

FINANCE COMMITTEE MEETING HELD THURSDAY 9 JUNE 2022

| | Item | Summary of Key Recommendations |
|-----|---|---|
| 1. | Apologies | <i>Alderman Finlay, Councillors Callan, Peacock, Schenning</i> |
| 2. | Declarations of Interest | <i>Nil</i> |
| 3. | Minutes of Finance Committee meeting held Thursday 12 May 2022 | <i>Signed as a correct record</i> |
| | 'IN COMMITTEE' (Items 4 - 10 inclusive) | |
| 4. | P12 (Draft) Management Accounts | <i>Information</i> |
| 5. | P12 Debt Management Report | <i>Information</i> |
| 6. | P12 Prompt Payment Statistics | <i>Information</i> |
| 7. | Direct Award Contract – Parklets | <i>to recommend that Council approve the Direct Award Contract</i> |
| 8. | Treasury Management Review | <i>Information</i> |
| 9. | Treasury Management Strategy | <i>to recommend that Council approve adoption of the Treasury Management Strategy Statement for 2022/23 as presented</i> |
| 10. | Independent Member Update | <i>Information</i> |
| 11. | 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 MEETING HELD
IN THE COUNCIL CHAMBER, CIVIC HEADQUARTERS AND VIA VIDEO
CONFERENCE ON THURSDAY 9 JUNE 2022 AT 7PM**

In the Chair: Councillor McLean (C)

Members Present: Alderman Duddy (C), Hillis (C)
Councillors Beattie (R), Dallat O'Driscoll (R), Holmes
(R/C), McMullan (R), McQuillan (C), Nicholl (R), Scott (C)

Officers Present: M Smyth, Director of Finance (Interim) (C)
D Wright, Chief Finance Officer (C)
J Keen, Committee & Member Services Officer (C)

In attendance: A Lennox, ICT Mobile Operations Officer (C)

SUBSTITUTIONS

Councillor Dallat O'Driscoll substituted for Councillor Schenning.

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 Alderman Finlay, Councillors Callan, Peacock and Schenning.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF FINANCE COMMITTEE MEETING HELD THURSDAY 12 MAY 2022

Summary, previously circulated.

The Chair advised the Minutes of the Finance Committee meeting held Thursday 12 May 2022 had been passed by Council at its meeting in June.

MOTION TO PROCEED 'IN COMMITTEE'

Proposed by Alderman Duddy
Seconded by Councillor Scott 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. P12 (DRAFT) MANAGEMENT ACCOUNTS

The Director of Finance (Interim) provided a verbal update.

- The P12 accounts will remain in draft until 30 June 2022, before being submitted to the Northern Ireland Audit Office. Invoices are still being received for 2021/22; it is not expected that the financial position will change significantly.
- Council's projected income is £76.6M with £70.4M expenditure resulting in a projected £6.2M favourable surplus mainly due to rates finalisation £1.2M, Rates Support Grant £0.8M, Covid Recovery £0.9M.
- Employees costs contributed £2.4M favourable surplus.
- Holiday and Leisure Parks contributed £0.6M surplus.
- Environmental Services saw a significant increase in waste collection, that resulted in £2M adverse costs paid in taxes but £2.1M favourable income was recouped from customers, giving a £0.1M surplus.
- Premises costs are £0.5M adverse.
- Council is £0.5M favourable in energy costs.
- Council's Useable Reserve sits at almost £23M; this includes £4.5M General Fund, £4.5M Covid Recovery, £5M Sinking Fund and current £6.2M year-end position.
- Cost of total loans is £72.5M.
- Council's Capital Expenditure to date is £4.1M with a total of £223M assets on the Balance Sheet (not including depreciation).
- Council's cash position is strong with almost £17million in the banks, of which £4M was recently been invested in short term 3-month deposits to provide circa £7,000 interest income.
- The Management Accounts will differ from the full Audited Accounts as the audited accounts will include items outside Executive control and decision making. A reconciliation between the Management Accounts and Audited Accounts will be provided to Elected Members.
- The Senior Leadership Team will consult on the current surplus and return with medium term options and recommendations on the surplus at the next Finance Committee.

- * **Councillor Holmes attended in the Chamber at 7:09pm having previously joined remotely.**

During debate concerns were raised regarding increased energy costs. In response to questions about foreseeing other costs increasing the Director of Finance (Interim) advised that given the current climate this was difficult to forecast.

In response to further questions, the Director of Finance (Interim) confirmed that all spending within Council was monitored; that historic figures for Mayoral

spending can be brought to the next Finance Committee. It was further confirmed that there was no further Covid support funding from the Department for Communities forecast. The Director of Finance (Interim) confirmed the fuel budget has been increased by approximately 20% from last year, this is being monitored on a monthly basis and action will be taken if the forecast shows costs will increase to above the allocated budget.

The Director of Finance (Interim) noted Councillor Holmes' comments concerning improving efficiency in energy costs.

Alderman Duddy referred to the annual increase in fees at Holiday and Leisure Parks stating consideration should be given to this in relation to how best to manage the increase to ensure a fair and equitable price. The Director of Finance (Interim) responded to advise that the rates were set on the average CPI of the previous year but concurred that it was difficult to know what would happen in 6 months when the increase in fees would be due to occur.

In response to questions regarding the Mayor's budget the Chief Finance Officer confirmed the current procedure in place for setting this budget.

In response to further questions the Chief Finance Officer advised that a number of things have been completed over the years to allow Council to avail of renewable energy including solar panels on a number of Council buildings. When asked about the potential for solar panels to be used in caravan sites and marinas it was advised this would need to be addressed through Environmental Services Committee. The Chief Finance Officer clarified that Council assets are valued on an annual basis.

5. P12 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

Table circulated detailing aged debt analysis as at 31st May 2022

Table circulated detailing aged debt analysis as at 31st May 2021

Table circulated detailing movement and comparison between last year and this year (30th April 2021 and 30th April 2022)

The 90 days and over figure includes debts relating to Business Improvement District (BID) invoices (£20,416), 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 £234,177, it should be noted that a significant amount relates to a debtor who has recently gone into administration.

Table 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 circulated detailed 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 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 61 such debts this month, listed within the confidential report.

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. Whilst there is no write-off required at this point Council is reminded that a significant debtor has gone into administration. Further detail was set out within the confidential report and advised a report would be brought to committee on what level of debt will require write-off at a subsequent meeting.

In response to questions, the Chief Finance Officer confirmed that Council invoice on a 30 day basis; specific arrangements can be made with debtors if required; that staff are in regular contact with debtors who have not paid on time and all necessary steps are taken to ensure payment is received.

In response to questions the Chief Finance Officer provided further detail of a specific debt contained within the report.

- * **Alderman Hillis joined the meeting at 7:38pm.**
- * **Councillor Holmes left the Chamber at 7:42pm, remaining in attendance remotely.**

6. P12 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 circulated detailed Council's performance since April 2019 the latest data being for quarter 1 of 22/23 year being up to and including end of May 2022. The excellent start in terms of performance for 2022/23 has continued albeit with a slight drop in performance, most likely due to the Easter holidays, with 65.22% (75.13% for April) of invoices were paid within 10 working days and 86.26% (97.29% for April) of invoices were paid within 30 calendar days.

Improvement Actions

Whilst the recent figures 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.

* **Alderman Hillis left the Chamber at 7:41pm**

| 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 | 3971 | | | | 3971 |
| Total amount paid | £ 12,385,417 | | | | £ 12,385,417 |
| Number of invoices paid within 10 days | 2762 | | | | 2762 |
| % of invoices paid within 10 days | 69.55% | #DIV/0! | #DIV/0! | #DIV/0! | 69.55% |
| Number of invoices paid within 30 days | 3617 | | | | 3617 |
| % of invoices paid within 30 days | 91.09% | #DIV/0! | #DIV/0! | #DIV/0! | 91.09% |
| Number of invoices paid outside 30 days | 354 | 0 | 0 | 0 | 354 |
| % of invoices paid outside 30 days | 8.91% | #DIV/0! | #DIV/0! | #DIV/0! | 8.91% |
| No. of Disputed Invoices | 15 | | | | 15 |
| % of disputed invoices | 0.38% | #DIV/0! | #DIV/0! | #DIV/0! | 0.38% |
| Average Payment Days | 16.09 | #DIV/0! | #DIV/0! | #DIV/0! | -52.83 |
| * Incomplete period | | | | | |

7. DIRECT AWARD CONTRACT – PARKLETS

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

Purpose of Report

The purpose of this report is to seek Member's approval for a Direct Award Contract.

Recommendation

Members are asked to consider the above award and approve the Direct Award Contract

In response to questions the Director of Finance (Interim) explained the tender process.

The Chief Finance Officer provided reassurance that Council will not pay unreasonable prices for tenders and alternatives were sought in this instance due to high quotations received.

Proposed by Councillor McQuillan
Seconded by Councillor Scott and

AGREED – to recommend that Council approve the Direct Award Contract

* **Alderman Hillis returned to The Chamber at 7:48pm**

8. TREASURY MANAGEMENT REVIEW

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

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.

Review

The purpose of this report is to provide a review of what has taken place in terms of Treasury Management within the Council during the 2021/22 financial year.

Borrowing

Council borrowing is used to fund various capital projects as approved by Council and as a result of this activity Council has an extensive portfolio of current loans. The table circulated showed a breakdown of these loans at the end of each quarter during 2021/22.

The continuing trend of low interest rates throughout the year and with Council having significant cash reserves no new loans were borrowed during the year, Council instead utilising cash reserves in the short term to finance capital expenditure thus avoiding incurring interest on loans which would not be offset by the extremely low returns available on investments.

Investments

Council has carried significant cash reserves throughout 2021/22 and as stated above the extremely low interest rates prevailing during the year have meant that it was more prudent to utilise cash to finance capital expenditure rather than borrow. The table circulated detailed the cash held by Council at the end of each quarter during 2021/22.

Due to central funding and positive rates finalisations Council's cash reserves have increased during 2021/22 and with the recent increases in interest rates Council is seeking to diversify its cash into alternative investment opportunities with more attractive returns available.

Treasury Management Strategy

In line with Council's Treasury Management Strategy and with increasing interest rates Council will seek to make more investments like those detailed above over the remainder of the 2022/23 financial year where there are now sufficient returns to justify the action and whilst those returns are still likely to be modest, they will still none the less provide an income stream to Council and assist to offset a little of the financial pressures currently being faced.

9. TREASURY MANAGEMENT STRATEGY

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

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

The appendix (circulated) is the Treasury Management Strategy Statement for 2022/23.

Recommendation

It is recommended that Council approve adoption of the Treasury Management Strategy Statement for 2022/23 as presented.

Proposed by Alderman Duddy
Seconded by Councillor Scott and

AGREED – to recommend that Council approve adoption of the Treasury Management Strategy Statement for 2022/23 as presented

10. INDEPENDENT MEMBER UPDATE

The Director of Finance (Interim) advised Committee the Independent Member would not be in attendance due to an Internal Audit raising a technical point.

The Director of Finance (Interim) advised that clarification would be sought before the next Finance Committee meeting.

In response to questions, the Chief Finance Officer provided clarification on governance and any contribution of Council's Independent Member.

Councillor Scott referred to Item 4, Period 12 (Draft) Management Accounts, to ask why the Directors narrative for the accounts was not present this month. The Director of Finance (Interim) advised this was due to a timing issue due to the Bank Holiday, that narrative was received but after the accounts were sent, and that going forward the narrative would be included.

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

There were no Items of Any Other Relevant Business.

MOTION TO PROCEED ‘IN PUBLIC’

Proposed by Alderman Duddy
Seconded by Councillor Scott and

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

This being all the business the Chair thanked everyone for their attendance and the meeting closed at 8.00pm.

Chair