



FINANCE COMMITTEE MEETING THURSDAY 10 JUNE 2021

| | Item | Summary of Key Recommendations |
|-----|---|---|
| 1. | Apologies | <i>Nil</i> |
| 2. | Declarations of Interest | <i>Nil</i> |
| 3. | Minutes of the previous Finance Committee | <i>Confirmed</i> |
| | 'In Committee' (Items 4-8 inclusive) | |
| 4. | P12 Summary Position | <i>Information</i> |
| 5. | Debt Forecasting Model Overview | <i>Information</i> |
| 6. | Outline Business Case – Finance Systems Renewal | <i>Recommend that Council approve the procurement approach of the Government Framework with a maximum budget allowance of £545,072 and approve the OBC to proceed to Council</i> |
| 7. | Treasury Management Report | <i>Recommend that Council adopt the Treasury Management Strategy Statement for 2021/22 as presented</i> |
| 7.1 | Follow up of Treasury Management | <i>Information</i> |
| 8. | PwC update (verbal update) | <i>Received</i> |
| 9. | Any Other Relevant Business | <i>Nil</i> |

**MINUTES OF THE PROCEEDINGS OF THE FINANCE COMMITTEE MEETING HELD IN
THE COUNCIL CHAMBER, CIVIC HEADQUARTERS AND VIA VIDEO CONFERENCE ON
THURSDAY 10 JUNE 2021 AT 7.00 PM**

In the Chair: Alderman Hillis (C)

Members Present: Alderman Finlay (R)
Councillors Bateson (R), Callan (C), Holmes (C), McMullan (R),
McQuillan (C), McLean (C), Nicholl (R) Schenning (C) Peacock
(R), Scott (C), McCaw (R)

Officers Present: M Smyth, Director of Finance (Interim) (C)
A McPeake – Director of Environmental Services (R)
D Wright, Chief Finance Officer (R)

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

Substitutions:

Councillor Knight-McQuillan for Alderman Duddy
Councillor Dallat O’Driscoll for Councillor Beattie

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

The Chair read from the Remote Meetings Protocol:

Welcome to the Finance Committee Meeting.

I extend a welcome to members of the press and public in attendance. You will be required to leave the meeting when Council goes into committee. You will be readmitted by Democratic Services Officers as soon as the meeting comes out of committee. I would also remind you that the taking of photographs of proceedings or the recording of proceedings for others to see or hear is prohibited.

If you are having technical difficulties try dialling in to the meeting on the telephone number and Conference ID provided.

If you continue to have difficulties, please contact the number provided on the chat at the beginning of the meeting for Democratic Services staff and ICT staff depending on your query.

*The meeting will pause to try to reconnect you.
Once you are connected*

- *Mute your microphone when not speaking.*

- *Use the chat facility to indicate to that you wish to speak. The chat should not be used to propose or second.*
- *Please also use the chat to indicate when you are leaving the meeting if you are leaving before the meeting ends.*
- *Unmute your microphone and turn your camera on when you are invited to speak.*
- *Only speak when invited to do so.*
- *Members are reminded that you must be heard and where possible be seen to all others in attendance to be considered present and voting or your vote cannot be counted.*

1. APOLOGIES

There were no apologies.

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 13th May 2021 were confirmed as a correct record.

MOTION TO PROCEED ‘IN COMMITTEE’

Proposed by Alderman Finlay
Seconded by Councillor Callan and

AGREED – to recommend that Council move ‘*In Committee*’

- * **The information contained in the following items is restricted in accordance with Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014.**

4. PERIOD 12 SUMMARY POSITION

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

The aim of this report is to update Members of the current financial position of the 20/21 P12 Management Accounts. Members are reminded that the accounts remain in draft and subject to change until they are signed off as final and submitted to the NIAO on June 30th, 2021. Unseen changes are still possible and unseen / unknown costs, such as invoices that still have not be given to Finance, could still need charged, although these invoice costs have been steadily reducing week on week. The bottom-line net position remains unchanged from the

previous reports and currently sits at a surplus. This position is caveated with the risk that costs may still need be added until the accounting period is closed.

Background

Year End accounts up to March 31, 2021, is much more a time-consuming task as the accounts team prepare accounts for external audit.

While every effort is made to produce accurate monthly management accounts throughout the year for internal management decision making, it is the P12 set of accounts that provide the basis for audited Year End accounts that are published.

Public sector organisations responsible for locally delivered services are required by legislation to comply with the terms of the *Code of Practice on Local Authority Accounting in the United Kingdom*.

Independent External NIAO Auditors presented their opinion on the Annual Accounts position as dictated by accounting standards. The Chief Executive certifies the accounts give a true and fair presentation view and are approved by Council. As such, extra steps are taken to ensure that all financial data that relates to the period up to March 31st, is captured.

Financial Position

The 20/21 accounting period has been unprecedented as a global pandemic was taking hold at the start of April 1, 2020 through to the close at March 31, 2021.

Due to the pandemic and various government interventions, financial Planning entered uncharted territory and historical benchmarks that normally guided forecasting became unreliable. As such, accurate budget setting proved to be challenging.

As the Causeway Coast and Glens Borough Council comes to a of its accounting period, the Year End P12 Management Accounting Position, across departments were previously circulated.

Please note, the P12 Management Accounts and published external accounts will differ as the external accounts takes account of factors, such as pension adjustments, revaluations and impairments that are outside the control of operational activity.

Variance Commentary - Summary

Councils, in its role to provide a public service and public good, generally report a zero balance net expenditure. It is through the unprecedented times of Covid that CC&GBC reports a surplus position, driven largely by extra government funding and reduced operational costs to budget, due to lock-downs.

Previously circulated was variance commentary of Leisure and Development, Environmental Services, Corporate Policy and Resources, Legal, Finance and Taxation and Non-Specific Grant Income.

*** Councillor McQuillan joined that meeting at 7.20 pm**

The Finance Committee are advised to exercise caution in interpreting the Year End numbers until commentaries are finalised and the accounting periods closed ahead sending to NIAO on June 30th.

Elected members welcomed the current financial position and congratulated the Director of Leisure and Development and Environmental Services for effective management of budgets for their Directorates during what was a challenging year.

At the request of Councillor Scott, the Director of Finance (Interim) clarified that an increase in legal costs was largely due to call-in's, agency costs and issues around coding. Councillor Callan felt that elected members should consider other avenues such as Rescinding motions to bring items back to the committee as opposed to call-in's, in a bid to save money for Council.

At the request of Alderman Finlay, the Director of Finance (Interim) confirmed that the budget holder in the Planning section was accountable for their own budget of which the Finance Committee had an oversight.

5. DEBT FORECASTING MODEL REVIEW

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

Background

Causeway Coast and Glens Borough Council has developed a financial model for the forecasting of our debt and debt financing costs based upon a projected 10 capital investment plan.

Detail

Elected members received an update on current Council combined debt portfolio and the annual cost of financing debt.

Purpose of the Report

The purpose of this report is to give Elected Members a preview of the Debt Forecasting Model to see what it will look like and get an idea of what can be expected from it. The model is in the final stages of development with PWC having to sign off that they are content with it, therefore the report will not at this stage go into the detailed workings of it. There will be a workshop arranged to do this so that members and officers can discuss and investigate the vast amount of detail and information that the model contains, the impact of that information upon the model outputs and ultimately the potential impact upon Council decisions around capital projects.

Debt Forecasting Model

The model draws information from a number of sources.

1. Councils current debt portfolio
2. Councils capital programme – both agreed and projected

3. Councils balance sheet
4. Councils cash flow statement

The key inputs to the model will be the capital programme as the scheduling of the various projects will have an impact upon the outputs of the model and potentially any future decisions on capital projects. The other data is of a more historic nature but is similarly vital to the outputs since it will still have a consideration in providing accurate projections around key areas such as Total Debt, Debt Financing costs, Cash projections/requirements and affordability.

The inputs will fall into 4 distinct categories:-

- A - Historic data
- B- Committed data
- C - Uncommitted data
- D - Limiting or target data

Conclusion

As stated above this report is presented to enable members to have a first look at the Debt Forecast Model which has been discussed at various times at a high level.

The Chief Finance Officer informed members that a workshop would be arranged around June/July to discuss the debt model and summarised to members the information contained within the charts, previously circulated.

Councillor Holmes welcomed the report presented and suggested that a separate capital projects workshop be tabled also to enable members to consider current needs.

Elected members discussed legacy debt inherited, the huge running costs for the organization (including staff costs) and the potential to realise funding for large capital projects, Coleraine Leisure Centre being an example.

The Chief Finance Officer updated elected members on debt portfolio and current cash surplus on balance sheet.

The Director of Finance (Interim) gave a summary of potential spend for surplus monies including potential landfill costs.

Councillor McQuillan asked if Central Government been lobbied sufficiently regarding reducing penalties for early repayment of loans. The Director of Finance (Interim) agreed to provide members with an update on current debt position in terms of loans. The Chief Finance Officer provided members with a brief overview of the Private Sector loan current situation including timescales and conditions for repayment.

James Davidson spoke on the debt position, saying that Causeway Coast and Glens Borough Council ranked 4th largest in terms of debt and suggested that forthcoming workshops, which he would be happy to attend, would be helpful for members to set priorities regarding cost savings and capital spending.

6. OUTLINE BUSINESS CASE – FINANCE SYSTEMS RENEWAL

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

Introduction

The aim of this report is to provide Members with rationale behind a request for Capital Expenditure on Causeway Coast and Glens Brough Council (CC&GBC) Finance and Payroll systems. This report details the Outline Business Case (OBC) that follows on from and expands on the Project Mandate. This report follows the approach of Central Government's "5 Case Model" business case. To proceed, the Project Team seeks approval to enter the procurement phase of the project with a budget of £545,072.

The sourcing of accounting and payroll systems can be classed as "public procurement". Northern Ireland Public Procurement Policy Principles defines public procurement as "the process of the acquisition, usually by means of a contractual arrangement after public competition, of goods, services and works and other supplies by the public service"¹. The Option Analysis in the Commercial Case drives procurement decisions.

The Director of Finance (Interim) reported on the strategic, economic, commercial and management cases, previously circulated.

Within the appendices, previously circulated, members were provided a summary of the Software specification, Ten Year Calculations and implementation timetable.

Recommendation

It is recommended that Council approve the procurement approach of the Government Framework with a maximum budget allowance of £545,072 and approve the OBC to proceed to Council.

Members sought clarity on the viability of continuing to use the current system and the Director of Finance (Interim) outlined that it was becoming less compatible and had been in use for some considerable time and was becoming cumbersome for some elements of financial processing.

Members welcomed the efficiency measures which were included in the new system including potentially rolling out business advisers to other sections.

Proposed by Councillor Schenning

Seconded by Councillor McLean

-to recommend that Council approve the procurement approach of the Government Framework with a maximum budget allowance of £545,072 and approve the OBC to proceed to Council.

The Chair put the Proposal to the committee to vote

12 voted For; 0 voted Against; 0 Abstained

The Chair declared the Proposal Carried

7. TREASURY MANAGEMENT REPORT

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

Background

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Detail

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. In addition, the Department for Communities (DfC) issued *Guidance on Local Authority Investments* in November 2019 that requires the Authority to approve an investment strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Finance Act (Northern Ireland) 2011* to have regard to both the CIPFA Code and the DfC Guidance.

Revised Strategy

Previously circulated appendix included Treasury Management Strategy Statement for 2021/22.

Recommendation

It is recommended that Council approve adoption of the Treasury Management Strategy Statement for 2021/22 as presented

Proposed by Councillor McQuillan

Seconded by Councillor Scott

AGREED – to recommend that Council approve adoption of the Treasury Management Strategy Statement for 2021/22 as presented.

7.1. FOLLOW UP OF TREASURY MANAGEMENT.

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

Audit was requested to follow-up and report to the June 2021 Audit Committee on progress in addressing the recommendations made as a result of an internal audit review of Treasury Management which received a limited assurance and was reported to Audit Committee in March 2021. The findings were circulated to members in advance of Finance Committee meeting.

Councillor Callan referred to the need for Finance training for elected members and other matters to be addressed with relevant actions being brought back to a future meeting of Finance committee.

The Director of Finance (Interim) agreed to follow up on findings and bring report back to Finance Committee.

8. PWC UPDATE

J Davidson offered comment on the reports after congratulating the newly elected Chair and Vice-Chair of Finance Committee. The following is a summary of J Davidson's commentary:-

- P12 numbers a good result given the P12 figures in the past;
- Finance team reports the benefit of furlough support;
- P12 numbers will be provided to members once finalised;
- Welcomed Government support covered 60% of lost income during pandemic;
- Directors to be commended on the work undertaken to enable necessary savings;
- The new finance system timelines for implementations are ambitious, however he welcomed the investment and the report being brought to Committee for consideration;
- Treasury Management independent financial advice available should interest rates increase;
- Welcomes separate workshops being facilitated for members regarding running costs and capital projects;
- Debt forecasting to be scrutinised alongside capital spending.

Councillor Holmes welcomed the planned workshops and felt that further consideration needs to be given to reduce running costs.

Councillor Callan welcomed the provision of independent guidance regarding costs and budgets and felt there was a need to revisit current financial structures.

9. ANY OTHER RELEVANT BUSINESS

There were no matters of Any Other Relevant Business.

MOTION TO PROCEED 'IN PUBLIC'

Proposed by Councillor Schenning
Seconded by Councillor Callan and

AGREED – to recommend that Council move '*In Public*'.

This being all the business the Chair thanked everyone for their attendance and the meeting closed at 9.10 pm.

Chair