

15 JANUARY 2020

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

A **MEETING** of the **FINANCE KEY AREA GROUP** will be held in the Council Chamber on **Monday 20 JANUARY 2020** at **18.30** hours when your attendance is requested.

PLEASE NOTE START TIME OF MEETING

Steve Cridland
Chief Executive Officer

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 14 November 2019 (previously distributed).
6. **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
7. **BUDGET MONITORING REPORT 2019/20 AND DISPOSITION OF SURPLUS**
8. **2nd DRAFT REVENUE BUDGET 2020/21 INCORPORATING BRIDGE THE GAP AND OTHER INITIATIVES**
9. **EARMARKED RESERVES**
10. **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)

7. BUDGET MONITORING REPORT 2019/20 AND DISPOSITION OF SURPLUS

- 7.1 The purpose of this report is for the RFO to update Members with the latest forecast Outturn for the 2019/20 financial year.
- 7.2 The financial year end forecast, as compiled at 31 December 2019, shows an estimated surplus of just under £60k. This is made up of an increase in income of £14k and a decrease in costs of £46k.

Major movements

Income: Room lettings of £14k relating to the Audiology contract continuing and the successful hiring of the Council Chamber to external groups; Burial ground income of £6k relating to increased business and a 5 x rate plot purchase.

Expenditure: Reduction in staffing costs of £13k through changes in staffing levels and staff provisions, a reduction in a provision relating to income risks of £20k, and a Business Rates retail discount for the Held Point area of £3k.

A summary Monitoring Report is shown at agenda item 7.3 followed by a detailed variance analysis at agenda item 7.4. A full budget monitoring report is shown at appendix 1.

7.3 Summary Monitoring Report

MONITORING REPORT 2019/20	31/12/2019	MONTH	9.0
CONSOLIDATED SUMMARY	Budget 2019/20	Forecast 2019/20	Variance ON BUDGET
INCOME			
Civic, Corporate, Promotion and staff	£18,874	£18,874	£0
Community Engagement	£10,106	£9,534	-£572
Customer Service	£48,490	£46,931	-£1,559
Finance and Administration	£48,194	£64,463	£16,269
TOTAL INCOME	£125,664	£139,802	£14,138
EXPENDITURE			
Civic, Corporate..(Exclds Beehive repayment)	£616,090	£599,628	-£16,462
Staff and Member	£3,000	£4,376	£1,376
Community Engagement	£49,129	£45,743	-£3,386
Customer Service	£133,667	£131,456	-£2,211
Finance and Administration	£143,750	£118,916	-£24,835
TOTAL BASE EXPENDITURE	£945,636	£900,120	-£45,517
Loan repayment (Beehive contribution fund)	£53,506	£53,506	£0
NET BUDGETED EXPENDITURE	£873,478	£813,824	£59,654
Surplus / (-deficit)	£0	£59,654	Surplus

VARIANCE ANALYSIS 2019/20
(FORECAST COMPILED AS AT 31/12/2019)

	Budget	Forecast	Variance	
NET BUDGETED EXPENDITURE - excluding venue adjustment	£873,478	£813,824	£59,654	Surplus
<i>Made up of:</i>				
	<i>Budget</i>	<i>End of year Forecast</i>	<i>Variance</i>	<i>COMMENTS</i>
INCOME				
Burial Ground (St Johns)	£0	£1,885	£1,885	Extension of contract to 30/6/19
Burial Ground Income	£24,000	£30,000	£6,000	Increased Business + 1 off 5 times rate
Additional Parish Works (funded by MSDC)	£4,775	£0	-£4,775	Agreement with Parishes being reviewed. May get circa 50%
Room lettings/SMR hire/Council Chamber	£5,994	£20,054	£14,060	Audiology remain + increased CC hire
Worlds End Hire income	£3,800	£1,924	-£1,877	Budget error. 50% to be shared with MSDC
WSSC Roundabout income	£18,945	£16,591	-£2,354	WSSC taking over income from sponsorship
Balance on all other budget items	£68,150	£69,349	£1,199	
Total Movement on Income	£125,664	£139,802	£14,138	INCREASED income
EXPENDITURE	<i>Budget</i>	<i>End of year Forecast</i>	<i>Variance</i>	
About Town	£17,348	£14,766	-£2,582	New contract with new supplier
Allotment improvements	£2,100	£8,304	£6,204	Security upgrade at various allotments. Money to be recouped over 2-4 years
Audit & Miscellaneous	£24,399	£4,111	-£20,288	Removal of Budget provisions re uncertainty over income
Burial ground grave digging/maintenance	£12,200	£15,000	£2,800	Increased business
Fuel for van	£4,500	£3,392	-£1,108	Less use of vans
Members Allowances	£18,629	£19,684	£1,055	Potential for more Members to claim
Mobile Maintenance New Equipment	£4,000	£3,000	-£1,000	Full budget not required
Non Domestic Rates (96 CW)	£9,270	£6,138	-£3,132	Government discount of retail premises
Parish Weed spray	£1,900	£0	-£1,900	Work not undertaken anymore
Salaries	£607,840	£594,334	-£13,506	Staff amendments
Storage	£4,109	£3,000	-£1,109	Storage for Martlets' tables no longer required
Telephone & Communication	£6,159	£7,956	£1,797	Office 365 licences
Training Fund Contribution	£2,000	£3,500	£1,500	New MMT staff
Tree Survey	£1,271	£0	-£1,271	2019/20 combined with 2018/19 work
Release unrequired provisions		-£3,220	-£3,220	
Balance of all other budget items	£229,911	£220,155	-£9,756	
MOVEMENT ON BASE EXPENDITURE	£945,636	£900,120	-£45,517	DECREASE in expenditure
NET MOVEMENT ON PRECEPT	£819,972	£760,318	£59,654	PROJECTED YEAR END SURPLUS

7.5 DISPOSITION OF SURPLUS

Members will be aware of the drive to prioritise funding to support the “Bridge the Gap” and other initiatives programme. It is proposed, therefore, to transfer the complete surplus to this programme. Full details are shown under the “Bridge the Gap” agenda item at 8.10

7.6 RECOMMENDATION

Members are recommended to allocate the current year’s surplus to the Bridge the Gap & Other initiatives programme subject to Members’ scrutiny when agenda item 8.10 is discussed.

Risk Implications

Should the surplus be less than that currently predicted future expenditure plans may need to be revisited.

8. **2nd DRAFT REVENUE BUDGET 2020/21 INCORPRATING BRIDGE THE GAP AND OTHER INITIATIVES**

- 8.1 The purpose of this report is for Members to consider the 2nd Draft Revenue Budget for 2020/21. This report updates the 1st draft presented at the November 2019 KAG meeting. The full budget detail is attached at appendix 2.
- 8.2 Inflation, where appropriate, has been set at 2% while the salary cost of living rise has been included, also, at 2.0%. A 2.4% increase has been confirmed for the movement of the Tax Base (1.5% included in 1st Draft Budget; 1.6% prior year).
- 8.3 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%)**.
- 8.4 The first draft budget for 2020/21 included a repayment of the Beehive loan (£3mil) of £123k. At this time, however, it looks unlikely the loan will be drawn down, in-part or in-full , within the next few months. Assuming, however, the loan is drawn down in-total prior to the loan expiry date (6th September 2020), then the amount of the loan repayments needed to be included within the 2020/21 budget would be circa £73k.

With the movement in the loan draw down date, a material increase in the tax base and associated future growth forecast, the Venue Support Fund will need to be reviewed by the RFO who will look at the levels required and, also, if this is now the most appropriate mechanism to use going forward.

- 8.5 A number of new initiatives/expenditure items have been included in the 2nd draft revenue budget and these are covered in agenda item 8.1 *Bridge the Gap*.
- 8.6 **In summary, the draft Net Budgeted Expenditure** (Precept) for 2020/21 financial year is £919,228 giving rise to a **Band D rate of £75.32**. This is an increase on the prior year’s Band D rate of £8.10 (12.05%) and is inclusive of the above noted venue adjustment (item 8.3).
- 8.7 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%	75.32	12.05%
Notional		£71.91	1.2%	73.30	1.9%	75.32	2.75%

8.8 Consolidated Summary

2nd DRAFT BUDGET 2020/21			
CONSOLIDATED SUMMARY	Budget 2019/20	Draft Budget 2020/21	Variance on Prior Year Budget
INCOME			
Civic, Corporate, Promotion and staff	£18,874	£18,874	£0
Community Engagement	£10,106	£9,629	-£477
Customer Service	£48,490	£45,217	-£3,273
Finance and Administration	£48,194	£54,500	£6,306
TOTAL INCOME	£125,664	£128,220	£2,556
EXPENDITURE			
Civic, Corporate..(Exclds Beehive repayment)	£616,090	£629,048	£12,958
Staff and Member	£3,000	£3,500	£500
Community Engagement	£49,129	£83,180	£34,051
Customer Service	£133,667	£124,632	-£9,035
Finance and Administration	£143,750	£133,572	-£10,179
TOTAL BASE EXPENDITURE	£945,636	£973,932	£28,296
Loan repayment (Beehive contribution fund)	£53,506	£73,517	£20,010
NET BUDGETED EXPENDITURE	£873,478	£919,228	£45,750
Actual Venue Credit back to Precept	-£72,385		£72,385
PRECEPT	£801,093	£919,228	£118,135
Tax Base	11916.7	12205.0	288.3 2.42%
Band D - Actual	£67.22	£75.32	£8.10 12.05%
Band D - notional	£73.30	£75.32	£2.02 2.75%

.../cont

8.9 Budget variance analysis 2020/21 financial year

PRECEPT			BAND D	Notional Band D
2020/21	1.5% increase in tax	£919,228	£75.32	£75.32
2019/20		£801,093	£67.22	£73.30
Increase in Precept		£118,135	£8.08	£2.02
			12.02%	2.75%

MADE UP OF:	Budget 2019/20	Budget 2020/21	Movement on prior year 2019/20	
Income Movements				
Roundabout Income	£18,945	£16,700	-\$2,245	new contractual agreement with WSCC
Additional parish works (funded by MSDC)	£4,775	£0	-\$4,775	Agreement with parishes being reviewed
Burial Ground Income	£24,000	£28,000	£4,000	Increased business
CC/SMR/Sugery room hire	£5,994	£15,000	£9,006	Audiology continues/ successful hiring of facilities
Worlds End recreation. Management fee	£3,800	£0	-\$3,800	Taken inhouse by MSDC
Balance of movements on all other budget items	£68,150	£68,520	£370	
Total Income	£125,664	£128,220	£2,556	Increase in income
Expenditure Movements				
Allotment site costs	£2,100	£4,100	£2,000	2 x sheds at Chanctonbury and Leylands
Audit Fee/Misc	£24,399	£17,499	-\$6,900	Removal of some provisions
Burgess Hill Community Festival	£7,400	£13,000	£5,600	1 off increase towards a more ambitious festival
Burial ground running costs including grave digging	£12,200	£15,400	£3,200	Increased business
Election Fund contribution	£6,500	£2,000	-\$4,500	Lower contribution required leading up to 2023
Grants/Donations Fund contribution - major/minor (3010)	£12,000	£20,000	£8,000	1 off increase towards greater funding of grant applications
Grants : green initiatives	£0	£10,000	£10,000	New. 1 off amount to help fund green community initiatives
Inclusivity initiative	£0	£10,000	£10,000	New. To support delivery of "evening" changing places toilet
Legion building running costs	£11,798	£5,899	-\$5,899	Demolition during year, no busniess rates
Members' Allowances	£18,629	£20,078	£1,448	Potential for increased numbers to claim
Mobile Maint - new Equipment	£4,000	£3,000	-\$1,000	Reduction based on ongoing expenditure plans
Non domestic rates - 96 CW	£9,270	£6,231	-\$3,039	Final year of government's retail unit discount
Parish Weed spray	£1,900	£0	-\$1,900	Work not undertaken anymore
Repairs & Renewals	£11,750	£9,750	-\$2,000	Enough in fund
Salaries / Oncosts	£607,840	£612,048	£4,208	Changes to personnel levels/pension/NI adjustments
Site Management plans	£0	£2,500	£2,500	NEW item. Batchelors Farm/West Park
Storage	£4,109	£2,500	-\$1,609	Storage of chairs for Keymer site no longer required
Telephone & Communications	£6,159	£8,150	£1,991	Office 365 licences included
Town Events	£5,000	£7,000	£2,000	Greater programme of events
VE Day 75	£0	£10,000	£10,000	NEW. Towards the 2020/21 remembrance event
Worlds End Cleaning/Maint	£1,017	£0	-\$1,017	MSDC take back facility May 2019
Balance of movements on all other budget items	£199,564	£194,777	-\$4,787	Net increase in other items
Base Budget Costs (excl Beehive loan repayments)	£945,636	£973,932	£28,296	Increase in base costs
Loan Repayments (Beehive)	£53,506	£73,517	£20,010	Draw down Beehive loan end of August 2020
Net Budget Expenditure	£873,478	£919,228	£45,750	Increase in Net costs
Actual Venue Credit to Precept	-\$72,385	£0	£72,385	
Precept	£801,093	£919,228	£118,135	Net increase in Precept

8.10 BRIDGE THE GAP AND OTHER INITIATIVES

The purpose of this report is for Members to provide approval of the Bridge the Gap and other initiatives programme to be funded from the surplus from the the 2019/20 financial year, the reallocation of some existing Earmarked Reserves, increase in tax base and the notional Band D rate rising by 2.75%. This would generate funds in the region of £146k:

:

£000's	
29	Net Increase in Precept from 1 st to 2 nd draft budget*
60	Surplus from 2019/20
17	Town Centre Partnership monies (from Earmarked)
40	Reallocation of Venue Support (from Earmarked)
<u>146</u>	Total Funds available

*Tax base movement £8k, rate increase £21k

Summary of expenditure initiatives/allocations:
£000's

15	Community venue fund - Top up to support build costs (ER)
30	Bridge the Gap (to be spent over 2 years) (ER)
12	Foodbank relocation – to assist Foodbank to find new premises when ex-RBL demolished (ER)
40	Indoor Market - 1st year rental/lease. Risk: no fit-out or ongoing annual subsidy. Included (ER)
5	Festival top-up. Enables us to provide a more ambitious festival (RB)
8	Grants Fund – top-up to revenue contribution (RB)
10	Inclusivity Fund (e.g. delivery of a Changing Places Toilet available in evening) (RB)
10	Renewable energy/sustainability projects (ER)
10	Green grants for community projects (RB)
6	Provision (ER)
146	Total Expenditure

All these expenditure items are included within the Earmarked Reserves (ER) or Revenue Budget for 2020/21 (RB)

8.11 RECOMMENDATION

Members are recommended to:

- a) Approve the reallocation of funds to support the “Bridge the Gap” and other initiatives programme,
- b) Approve the budget for 2020/21 as presented, and
- c) Recommend to Council a Precept of £919,228

Risk Implications –

The Revenue Budget continues to include monies (£46k) from partner organisations (MSDC/WSCC) and although no specific indication has been given that these will be withdrawn, they should be considered a risk.

Income includes some £6k of income from one organisation for the hire of one of our rooms (actual contract £11k per annum). Due to NHS funding issues, this contract may be reduced.

The Bridge the Gap and other initiatives programme is dependent on the draw-down of the Beehive loan being deferred to August 2020. Should this be brought forward, available funds for the noted Bridge the Gap/Other initiatives may be reduced.

It should be noted, the reallocations of earmarked reserves including the new items within the 2020/21 budget should be seen as one-off allocations/adjustments. Should the Beehive loan be drawn down towards the end of this calendar year, the budget for 2021/22 must include the full loan repayment amount of circa £123k. This is an additional £50k to that shown within the 2020/21 Budget.

9. EARMARKED RESERVES

9.1 The purpose of this report is to update Members with regard to the status of the Town Council's Earmarked Reserves highlighting those that are either *Closed*, *Unrestricted* or *Restricted*. A full listing of all the Earmarked Reserves are attached at appendix 3 (a large printout will be provided at the meeting).

- **Restricted** – Includes 3rd party income and/or formal commitments of expenditure have been made and/or essential to the council's future operations.
- **Unrestricted (i)** - no 3rd party income received and formal expenditure commitments have not been made and/or desirable for the council's operations.
- **Closed** - no longer required/complete and any residual can be re-allocated.

(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.

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

In summary:

Balance B/Fwd 01 April 2019		£645,678
Revenue Contributions to Funds	£113,706	
3 rd Party Receipts	£ 7,961	
Transfer in from General Reserve	<u>£ 35,150</u>	
Total Income	£156,817	
Less Payments from Funds	£191,021	
Venue credit back to Precept	<u>£ 72,385</u>	
	£263,406	
Net Expenditure from Earmarked Reserves		£ 106,589
<u>Total Earmarked Reserves as at 31 December 2019</u>		£ 539,089
Estimated Expenditure through to year end 31/3/2020		£ (66,201)
Proposed re-allocation of 2019/20 surplus		<u>£ 59,654</u>
Estimated balance as at 31 March 2020		£ 532,542
Planned 2020/21 Revenue Contributions		£ 60,250
Estimated balance as at 1 April 2020		£ 592,792
<i>Made up of:</i>		
Closed		£ 0
Restricted		£ 412,913
UnRestricted		<u>£ 179,879</u>
Total		<u>£ 592,792</u>

9.3 RECOMMENDATION

Members are recommended to note this report.

10. DATE OF NEXT MEETING

June 2020, date to be confirmed.