expedite and explore more asset realisation, the infrastructure staff structure has been re-structured to remove a Project Officer and add an Asset Realisation Officer.

Councillor McQuillan felt that consideration should be given to realising some of the buildings which services are running from given the reduced number of staff who are office based.

Alderman Duddy felt that there had been little development since the last reporting on Asset Realisation and that discussions regarding Waterworld, Laurelhill, Killowen Hall and Market Yard have been ongoing for quite some time now with no resolution in view.

The Chief Executive confirmed that at the request of members the matter of Asset Realisation Update would continue to be a standing item on the Finance agenda. The Chief Executive explained that these matters take some time to resolve and were at the mercy of the legal process and leasing issues but assured members that the Land and Property Solicitor was taking a pragmatic approach.

The Chief Executive said that realisation of assets was moving in the right direction with Dungiven settled, Killyrammar progressing, Dunluce Centre nearing completion and pointed to the huge financial potential of Laurelhill.

The Head of Capital Works, Energy and Infrastructure referred to project updates reported to members felt that matters discussed at the Land and Property Sub Committee and the Finance Committee were resulting in multiple action points and that one channel of communication would be more beneficial. Councillor McLean said that at present the only decision making forum for Asset Realisation was the Land and Property Sub Committee reporting to the Corporate Policy and Resources Committee and that tabling at the Finance Committee was for considering from a financial perspective for information only.

AGREED to note that Council note the report.

9 PwC UPDATE

Mr Davidson was invited to provide a verbal update summarised below:-

- Welcome trending of numbers and fantastic to see current surplus and expected year end surplus of over £5m
- Positive to see all directorates now showing surpluses after allocation of DfC monies to support lost Covid income / extra costs

- Good work undertaken by Directors in identifying savings however current focus on rates settings a priority with a lot of hard work still to be undertaken over next fortnight
- Uncertainty remains around FY22 forecasts as highlighted in the papers, however good to see clarification having been provided on a large number of other uncertainties regarding central government support for FY22
- Pre-paid appropriations are understood and prudent and will support keeping the rates increases as low as possible - These are in effect a utilisation of reserves built up this year - Caution and understanding required, as in 2/3 years these appropriations will have unwound, and the costs will again need to be met and included in the revenue budgets going forward.

AGREED to note that Council note the verbal update.

10 Any Other Relevant Business (notified in accordance with Standing Order 12 (o))

None.

MOTION TO PROCEED 'IN PUBLIC'

Proposed by Alderman Hillis
Seconded by Councillor McQuillan

This being all the business, the Chair thanked everyone for their attendance and the meeting closed at 8.40 pm.

Chair