

NOTES of the FINANCE KEY AREA GROUP MEETING held in the Town Council Chamber on **THURSDAY 14 NOVEMBER 2019** at **18.30 hours**.

KAG Members: Graham Allen
Andrew Barrett-Miles
Roger Cartwright
Anne Eves
Graham Fairbairn - Responsible Finance Officer (RFO)
Janice Henwood
Simon Hicks - Chairman

Also Present: Steve Cridland - CEO
Robert Duggan
Robert Egglestone
Joe Foster

*Denotes absence

start 18.30

16. APOLOGIES FOR ABSENCE

None received

17. SUBSTITUTES

None

18. DECLARATIONS OF INTEREST

Cllr Simon Hicks and Cllr Joe Foster declared an interest in regard to item 10 on the agenda relating to proposed increases in allotment charges in that both had allotment plots within the town.

19. NOTES OF THE PREVIOUS MEETING

The Notes of the previous Finance Key Area Group meeting, dated 25 June 2019 (previously circulated to all Members), were approved by Members and signed by the Chairman as a correct record.

20. LISTING OF PAYMENTS MADE

Members received a report, as set out in agenda item 6, dated 14 November 2019, advising Members a listing of payments made by the Town Council are held in a yellow folder within the cabinet above Members' blue boxes.

RESOLVED that:

To note the contents of the report.

21. EXTERNAL AUDIT RESULTS FOR THE 2018/19 FINANCIAL YEAR

Members received a report, as set out in agenda item 7, dated 14 November 2019, advising Members of the outcome of the recent external audit completed by Moore Stephens for the 2018/19 financial year. The RFO was pleased to report the audit was completed without qualification.

RESOLVED that:

To note the contents of the report.

22. INTERNAL AUDIT – FIRST INTERIM 2019/20 FINANCIAL YEAR

Members received a report, as set out in agenda item 8, dated 14 November 2019, advising Members of the outcome of the recent internal audit completed on 29 and 30 October 2019 by Auditing Solutions Ltd. The RFO was pleased to report that no items had arisen that needed to be drawn to the attention of Members.

RESOLVED that:

To note the contents of the report.

23. BUDGET MONITORING REPORT 2019/20

Members received a report, as set out in agenda item 9, dated 14 November 2019, giving an update on the estimated outturn for the 2019/20 financial year as prepared at the 31 October 2019.

The report showed the Council would post an estimated surplus of around £40k made up of an increase in income of £16k, a reduction in costs of around £24k.

During the ensuing discussion, Members received greater clarity in regard to some of the variances being shown, particularly in regard to the increase in income which included the Burial Ground at £6k (increased business) and Room lettings at £11k (Council Chamber and Audiology room lease).

Members were informed, also, the main cost reductions on expenditure related to staffing costs at £9k (movements in staffing), the removal of a provision associated with the uncertainty over income at £8k and an increase in expenditure of £5k associated with the planned improvements in security at various allotment sites.

It was confirmed to Members, as per a previous resolution, the year-end surplus, if any, would be transferred to the Beehive Fund unless Members decided otherwise.

RESOLVED that:

To approve the contents of the report.

24. **CHARGES FOR COUNCIL SERVICES 2020/21**

Members received a report, as set out in agenda item 10, dated 14 November 2019, recommending an inflationary increase in charges levied by the town council to third parties for the use of the council's services and facilities.

It was confirmed to Members the proposed increase for allotment plots did not include the increase to cover the cost of upgrading security at some of the allotments sites.

RESOLVED that:

To approve the increase in charges levied by the town council to third parties for the use of the council's services and facilities.

25. **DRAFT REVENUE BUDGET 2020/21**

Members received a report, as set out in agenda item 11, dated 14 November 2019, for Members to consider the first Draft Revenue Budget for the 2020/21 financial year.

The report highlighted the impact on the Band D rate of the one-off £72k credit given in the current year's Precept and how this would give rise to an increase in the Band D rate for 2020/21 of just under £6 per annum (9%). The report showed, also, that once the impact of the current year's £72k credit was removed, the underlying increase in the Band Rate, in this first draft budget, was circa 0.5%. It was noted an explanatory leaflet was required to be included with the delivery of council tax bills in March 2020 so that residents would be able to appreciate more fully the reasoning behind the increase in Burgess Hill Town Council's element of the council tax bill.

During the ensuing discussion, it was confirmed to Members the draft Budget for 2020/21 included, in-full, the annual repayments of the principal and interest charges (£123k) of the £3million Beehive loan and incorporated the latest 1 percentage point increase in the interest rate levied by the government. It was accepted, however, there were a number of factors that could substantially alter this position, the timing of the loan draw down, actual growth in tax base, further changes in the interest rate and the success of raising the additional funds to fulfil the project.

It was highlighted to Members the loan draw down expiry period had been extended to September 2020 and should the loan not be drawn down by that date, a new loan application to the Communities Department would be required.

The discussion drew attention, also, to a number of other factors that may impact on the final Precept and Band D rate for the 2020/21 financial year such as costs associated with the potential install of a solar photovoltaic system on the roof of the town council building, the provision of an indoor market and other initiatives that may emanate from the Bridge the Gap programme.

Members accepted this was a first draft budget and that work should continue in preparing the final budget to be presented in January 2020.

RESOLVED that:

- a) To note the contents of the report, and
- b) Continue on with the preparation of the budget for the 2020/21 financial year, and
- c) To prepare a Precept explanatory leaflet for inclusion with the council tax bills to be delivered to residents.

26. EARMARKED RESERVES

Members received a report, as set out in agenda item 12, dated 14 November 2019, updating Members with regard to the status of the Town Council's Earmarked Reserves.

The report gave a summary of the level of reserves held as at 31 October 2019 (with a full breakdown given on agenda appendix 3) and highlighted those reserve funds considered "*Closed*" with any residual balance to be released to support other activities of the Town Council, "*Restricted*" where, in the main, they could be used only for the purpose they had been set aside, and "*Unrestricted*", where, potentially, the purpose of the reserve funds could be re-determined.

During the ensuing discussion, it was agreed the Community Information Re-organisation Fund was no longer required and the balance of £5k should be transferred to the Beehive fund.

The discussion also looked at the level of General Reserve and whether this was appropriate for the level of risk faced by the town council. It was noted the General Reserve was set-aside to cover unforeseen problems and/or opportunities, however, the "unforeseen" nature did make it problematic to quantify fully such costs. The auditor's "rule of thumb" indicated a level of around 25% of net budgeted expenditure could be used, however, looking at the risk posed to the council in its funding stream where over 80% of income was guaranteed by statute (the Precept), Council had previously agreed a lower level of 20% should be maintained. The Chairman of the meeting raised concerns, also, in regard to the Beehive project and felt the lowering of the reserve would be premature.

RESOLVED that:

- to note the contents of the report.

27. COMMUNITY VENUE FUND (THE BEEHIVE) – CURRENT STATUS

Members received a report, as set out in agenda item 13, dated 14 November 2019, giving a financial assessment of the Community Venue (The Beehive) Fund.

The report noted a planning application had been submitted and determination by the planning authority, Mid Sussex District Council, was expected towards the end of November 2019.

The report looked, also, at the current status of the fund which, after taking into account a number of outstanding costs associated the RIBA Stage 1-3 estimation of fees, stood at £233k. The report also noted a number of other estimated costs totalling £185k that had not been included within the current fund balance, with the main cost relating to the demolition of the ex-RBL building in Cyprus Road. The current estimate was shown at £100k, however, it was noted at the meeting this cost would be more in the region of £125k and could change depending on any issues found by the demolition company.

It was confirmed to Members that a business plan had been commissioned for the Beehive Centre which would include, in more detail, financial viability projections to be considered by the Town Council.

The “Risk Implication” within the report noted there was an additional £16k in loan repayments due to the government’s increase of 1 percentage point in the rates charged by the Public Works Loan Board. This would have an implication on the Venue Support Fund which had been set-up to support the Revenue Budget until the tax base had grown to a level where the extra income would be adequate to fund the loan repayments. Should the project move ahead, this fund, standing currently at £88k, would need to be increased in the region of £50k.

RESOLVED that:

To note the contents of the report.

28. DATE OF NEXT MEETING

It was agreed the next meeting would be in January 2020 and the RFO would contact Members accordingly.

Meeting ended 19.45