

8 NOVEMBER 2019

To: **MEMBERS OF THE FINANCE KEY AREA GROUP**

A **MEETING** of the **FINANCE KEY AREA GROUP** will be held in the Council Chamber on **THURSDAY 14 NOVEMBER 2019** at **18.30** hours when your attendance is requested.

Steve Cridland  
Chief Executive Officer

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### **Open Forum**

Members of the public are invited to put questions or to draw relevant matters to the Council's attention. Each member of the public is allowed to speak once only in respect of a business item on the agenda (whether in the Open Forum or during the meeting) and shall not speak for more than three minutes at the discretion of the Chairman.

If it appears that the number of speakers is likely to unreasonably delay the disposal of business items on the agenda the Chairman may direct that a member of the public submits a question or comment in writing which shall be answered in due course.

1. **APOLOGIES FOR ABSENCE**
2. **SUBSTITUTES**
3. **DECLARATIONS OF INTEREST**  
In respect of any matter on the agenda.
4. **CHAIRMAN'S ANNOUNCEMENTS**
5. **NOTES OF PREVIOUS MEETING**  
To consider the Notes of the Meeting of the Finance Key Area Group held on 25 June 2019 (previously distributed).
6. **LISTING OF PAYMENTS MADE**
7. **EXTERNAL AUDIT RESULTS FOR THE 2018/19 FINANCIAL YEAR**
8. **INTERNAL AUDIT – FIRST INTERIM 2019/20 FINANCIAL YEAR**
9. **BUDGET MONITORING REPORT 2019/20**
10. **CHARGES FOR COUNCIL SERVICES 2020/21**
11. **DRAFT REVENUE BUDGET 2020/21**
12. **EARMARKED RESERVES**
13. **COMMUNITY VENUE FUND (THE BEEHIVE) – CURRENT STATUS**
14. **DATE OF NEXT MEETING**

Members of the Finance Key Area Group: Graham Allan, Andrew Barrett-Miles, Roger Cartwright, Anne Eves, Graham Fairbairn (Responsible Finance Officer - RFO), Janice Henwood, Simon Hicks (Chairman)

Filming, recording of Council meetings and use of social media

*During this meeting members of the public may film or record the Committee and officers from the public area only providing it does not disrupt the meeting. The Confidential section of the meeting may not be filmed or recorded.*

*If a member of the public objects to being recorded, the person(s) filming must stop doing so until that member of the public has finished speaking.*

*The use of social media is permitted but members of the public are requested to switch their mobile devices to silent for the duration of the meeting.*

**6. LISTING OF PAYMENTS MADE**

6.1 A listing of payments made by the Town Council are held in a yellow folder within the cabinet above Members' blue boxes. The listings are produced periodically and are open for inspection by Members during office hours.

**6.2 RECOMMENDATION**

Members are recommended to note the contents of the report.

**Risk Implications** – None

**7. EXTERNAL AUDIT RESULTS FOR THE 2018/19 FINANCIAL YEAR**

7.1 The purpose of this report is to update Members with the result of the external audit, conducted by Moore Stephens, Peterborough, for the 2018/19 Financial Year.

7.2 The Responsible Finance Officer (RFO) is pleased to report no issues have arisen and the auditors have stated on the Annual Governance and Accountability Return (AGAR) "...in our opinion the information in Sections 1 and 2 ...is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met".

A copy of the AGAR, including the auditor's report, can be obtained from the Responsible Finance Officer or viewed online at <https://bit.ly/2qkE3CG>

**7.3 RECOMMENDATION**

Members are recommended to note the contents of the report.

**Risk Implications** – None

**8. INTERNAL AUDIT – FIRST INTERIM 2019/20 FINANCIAL YEAR**

8.1 The purpose of this report is to update Members in regard to the first interim audit visit conducted by Auditing Solutions that took place on 29<sup>th</sup> and 30<sup>th</sup> October 2019.

8.2 The RFO is pleased to report no issues have arisen that need to be brought to the attention of Members. The audit report is available from the RFO on request or can be viewed on the following link <https://bit.ly/34Hwi8T>

**8.3 RECOMMENDATION**

Members are recommended to note the contents of the report.

**Risk Implications** – None

## 9. BUDGET MONITORING REPORT 2019/20

- 9.1 The purpose of this report is for the RFO to update Members with the latest forecast Outturn for the 2019/20 financial year.
- 9.2 In summary, the financial year end forecast, as compiled at 31 October 2019, shows an estimated surplus of circa £40k. This is made up of an increase in income of £16k, and a decrease in budget costs of £24k
- 9.3 The increase in income relates to, in the main, higher levels of business from the Burial Ground (£6k) and income from hiring-out rooms at the Town Council's offices (£11k).
- 9.4 The largest movement in expenditure relates to the removal of a provision (£8k) that was included to off-set uncertainty in partner income.

A summary Monitoring Report is shown at agenda item 9.5 followed by a detailed variance analysis at agenda item 9.6. A full budget monitoring report is shown at appendix 1.

### 9.5 Summary Monitoring Report

<b>MONITORING REPORT 2019/20</b>	<b>31/10/2019</b>	<b>MONTH</b>	<b>7.0</b>
<b>CONSOLIDATED SUMMARY</b>	<b>Budget 2019/20</b>	<b>Forecast 2019/20</b>	<b>Variance ON BUDGET</b>
<b>INCOME</b>			
Civic, Corporate, Promotion and staff	£18,874	£18,874	£0
Community Engagement	£10,106	£10,152	£46
Customer Service	£48,490	£49,015	£525
Finance and Administration	£48,194	£63,224	£15,030
<b>TOTAL INCOME</b>	<b>£125,664</b>	<b>£141,265</b>	<b>£15,601</b>
<b>EXPENDITURE</b>			
Civic, Corporate..(Exclds Beehive repayment)	£616,090	£605,518	-£10,572
Staff and Member	£3,000	£4,350	£1,350
Community Engagement	£49,129	£46,953	-£2,176
Customer Service	£133,667	£130,401	-£3,266
Finance and Administration	£143,750	£133,981	-£9,770
<b>TOTAL BASE EXPENDITURE</b>	<b>£945,636</b>	<b>£921,204</b>	<b>-£24,433</b>
Loan repayment (Beehive contribution fund)	£53,506	£53,506	£0
Support from Reserves			
<b>NET BUDGETED EXPENDITURE</b>	<b>£873,478</b>	<b>£833,445</b>	<b>£40,033</b>
<b>Surplus / (-deficit)</b>	<b>£0</b>	<b>£40,033</b>	

## 9.6 Forecast Year End Variance Analysis +/- £1,000

(FORECAST COMPILED AS AT 31/10/2019)

	Budget	Forecast	Variance		
<b>NET BUDGETED EXPENDITURE - excluding venue adjustment</b>	<b>£873,478</b>	<b>£833,445</b>	<b>£40,033</b>	Surplus	
<b>Made up of:</b>					
	<i>Budget</i>	<i>End of year Forecast</i>	<i>Variance</i>	<i>COMMENTS</i>	
<b>INCOME</b>					
6570	Burial Ground (St Johns)	£0	£1,885	£1,885	Extention of contract to 30/6/19
6571	Burial Ground Income	£24,000	£30,000	£6,000	Increased Business + 1 off 5 times rate
5580/8582	Room lettings/SMR hire/Council Chamber	£5,994	£16,665	£10,671	Audiology remain, £2.8k risk included + increased CC hire
5572	Worlds End Hire income	£3,800	£1,924	£-1,877	Budget error. 50% to be shared with MSDC
7074	WSCC Roundbaout income	£18,945	£16,999	£-1,946	WSCC taking over income from sponsorship
	Balance on all other budget items	£72,925	£73,792	£867	
<b>Total Movement on Income</b>		<b>£125,664</b>	<b>£141,265</b>	<b>£15,601</b>	<b>INCREASED income</b>
<b>EXPENDITURE</b>					
		<i>Budget</i>	<i>End of year Forecast</i>	<i>Variance</i>	
5012-4	About Town	£17,348	£15,172	£-2,176	New contract with new supplier
7020	Allotment improvements	£2,100	£7,100	£5,000	Security upgrade at Chanctonbury/ Junction/ Eastdale/ Leylands. Money to be recouped over 2-4 years
5001	Audit & Miscellaneous	£24,399	£16,506	£-7,893	Removal of Budget provisions re uncertainty over income
6504	Burial ground grave digging/maintenance	£12,200	£15,000	£2,800	Increased business
9004	Fuel for van	£4,500	£3,392	£-1,108	Less use of vans
4507	Members Allowances	£18,629	£19,685	£1,056	Potential for more Members to claim
9007	Mobile Maintenance New Equipment	£4,000	£3,000	£-1,000	Full budget not required
5517	Non Domestic Rates (96 CW)	£9,270	£6,138	£-3,132	Government discount of retail premises
7027	Parish Weed spray	£1,900	£0	£-1,900	Work not undertaken anymore
9601-4	Salaries	£607,840	£599,018	£-8,822	Staff amendments
9005	Storage	£4,109	£3,000	£-1,109	Storage for Martlets' tables no longer required
5003	Training Fund Contribution	£2,000	£3,500	£1,500	New MMT staff
7002	Tree Survey	£1,271	£0	£-1,271	2019/20 combined with 2018/19 work
	Balance of all other budget items	£236,071	£229,693	£-6,378	
<b>MOVEMENT ON BASE EXPENDITURE</b>		<b>£945,636</b>	<b>£921,204</b>	<b>£-24,433</b>	<b>DECREASE in expenditure</b>
<b>NET MOVEMENT ON PRECEPT</b>		<b>£819,972</b>	<b>£779,939</b>	<b>£40,033</b>	<b>PROJECTED YEAR END SURPLUS</b>

## 9.6 RECOMMENDATION

Members are recommended to approve the contents of the report

**RISK IMPLICATIONS:** The projected surplus includes income from partner organisations of circa £12k which is currently under review by the respective partner.

## 10. CHARGES FOR COUNCIL SERVICES 2020/21

10.1 The purpose of this report is for Members to consider an increase in charges levied by the Town Council to third parties for the use of the council's facilities and services. Traditionally, the rate of inflation has been used to update charges and for the forthcoming year this is estimated at 2.0%. Should inflation change in the interim period, charges may be adjusted accordingly.

10.2 The table below details the impact of inflation on a selection of core items charged by the Town Council.

	<b>Current Charge</b>	<b>Proposed Increases for 2020/21</b>	<b>Notes</b>
<b>About Town advertising</b>	Ranges from: Eighth Page B/W £116 to Inside front cover colour £562	£118  £573	
<b>Allotment plots</b>	Ranges from: 2.5 rod (25sq mtrs) £27.45 to 5 rods (150sq mtrs) £43.11  Discounts of around 30% available for aged 65 and over	£28.14 to £44.19	The recently undertaken security review may lead to increased prices for a defined period of time for some allotment sites. Final plans and costings have yet to be confirmed.
<b>Burial Ground</b>	Core charges  <u>Coffin Burial</u> Exclusive Rights £607 Interment Fees (single) £523 Interment Fees (double) £570  <u>Cremated Remains</u> Exclusive Rights £265 Interment Fees £138 (single)  5 times increase on purchase price and interment charges for people outside of Burgess Hill.*	619 534 580  270 141	<i>*concessions are given in regard to Burgess Hill residents who may have moved out of the area for care reasons</i>
<b>Room lettings</b>	Charges vary from £FOC to £58.00/hr depending on organisation, room type, catering, accessories and caretaker requirements.	£59/hr	

### 10.3 RECOMMENDATION

Members are recommended to approve increasing the level in charges as per the schedule above.

**RISK IMPLICATIONS:** none

### 11. DRAFT REVENUE BUDGET 2020/21

11.1 The purpose of this report is for Members to consider the first Draft Revenue Budget for 2020/21.

11.2 Inflation, where appropriate, has been set at 2.0%, while the salary cost of living rise has been included, also, at 2.0%. A 1.5% increase has been allowed for in the movement of the Tax Base (1.6% prior year). The employers' pension contribution remains at 21.7%, however, the recent actuarial review has recommend a reduction to 20.7%. This has yet to be ratified and would reduce the pension bill by circa £4.5k.

11.3 Members may recall the current year's Precept included a credit-back of £72k relating to the original venue funding plan that was rejected by residents. This "crediting back" applies only to 2019/20 financial year and will result in a balancing increase in the 2020/21 financial year and will have, prior to any other movement in base budget income and costs, **an upward movement on the Band D rate of just under £6 (9%).**

11.4 **The draft Net Budgeted Expenditure** (Precept) for 2020/21 financial year is shown at £890,670 giving rise to a **Band D rate of £73.64**. This is an increase on the prior year's Band D rate of £6.40 (9.5%) and is inclusive of the above noted venue adjustment (11.3). The figures include, also, support of £56.5k from the Venue Revenue Support fund to support the £3million venue loan repayments (included in full within the 2020/21 draft budget – see item below 11.6a). A consolidated Revenue Account and Variance analysis is shown below at 11.7 and 11.8 respectfully with a detailed Revenue Budget at appendix 2.

11.5 For Members' information, the notional Band D rate calculated after removing the impact of the previously noted £72k credit would be as follows:

	18/19		19/20		20/21	
Actual	£78.08	9.9%	67.22	-13.9%	73.43	9.2%
Notional	£71.91	1.2%	73.30	1.9%	73.64	0.5%

11.6 There are a number of factors that will have an effect in determining the final Precept and Band D rate, these are detailed below for discussion:

#### a) **New Venue (Beehive) Loan repayment**

The current loan expiry date (extended recently) expires in September 2020 and requires, therefore, the loan to be drawn-down before that date otherwise a new loan application will be required. For budgeting purposes, at this stage, **the full amount of the loan repayment has been included in the 2020/21 Draft budget.**

The required loan repayment equates to £123,380 per annum and is included in the first draft budget. This charge includes the recent increase by the government of 1 percentage point to PWLB interest rates which has added an additional £16k in annual repayments.

The original plan to ensure the affordability of the loan, without impacting on the Precept, was to set-aside monies in a Revenue Support Fund to support the Revenue Budget until the tax base had grown sufficiently to fully fund the loan repayments. This plan will need to be revisited in light of the government's 1% increase in the loan repayment rate (additional information at agenda item 13).

There are a number of factors that could change this current assessment; when and how much of the loan is drawn down at any one time, success in raising the additional funds needed for the project, any other movement in interest rates, and the actual growth in the tax base.

Fundraising: to-date, success in raising funds for the project has been limited and may well impact on the ability to draw down on the £3 million loan approval prior to the expiry date. As noted above, a new loan application may be required should the success in raising funds remain disappointing through to September 2020.

Ongoing subsidy: The report by the consultant, David Clark, who was appointed to assess the need and viability of a new venue, concluded an ongoing subsidy of circa £40/45k\* per annum would be required. This has not yet been factored into the Town Council's budget and would need to be considered for the financial year 2021/22 but this would be dependent on the final delivery timescale of the project.

#### b) **New initiatives**

There are a number of new initiatives being considered at this time, such as funding a Saturday bus service (£13k), solar panels on the roof of the town council's offices (£?), Welcome Signs at the entrance to Burgess Hill (£19k), allotment security upgrades (£?) and other initiatives that may emanate from the Bridge the Gap programme (£?). To-date, some of these have not been fully costed and/or approved and are not included in the presented Draft Budget.

For Members' information, every £10,000 increase in the Precept adds approximately 0.83p (1.2%) to the Band D rate.

11.7 Consolidated Draft Revenue Budget 2020/21

<b>DRAFT BUDGET 2020/21</b>			
<b>CONSOLIDATED SUMMARY</b>	<b>Budget 2019/20</b>	<b>Draft Budget 2020/21</b>	<b>Variance on Prior Year Budget</b>
<b>INCOME</b>			
Civic, Corporate, Promotion and staff	£18,874	£18,874	£0
Community Engagement	£10,106	£10,106	£0
Customer Service	£48,490	£47,892	-£598
Finance and Administration	£48,194	£50,484	£2,290
<b>TOTAL INCOME</b>	<b>£125,664</b>	<b>£127,356</b>	<b>£1,692</b>
<b>EXPENDITURE</b>			
Civic, Corporate..(Exclds Beehive repayment)	£616,090	£623,329	£7,239
Staff and Member	£3,000	£4,000	£1,000
Community Engagement	£49,129	£60,480	£11,351
Customer Service	£133,667	£125,732	-£7,935
Finance and Administration	£143,750	£137,628	-£6,122
<b>TOTAL BASE EXPENDITURE</b>	<b>£945,636</b>	<b>£951,169</b>	<b>£5,533</b>
Loan repayment (Beehive contribution fund)	£53,506	£123,380	£69,874
Support from Reserves		£56,523	£56,523
<b>NET BUDGETED EXPENDITURE</b>	<b>£873,478</b>	<b>£890,670</b>	<b>£17,192</b>
Actual Venue Credit back to Precept	-£72,385		£72,385
<b>NET BUDGETED EXPENDITURE/PRECEPT</b>	<b>£801,093</b>	<b>£890,670</b>	<b>£89,577</b>
Tax Base	11916.7	12095.5	178.8 1.5%
Band D - Actual	£67.22	£73.64	£6.40 9.5%
Band D - notional	£73.30	£73.64	£0.34 0.5%

## 11.8 Budget variance analysis for the 2020/21 financial year

<b>PRECEPT</b>		<b>BAND D</b>	
2020/21	1.5% increase in tax	<b>£890,670</b>	<b>£73.64</b>
2019/20		<b>£801,093</b>	<b>£67.22</b>
<b>Increase in Precept</b>		<b>£89,577</b>	<b>£6.40</b>
			<b>9.5%</b>

<b>MADE UP OF:</b>		<i>Budget 2019/20</i>	<i>Budget 2020/21</i>	<i>Movement on prior year 2019/20</i>	
<b>Income Movements</b>					
7074	Roundabout Income	£18,945	£16,500	£-2,445	new contractual agreement with WSCC
6570	Burial Ground Income	£24,000	£27,000	£3,000	Increased business
5580	CC/SMR/Sugery room hire	£5,994	£10,184	£4,190	Hiring of the Council's rooms continues to be successful
5573	Sidney West Management charge	£13,000	£14,000	£1,000	To more accurately reflect service costs
	Balance of movements on all other budget items	£63,725	£59,672	£-4,053	
<b>Total Income</b>		<b>£125,664</b>	<b>£127,356</b>	<b>£1,692</b>	<b>Decrease in income</b>
<b>Expenditure Movements</b>					
7012	Allotment site costs	£2,100	£4,100	£2,000	2 x sheds at Chanctonbury and Leylands
5001	Audit Fee/Misc	£24,399	£17,506	£-6,893	Removal of some provisions
6504	Burial ground running costs including grave digging	£12,200	£15,100	£2,900	Increased business
5506	Legion building running costs	£11,798	£5,899	£-5,899	Demolition during year, no business rates
4507	Members' Allowances	£18,629	£21,392	£2,763	Potential for increased numbers to claim
9007	Mobile Maint - new Equipment	£4,000	£3,000	£-1,000	Reduction based on ongoing expenditure plans
5517	Non domestic rates - 96 CW	£9,270	£6,231	£-3,039	Final year of government's retail unit discount
7027	Parish Weed spray	£1,900	£0	£-1,900	Work not undertaken anymore
9601	Salaries / Oncosts	£607,840	£616,329	£8,489	Changes to personnel levels/pension/NI adjustments
	Site Management plans		£2,500	£2,500	NEW item. Batchelors Farm/West Park
9005	Storage	£4,109	£2,500	£-1,609	Storage of chairs for Keymer site no longer required
5003	Training Fund Contribution	£2,000	£3,000	£1,000	Trainign for new staff
3067	Town Events	£5,000	£7,000	£2,000	Greater programme of events
5522	Worlds End Cleaning/Maint	£1,017	£0	£-1,017	MSDC take back facility May 2019
	Balance of movements on all other budget items	£241,373	£246,612	£5,239	Net increase in other items
<b>Base Budget Costs (excl Beehive loan repayments)</b>		<b>£945,636</b>	<b>£951,169</b>	<b>£5,533</b>	<b>Increase in base costs</b>
6007	Loan Repayments (Beehive)	£53,506	£123,380	£69,874	
	Support for Revenue Budget	£0	£56,523	£56,523	
<b>Net Budget Expenditure</b>		<b>£873,478</b>	<b>£890,670</b>	<b>£17,192</b>	<b>Increase in Net costs</b>
	Actual Venue Credit to Precept	£-72,385	£0	£72,385	
<b>Precept</b>		<b>£801,093</b>	<b>£890,670</b>	<b>£89,577</b>	<b>Net increase in Precept</b>

## 11.9 RECOMMENDATION

The views of Members are sought on the first draft budget for 2020/21.

### Risk Implications

The Revenue Budget continues to include monies from partner organisations (MSDC) relating to support towards the running of the Help Point of £19k and Environmental improvements £8k.



## 12. EARMARKED RESERVES

12.1 The purpose of this report is to update Members with regard to the status of the Town Council's Earmarked Reserves and to bring to the attention of Members those Earmarked Reserves that are no longer required ("Closed"), and are available to support other activities of the Town Council. A full listing of all the Earmarked Reserves are attached at appendix 3 and are broken down into whether they are:

- **Restricted** – Includes 3<sup>rd</sup> party income and/or formal commitments of expenditure have been made.
- **Unrestricted (i)** - no 3<sup>rd</sup> party income received and formal expenditure commitments have not been made.
- **Closed** - no longer required/complete and any residual can be returned to the Revenue Budget.

*(i) Unrestricted: These reserves will have been set-aside for a) defined purpose e.g. CCTV, b) to cover ad-hoc/individual expenditure that may put pressure on a particular budget year e.g. recruitment & training, c) residual amounts from various in-year events to be c/fwd and added to the next years' budget allocation e.g. Grants / Summer Fayre, and d) to "smooth" the budgeting process and prevent "yo-yo" Precept determinations e.g. setting aside funds annually towards the cost of having local elections every 4 years. Some might fall into more than one category.*

12.2 A summary breakdown of movements, as at 31 October 2019, within the Earmarked Reserves for 2019/20 is shown below:

### In summary:

Balance B/Fwd 01 April 2019		<b>£645,678</b>
Revenue Contributions to Funds	£113,706	
3 <sup>rd</sup> Party Receipts	£ 7,961	
Transfer in from General Reserve	<u>£ 35,150</u>	
<b>Total Income</b>	<b>£156,817</b>	
Less Payments from Funds	£163,163	
Venue credit back to Precept	<u>£ 72,385</u>	
	<b>£235,548</b>	
<b>Net Expenditure from Earmarked Reserves</b>		<b>£ 78,731</b>
<b>Total Earmarked Reserves as at 31 October 2019</b>		<b>£ 566,947</b>
<i>Made up of:</i>		
Closed		£ 234
Restricted		£ 437,419
UnRestricted		<u>£ 129,294</u>
<b>Total</b>		<b><u>£ 566,947</u></b>

### 12.3 Review of selected Earmarked Reserves

There is little material movement since the report presented to the Finance KAG at its June 2019 meeting so another review is not required at this time.

### 12.4 RECOMMENDATION

Members are recommended to note the contents of the report.

#### **Risk Implications - None**

### 13. COMMUNITY VENUE FUND (THE BEEHIVE) – CURRENT STATUS

- 13.1 The purpose of this report is to update Members in regard to the status of the Community Venue Fund. A planning application has now been submitted and determination from the planning authority is expected towards the end of November 2019.

Balance B/Fwd 01/04/2019		£153k
Transfers in to fund		<u>£197k</u>
		£350k
Costs received to-date this financial year (as at 31/10/19)	(£88k)	
RIBA Stage 1-3 costs outstanding	(£26k)	
Fund raising – outstanding	(£3k)	
		<u>£117K</u>
<b>Balance of funds available as at 31/10/2019</b>		<b>£233k</b>
Other costs (estimated) that have not yet been included:		-
- Demolition of RBL building	£100k	
- Fees (legal/consultants)	£ 15k	
- Contingency	£ 20k	
- Venue Support Fund (see “Risk” below)	£ 50k	

### 13.2 RECOMMENDATION

Members are recommended to note the contents of the report.

**Risk Implications** – The rise in PWLB interest rates by one percentage point has increased the loan repayments, on a £3mil loan, by £16k per annum. This will have an impact on the Venue Support Fund (set-up to support the Revenue Account until the tax base has grown sufficiently to fund the loan repayments) which currently stands at £88k. Although a detailed costing has yet to be made, the amount of additional monies required for this fund will be in the region of £50k. This will vary according to any further changes in the interest rate and/or changes to any draw down timescale.

### 14. DATE OF NEXT MEETING

January 2020, exact date to be advised.