



**MINUTES OF THE PROCEEDINGS OF THE SPECIAL COUNCIL MEETING HELD ON
THURSDAY 14 MAY 2020 AT 6.30 PM**

- In the Chair** : Deputy Mayor (Councillor A M Logue)
- Members Present** : Aldermen – F Agnew, P Brett, T Burns, T Campbell, L Clarke
M Cosgrove, M Girvan, D Kinahan, J McGrath and J Smyth
- Councillors – J Archibald, A Bennington, M Cooper,
H Cushinan, P Dunlop, G Finlay, S Flanagan, R Foster,
J Gilmour, M Goodman, P Hamill, L Irwin, N Kelly,
R Kinnear, R Lynch, V McAuley, N McClelland,
T McGrann, V McWilliam, M Magill, P Michael,
J Montgomery, V Robinson, S Ross, L Smyth,
M Stewart, R Swann, B Webb and R Wilson
- Officers Present** : Chief Executive - J Dixon
Director of Economic Development and Planning – M McAlister
Director of Operations – G Girvan
Director of Finance and Governance – S Cole
Director of Community Planning – N Harkness
Director of Organisation Development – A McCooke
Borough Lawyer and Head of Legal Services – P Casey
Head of Governance – L Johnston
Head of Finance – J Balmer
Head of ICT – G Smyth
ICT Change Officer – A Cole
ICT Officer – J Wilson
Member Services Manager – V Lisk

DEPUTY MAYOR'S REMARKS

The Deputy Mayor welcomed everyone to the Special Council Meeting and advised all present of the recording protocol. The Deputy Mayor and Members congratulated Councillor Irwin on being appointed and welcomed her to her first meeting.

1 APOLOGIES

None

2 DECLARATIONS OF INTEREST

Item 4.1 – Alderman McGrath

Item 4.1 – Councillor Wilson – non pecuniary

3. ITEMS FOR DECISION

3.1 COVID-19-6 COUNCIL GOVERNANCE

Remote Council Meetings

Members were aware that the normal operation of Council decision making has been impacted by COVID-19.

The Local Government (Coronavirus) (Flexibility of District Council meetings) Regulations (Northern Ireland) 2020 provides guidance and direction to Councils in relation to remote Council meetings.

Having regard to the above Regulations the circulated Interim Protocol for Remote Council Meetings during COVID-19 had been developed. Officers recommended that this Protocol be added to Standing Orders.

Standing Order 31.2 (Amendment) states that any motion to add to, vary or revoke these Standing Orders will, when proposed and seconded, stand adjourned, without discussion to the next ordinary Meeting of the Council.

In order for the Protocol to apply to this meeting, if approved by the Council, the Council needed to suspend Standing Order 31.2 for the purposes of facilitating decision making during this pandemic for this item only as per Standing Order 31.1 (Suspension). Standing Order 31.1 states that a Member may move a motion for the suspension of one or more of these Council Standing Orders excluding Standing Orders 24.3, 25, 26 and 27 which cannot be suspended. Suspension can only be for the duration of the meeting. The Minutes of the Meeting must record the reason for the suspension. Mandatory standing orders may not be suspended by the Council.

Annual Meeting

Schedule 5, paragraph 1, of the Local Government (Northern Ireland) Act 2014 states that a Council must hold an annual meeting in June every year unless it is a local election year. The Council Annual Meeting is due to be held on 1 June 2020.

The Local Government (Coronavirus) (Flexibility of District Council meetings) Regulations (Northern Ireland) 2020 states that the annual meeting of a council must be held by 30 September 2020. Therefore Members had the option to defer the Annual meeting in June.

Moved by Alderman Brett
 Seconded by Alderman Cosgrove that

- (i) the Interim Protocol for Remote Council Meetings during COVID-19 be approved and added to Standing Orders. Standing Order 31.2 be suspended for this item only;
- (ii) the planned Annual Meeting be postponed and the date for the meeting be kept under review;
- (iii) a report be brought back to Council at the end of the month regarding the re-establishment of Committees of the Council;
- (iv) Officers investigate the introduction of webcam to the Council Chamber.

The proposal was put to the meeting and Members voted as follows:

In favour of the Proposal 31 Members viz	Against the Proposal 9 Members viz	Abstentions 0 members viz
Aldermen: Agnew, Brett, Campbell, Clarke, Cosgrove, Girvan, Kinahan, McGrath, J Smyth Councillors: Archibald, Bennington, Cooper, Dunlop, Finlay, Flanagan, Foster, Gilmour, Hamill, Irwin, Kelly, McAuley, McWilliam, Magill, Michael, Montgomery, Robinson, Ross, L Smyth, Stewart, Swann, Webb	Alderman Burns Councillors: Cushinan, Goodman, Kinnear, Logue, Lynch, McClelland, McGrann, Wilson	

The proposal was carried and it was

RESOLVED - that

- (i) the Interim Protocol for Remote Council Meetings during COVID-19 be approved and added to Standing Orders. Standing Order 31.2 be suspended for this item only;**
- (ii) the planned Annual Meeting be postponed and the date for the meeting be kept under review;**
- (iii) a report be brought back to Council at the end of the month regarding the re-establishment of Committees of the Council;**

(iv) Officers investigate the introduction of webcam to the Council Chambers.

ACTION BY: Paul Casey, Borough Lawyer and Head of Legal Services/Sandra Cole, Director of Finance and Governance

MOTION TO PROCEED 'IN COMMITTEE'

Moved by Councillor Foster
Seconded by Alderman Cosgrove and

RESOLVED - that the Council proceeds to conduct the following business 'In Committee'.

Having declared an interest in the next item, Alderman McGrath left the meeting.

4. ITEMS IN COMMITTEE

4.1 IN CONFIDENCE HR/GEN/031 TEMPORARY JOB RETENTION SCHEME/ FURLOUGH

Members were reminded that an Emergency Financial Plan was presented at the Council Meeting held on Monday 27 April and that it was agreed that a high level report on action to be taken be brought to a future meeting of the Council.

Members were aware that it was reported to the previous meeting that officers were in the process of giving notice to a number of agency and short service staff.

In relation to Agency Staff, Members noted that the Council is not the Employer and a written request was made to the Agencies asking them to consider furloughing these staff or to offer them alternative work assignments. The letter to the Agencies also explained that whilst significant uncertainty remains during this unprecedented time, the Council intended to re-engage these workers, however, the Council reserves the right to review the situation. It was understood that the majority of Agency staff will be furloughed.

Members were aware that, following the Council Meeting, Minister Hargey released a statement sharing Councils' concerns about their ongoing financial sustainability. As a result of this, Officers deferred the release of short service staff and wrote to the Minister to welcome her Statement (copy circulated). The Minister subsequently corresponded with all Councils (copy circulated) and a further letter was received from the Department on 6 May (copy circulated).

Since then the Minister had announced that Councils are eligible to apply for the Temporary Job Retention Scheme. The Council would make an application under the Scheme in due course. Members noted that

furloughing staff would impact the Council's ability to reopen some facilities (eg golf courses) for up to 3 weeks.

Proposed Options for a Furlough Leave Policy were circulated.

The financial implications for each option were as follows:

Option 1

Pay 80%, of regular salary, up to a maximum of £2,500.

Option 2

Pay 80%, of regular salary, up to a maximum of £2,500,

AND

For pension purposes the Council would continue to pay the same employer pension contributions based on 100% of regular pensionable pay, and it would pay employee pension contributions on the 20% of regular pay that is reduced.

The cost to Council arising from retaining the normal level of pension contributions, as outlined above, was estimated to be £17K per month.

Option 3

Pay 100%, of regular salary, up to a maximum of £2,500.

Retaining normal pay was estimated to cost the Council £100K per month.

Under all 3 options, pay would be subject to the normal tax and NI deductions.

Members were aware that the Temporary Job Retention Scheme was currently in place until the end of June and that the Chancellor was preparing to wind down the Scheme from 1 July 2020.

An addendum report, a letter from the Trade Unions and a proposed response from the Council had also been circulated to Members.

A further detailed analysis had been carried out on staff who were potentially eligible for furlough under the criteria of the Temporary Job Retention Scheme on a month by month basis. Council proposed to claim for 152 permanent staff and 170 casual workers under the scheme. The costs and claim amounts had been extrapolated up to the end of July 2020, when the scheme would cease in its current form. Beyond that date up to the end of October 2020 it was unclear what form the scheme would take but it would be less generous as costs are to be shared more equally between the Government and the employer.

The table below showed the income of £409k being generated up the end of the week if the full claim for furloughed workers was accepted by HMRC.

Furlough up to 15 May 2020

Gross Cost	£587,579
Claim to be made	£409,296

From the next week up to the end of July 2020 Council had the following 3 options:

- Option 1: Pay salary at 80%
- Option 2: Pay salary at 80% plus pension costs
- Option 3: Pay salary at 100%

See table below:

Furlough to 31 July

Gross Cost – Option 1	£647,807
Gross Cost – Option 2	£707,649
Gross Cost – Option 3	£809,759
Claim to be made	£571,851

Depending on the Council decision, the cost to Council for each of the above options would be £76k, £136k or £238k respectively up to the end of July.

Moved by Councillor Lynch
 Seconded by Councillor Goodman that Council approves Option 3

The proposal was put to the meeting and Members voted as follows:

In favour of the Proposal 9 Members viz	Against the Proposal 30 Members viz	Abstentions 0 Members viz
Alderman Burns Councillors: Cushinan, Goodman, Kinnear, Logue, Lynch, McClelland, McGrann, Wilson	Aldermen: Agnew, Brett, Campbell, Clarke, Cosgrove, Girvan, Kinahan, J Smyth Councillors: Archibald, Bennington, Cooper, Dunlop, Finlay, Flanagan, Foster, Gilmour, Hamill, Irwin, Kelly, McAuley, McWilliam, Magill, Michael, Montgomery, Robinson, Ross, L Smyth, Stewart, Swann, Webb	

The proposal was not carried.

Moved by Councillor Webb

Seconded by Councillor Finlay that Council approves Option 2.

The proposal was put to the meeting and Members voted as follows:

In favour of the Proposal 11 Members viz	Against the Proposal 28 Members viz	Abstentions 0 Members viz
<p>Aldermen: Burns, Campbell</p> <p>Councillors: Finlay, Gilmour, Kelly, Lynch, McAuley, McClelland, Stewart, Webb, Wilson</p>	<p>Aldermen: Agnew, Brett, Clarke, Cosgrove, Girvan, Kinahan, J Smyth</p> <p>Councillors: Archibald, Bennington, Cooper, Cushinan, Dunlop, Flanagan, Foster, Goodman, Hamill, Irwin, Kinnear, Logue, McGrann, McWilliam, Magill, Michael, Montgomery, Robinson, Ross, L Smyth, Swann</p>	

The proposal was not carried.

Moved by Alderman Cosgrove

Seconded by Alderman Brett that Council adopts the Government Scheme which is currently 80%, up to a maximum of £2,500.

The proposal was put to the meeting and Members voted as follows:

In favour of the Proposal 30 Members viz	Against the Proposal 5 Members viz	Abstentions 4 Members viz
<p>Aldermen: Agnew, Brett, Campbell, Clarke, Cosgrove, Girvan, Kinahan, J Smyth</p> <p>Councillors: Archibald, Bennington, Cooper, Dunlop, Finlay, Flanagan, Foster, Gilmour, Hamill, Irwin, Kelly, McAuley, McWilliam, Magill, Michael, Montgomery, Robinson, Ross, L Smyth, Stewart, Swann, Webb</p>	<p>Councillors: Cushinan, Goodman, Kinnear, Logue, McGrann</p>	<p>Alderman Burns</p> <p>Councillors: Lynch, McClelland, Wilson</p>

The proposal was carried and it was

RESOLVED - that the Council adopts the Government Scheme which is currently 80%, up to a maximum of £2,500.

ACTION BY: Jacqui Dixon, Chief Executive

Alderman McGrath returned to the meeting.

4.2 IN CONFIDENCE FI/FIN/043 EMERGENCY FINANCIAL PLAN

Members were reminded that an Emergency Financial Plan was presented at the Council Meeting held on Monday 27 April and that it was agreed that a high level report on action to be taken be brought to a future meeting of the Council.

Detailed assumptions to achieve efficiencies for each service within the context of providing Essential Services only in the current Financial Year had been circulated.

Members were aware that the efficiencies proposed would fall short of the expectations of ratepayers and that this position was not sustainable.

Income

Members were aware that Income sources for the Council come from three main elements: Rates Income (80%), Earned Income (18%) & Grant income (2%).

Council rates income was budgeted at £52m in the 2020/21 estimates process. This is made up of a number of elements: Rates, De-rated grant and Transferred Function Grant. Within our assumptions as a reasonable worst case scenario, it was anticipated that:

- Domestic rates income will reduce by at least 2% i.e. £500,000
- Non Domestic rates will reduce by 35% i.e. £7.1m in line with forecasted reduction in GVA in line with the projected economic downturn
- The Council's earned income will reduce by £8m in this financial year
- COVID-19 additional spend will be approximately £400,000 for 8 weeks

The total financial impact in the current financial year was therefore estimated to be £16m.

Use of Reserves

Council Total Reserves are made up of a number of Balances and Reserves. Some of these had been set up for specific purposes eg Rates Appeal Reserve. The Council's General Fund (usable reserve) at 31 March 2019 was £7.3m. However, this Reserve would be impacted when the Financial Statements for 2019/20 are finalised. Also, the estimates process for 2019/20 provided for £700,000 to be released from this Reserve. This means that the estimated General Fund at 31 March 2020 was £6.3m. This was subject to any

changes after the NIAO process is complete. The Council reserves policy was set at 9% of Gross Revenue spend of £66m (£5.9m).

The use of Reserves beyond this would require a change to the Reserves Policy of Council. Members were aware that it is prudent to hold a minimum of one month's expenditure in reserves (£5.5m).

It was important to differentiate the Council's cash position from its reserves position.

The General Fund Reserve (£6.3m) is an accumulation of surpluses over time. It does not sit as cash in the bank but has been invested by the Council in the assets and facilities throughout the Borough as part of prudent treasury management. In normal circumstances, the Council operates to have neither surplus cash nor a significant overdraft at the end of each month. Use of reserves will not therefore assist in the current situation.

The Local Government Finance Act (NI) 2011 (Part 1 para 7) stipulates that If in any financial year it appears to the Chief Financial Officer (CFO) of a Council that reserves are likely to be inadequate, the CFO shall report to Council on:

- o The reasons for that situation; and
- o The action which the CFO considers appropriate to prevent that reserve continuing to be inadequate in the next financial year

This reserve can only be spent once, while service demands continue month on month and year on year.

In normal circumstances the Council's reserves are adequate to cushion uneven cash flows and prevent unnecessary temporary borrowing as well as a contingency for unexpected events. They are, however, insufficient to cover an event of the scale of the current situation.

The ongoing funding gap was simply too large to be funded by reserves alone.

Members were aware that Land and Property Services produced a new Non Domestic Valuation list which came into effect on 1 April 2020. The purpose of this was to rebalance business rates. The new list was available online, however, the rates bills based on these new valuations had not been delivered to businesses due to the pandemic. Traditionally there is always a challenge to values on the list which may result in NAV reductions. Council Officers were aware of one challenge by network utilities. It was anticipated that any reductions in NAV as a result of appeals would be covered by the provision above.

Cash Position

The current reduction in income was having an immediate impact on the Council's cash flow. The estimated cash deficit for the Council at the end of April 2020 was anticipated to be £1.1m.

In addition, the Council had other significant cash outlays over the next six months including repayment of rates appeals monies to Belfast International Airport (BIA):

	£'000
Loan Repayments	█
Rates	█
Insurance	█
BIA Appeal Repayment	█

In order to help with the stress on cash resources the Council's overdraft limit on its current account had been increased from £█ to £█.

However, this temporary arrangement had been put in place to ensure that staff and suppliers continue to be paid, this would not be sustainable beyond the end of July 2020 without immediate intervention or remedial action. This overdraft would be insufficient to cover the above expenditure.

At that point, the Council would need to consider sourcing finance using other mechanisms potentially in the form of additional loans.

The Council was required to be mindful of its legal responsibility to avoid insolvency and maintain an adequate level of reserves: Local Government Finance Act (NI) 2011 states that 'A council shall make arrangements for the proper administration of its financial affairs'.

Unless measures were put in place soon to mitigate the deficit situation as outlined above and to make up for the potential loss in rate income in 2020/21, it was anticipated that there will be a substantial rate increase next year (2021/22).

It was noted that, to cover for every £1m deficit there would be an additional 2% rate increase.

In a reasonable worst case scenario of an £8m income deficit for the year and a reduction of the rate base of £7.6m, the projected rates increase required for 2021/22 would be in the region of 30%.

Moved by Alderman Brett
Seconded by Councillor Webb and

RESOLVED - that

- (i) the Council notes the current Financial Position and that a Special Council meeting be held once per month in addition to the normal diarised Council meetings in order that the matter can be kept under review;**
- (ii) a detailed roadmap be brought forward to the Council at the next meeting regarding the restoration of services which takes into account**

the current resources of the Council, including cashflow and staff;

- (iii) any future decisions relating to staffing reductions be considered and approved by the Council.**

ACTION BY: Jacqui Dixon, Chief Executive

MOTION TO PROCEED 'OUT OF COMMITTEE'

Moved by Councillor Magill
Seconded by Councillor Goodman and

RESOLVED - that the Council proceeds to conduct any remaining business 'In Public'.

The Deputy Mayor thanked Members for attending and adhering to the social distancing restrictions and the meeting concluded at 9.05 pm.

DEPUTY MAYOR

Council Minutes have been redacted in accordance with the Freedom of Information Act 2000, the Data Protection Act 2018, the General Data Protection Regulation, and legal advice.