

6 November 2020

TO MEMBERS OF THE FINANCE KEY AREA GROUP

A **MEETING** of the **FINANCE KEY AREA GROUP** will be held virtually by Zoom on **THURSDAY 12 NOVEMBER 2020** at **18.30 hours**, when your attendance is required.

Steve Cridland

Chief Executive Officer

A G E N D A

1. APOLOGIES FOR ABSENCE

2. SUBSTITUTES

3. DECLARATIONS OF INTEREST

In respect of any matter on the agenda.

4. CHAIRMAN'S ANNOUNCEMENTS

List of payments made since the last finance meeting in the yellow folder above the blue boxes. Members may request a PDF copy to be sent to them and/or they can view, via the town council's website, the quarterly £500+ payment schedule.

5. NOTES OF PREVIOUS MEETING

To consider the Notes of the Meeting of the Finance Key Area Group held on 21 July 2020 (previously circulated and attached).

6. EXTERNAL AUDIT – 2019/20

7. BUDGET MONITORING REPORT 2020/21

8. 1ST DRAFT REVENUE BUDGET 2021/22

9. EARMARKED RESERVES AS AT 30 OCTOBER 2020

10. DATE OF NEXT MEETING : TBC

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)

6. EXTERNAL AUDIT – 2019/20

6.1 The external auditors have not yet completed their limited assurance review. It is understood they must complete this by the end of November 2020.

6.2 RECOMMENDATION

Members are recommended to note the contents of the report.

Risk Implications – None.

7. BUDGET MONITORING REPORT 2020/21

7.1 The purpose of this report is for the RFO to update Members with the latest forecast Outturn for the 2020/21 financial year.

7.2 In summary, the financial year end forecast, as compiled at 31 October 2020, shows an estimated surplus of circa £48k. This is made up of a decrease in income of £17k, and a decrease in budget costs of £65k.

7.3 The decrease in income relates, in the main, to a drop in About Town Advertising (£6k) and room hire/shop sales (£10k). These reductions are directly linked to the pandemic.

7.4 The movement in expenditure relates, in the main, to activities that have been curtailed due to the pandemic, the largest of which being External Maintenance contracts (£10k) and Festival and events (£28k)

7.5 A summary Monitoring Report is shown at agenda item 7.6 followed by a detailed variance analysis at agenda item 7.7. A full budget monitoring report is shown at appendix 1.

7.6 Summary Monitoring Report

BUDGET 2021/22			
CONSOLIDATED SUMMARY			
	Budget 2020/21	Forecast 2020/21	Variance ON BUDGET
INCOME			
Civic, Corporate, Promotion and staff	£18,874	£18,874	£0
Community Engagement	£9,629	£3,728	–£5,901
Customer Service	£45,217	£40,529	–£4,688
Finance and Administration	£54,500	£48,057	–£6,443
TOTAL INCOME	£128,220	£111,188	–£17,032
EXPENDITURE			
Civic, Corporate (Exclds Beehive Fund)	£629,048	£621,546	–£7,502
Staff and Member	£3,500	£3,500	£0
Community Engagement	£83,180	£44,289	–£38,891
Customer Service	£124,632	£116,818	–£7,814
Finance and Administration	£133,572	£122,332	–£11,240
TOTAL BASE EXPENDITURE	£973,932	£908,485	–£65,446
Economic Support contribution fund Contrbt/(Beehive Fund)	£73,517	£73,517	£0
PRECEPT/NET BUDGETED EXPENDITURE	£919,228	£870,814	£48,414
Surplus / (-deficit)	£0	£48,414	

Note: The £73.5k Beehive fund contribution was transferred to the Economic Support fund (Covid) as agreed by Members previously.

7.7 Variance Analysis – major movements

	Budget	Actual	Variance	
NET BUDGETED EXPENDITURE	£919,228	£870,814	£48,414	Surplus
<i>Made up of:</i>	<i>Budget</i>	<i>Forecast</i>	<i>Variance</i>	COMMENTS
INCOME				
About Town Income	£9,629	£3,728	-£5,901	Covid related
HP, Shop (NET Position)	£1,300	£178	-£1,122	Covid Related
Interest on balances	£2,000	£500	-£1,500	Rock bottom interest rates
Room lettings/SMR hire/Council Chamber	£15,000	£6,307	-£8,693	Covid related
Balance on all other budget items	£100,291	£100,475	£184	
Total Movement on Income	£128,220	£111,188	-£17,032	DECREASED income
EXPENDITURE	Budget	Forecast	Variance	
Allotment improvements	£4,100	£9,705	£5,605	Security upgrade at various allotments. Money to be recouped over 2-4 years
Audit & Miscellaneous	£17,499	£10,000	-£7,499	Removal of Budget provisions re uncertainty over income
Burgess Hill Community Festival FUND Contr :	£13,000	£500	-£12,500	Majority of events cancelled due Covid
Civic events	£1,500	£250	-£1,250	Unlikely to be any event due Covid
Cleaning Contracts - Office	£12,951	£9,000	-£3,951	Reduced cleaning charges due office Covid office closures
Council Van	£11,000	£7,500	-£3,500	2 out of 3 vehicles owned
Fuel for van	£4,000	£2,750	-£1,250	Less use of vans
Health & Safety	£100	£1,700	£1,600	Covid related
Grants for Green Initiatives	£10,000	£0	-£10,000	Budgeted for in prior year
Insurances	£10,650	£9,200	-£1,450	Reduced rates due to competitive tendering
Legion Building - running costs	£5,899	£9,250	£3,351	Unlikely the building will not be demolished until mid/late 2021
Maintenance contracts (grounds)	£14,564	£5,000	-£9,564	Less use of 3rd party contractors due Covid
Mid Sussex Assoc of Town Councils-Secretari:	£400	-£600	-£1,000	2019/20 billed in current year giving large credit
Members Allowances	£20,078	£18,462	-£1,616	Less take up by Members
Mobile Maint -new equipment	£3,000	£2,000	-£1,000	Insurance monies have subsidised costs
Remembrance & Armistic Day	£2,000	£2	-£1,998	Event canx due Covid
Repairs & Renewals fund contribution	£9,750	£8,000	-£1,750	Current fund adequate
Salaries	£612,048	£606,296	-£5,752	Staff amendments
Summer Fayre contribution to fund (3043)	£2,200	£500	-£1,700	Canx due Covid
Town Events fund Contrbn (3067)	£7,000	£4,000	-£3,000	Reduced Programme due Covid.Possible further reductions.
Tree Surgery Fund Contribution	£3,250	£9,000	£5,750	The recent tree survey has highlighted a considerable number of trees across BHTC's land that require attention
VE Day 75 celebrations	£10,000	£0	-£10,000	Event canx due Covid
Balance of all other budget items	£198,943	£195,970	-£2,972	
MOVEMENT ON BASE EXPENDITURE	£973,932	£908,485	-£65,447	DECREASE in expenditure
NET MOVEMENT ON PRECEPT	£845,711	£797,297	£48,414	ESTIMATED YEAR END SURPLUS

7.8 Disposition of Surplus

For the current budget year 2020/21, Members agreed to increase the Burgess Hill Community Festival Revenue Budget item from £8,000 to £13,000. With the pandemic, all events have been cancelled, however, the Community Engagement Officer has asked if this additional £5k could be allocated from the noted estimated surplus and placed into the Festival Fund to be added to the budget (£8k) for 2021/22.

7.9 RECOMMENDATION

Members are recommended to:

- a) note the contents of the report, and
- b) allocate £5k from the projected surplus to the Festival Fund for 2021/22.

Risk Implications – None.

8. 1ST DRAFT REVENUE BUDGET 2021/22

- 8.1 The purpose of this report is to give an update to Members in regard to the position of the 1ST draft Revenue Budget for the Financial year 2021/22 previously presented to Members at the July 2020 Finance KAG meeting.
- 8.2 The initial budget presented to Members was prepared on a status quo basis (when compared to the 2020/21 Revenue Budget) and included a full events programme for the year. The figures presented at that time showed a reduction in Precept of around £23k and the current position has not changed considerably with a reduction in the Precept of £27k and is updated below:

£919k	Precept 2020/21
<u>£892k</u>	Precept 2021/22 (Estimated)
£ 27k	Reduction in Precept

This is made up of:

Income (down £17k) – this is likely to remain subdued with revenue from About Town advertising and room hire deteriorating from the 2020/21 budget levels.

Expenditure (reduction of £44k) – this, in the main, relates to one-off revenue budget allocations in 2020/21 that will not appear in the 2021/22 Revenue Budget. All other costs remain static:

£ (35k)	Grants, Green initiatives £18k, VE day £10k, Festival £7k
£ (10k)	Inclusivity initiative
£ (8k)	Removal of unrequired provisions relating to 3rd party income
£ 12k	Salary and oncosts (+2%)
<u>£ (3k)</u>	Other movements
£ (44k)	

Net Reduction in Precept £27k

- 8.3 Members will be aware that the pandemic has made it difficult to progress the Beehive project and the Revenue Budget allocation of £73k for loan repayment in the 2020/21 budget was reallocated to the Economic (Covid) Support Fund to allow initiatives to be undertaken for the benefit of residents during these difficult times (please see agenda item 9.3 in regard to this).
- 8.4 As the town council looks forward to bringing the Beehive project back on track various financial models are being considered covering loan size, loan phasing and repayment plans. It is too early to bring these plans to this Finance KAG meeting for approval, however, consideration must be given to positioning the 2021/22 budget to allow a loan(s) to be drawn down during 2021/22 with the associated repayments. A definitive plan will be presented to Members at the January Finance KAG meeting.
- 8.5 To give Member a view of the work completed to date on the 1st Draft budget, appendix 2 contains the core departmental budgets.

RECOMMENDATION

Members are recommended to note the contents of the report.

Risk Implications – The movement in the Tax Base could have a significant impact on the Band D rate and the town council is waiting for this to be confirmed

9. EARMARKED RESERVES BUDGET 2021/22

9.1 The purpose of this report is to update Members with regard to the status of the Town Council's Earmarked Reserves. A full listing of all the Earmarked Reserves is attached at appendix 3, however, a review of the more active funds are highlighted below.

9.2 **Pantry/CIO (3075)** current balance £6,506

Members will recall from the Strategic Planning KAG meeting of the 27 July 2020, it was agreed to set-aside a grant of £10,000 (from the Economic Support Fund) to cover the initial start-up costs of the Pantry CIO covering the franchise fee, shop fit-out (if any) and the purchase of chillers and freezers.

A deposit of £500 has been paid to the Your Local Pantry franchisor (£1,500 balance to pay), and just under £3k for the vinyl flooring; the purchase of chillers/freezers have been covered by a grant from the Budding Foundation.

With the costs of the chillers/freezers being covered by a grant, Members could consider transferring the balance of the fund to the CIO to assist with the initial purchase of food and other incidentals.

Financial risks to the CIO - Lack of members to a level that does not sustain the core costs. The CIO would cease trading.

Financial risk to the Town Council - Should the project fail, for what-ever reason, the risk to the council would be limited to the £10k grant start-up costs, however, the recovery of premises charges via the Trading Spaces CIC project, could become a liability for the town council should a replacement tenant not be found, however, as noted below, the CIC has been established as a legal entity in its own right which will limit the town council's exposure.

RECOMMENDATION

The view of the Members are sort in regard to the transfer of the residual Town Council grant to the CIO.

Risk Implications – as noted in the report

9.3 **Economic Support Fund (Covid) (3074)** Current Balance £75,528

Members will recall this fund was originally set-up to provide help to the community in response to the Covid 19 pandemic and received some £10k from the BH Lions. Members may also recall it was agreed to transfer £73.5k from the Beehive Fund to give a secure financial foundation with which to support initiatives.

The fund has been used to help pay for food hampers, Silver Sunday gift bags, the refurbishment of the Food Bank premises and the previously noted transfer to the Pantry/CIO fund. Although there is still a substantial balance available, the long term pandemic effects on the town and its residents is still not fully known, however, once a residual balance is confirmed, these funds would be transferred back to the Beehive Fund.

RECOMMENDATION

Members are recommended to not the contents of the report.

Risk Implications – none

9.4 Trading Spaces (CIC) (3028) Current balance £38,726 and CIC Set-up Fund (3041) current balance £3,606

Members will recall from the confidential meeting of the Strategic Development KAG, held on 27 July 2020, that it was agreed to utilise the £40k in the Trading Spaces Fund towards implementing the Trading Spaces Project whereby the Burgess Hill Community Partnership CIC would be used as a vehicle to, where possible, open up various shop units and offer short term leases to interested shop tenants, effectively being a landlord, the first such example being the old William Hill premises which has now been re-opened with 4 new tenants, to include the Pantry/CIO.

The fit-out of the premises is soon to be completed and the final costs will see the current balance in the fund being fully utilised.

Ongoing, the CIC net position, as per the Strategic Development KAG, has been designed to be, at worst, cost neutral as running costs incurred relating to the shop unit, such as utilities, cleaning, waste disposal, business rates (if any), management fees etc, will be recharged to the tenants of the facility through a Service Charge agreement. A more formal budget is being prepared accordingly.

From a cash flow perspective, due to the way the individual tenant leases have been written i.e. tenants will pay their respective lease payments and service charge 3 months in arrears, the CIC will incur, initially, some costs prior to income being received.

To ensure CIC has enough funds to cover these initial costs, and to separate the CIC finances from the Town Council, it is recommended to transfer the residual balance of £3,606 from the original CIC set-up fund (3041) to the CIC bank account.

Financial risk to the CIC - shortfall of tenants with which to recharge costs and collect revenues.

Financial risk to the Town Council - limited as the CIC has been set-up and an independent entity from the Town Council and it will be for Members to decide the level of ongoing support, if any.

For more information in regard to the Trading Spaces/CIC, Members should refer to the confidential section of the Strategic Development Key Area Group meeting agenda dated 27 July 2020 (previously circulated).

RECOMMENDATION

Members are recommended to approve:

- a) The preparation of an a budget for the CIC, and
- b) Transfer the residual balance from the original CIC set-up fund, £3,606, to the CIC bank account.

Risk Implications – as noted in the report

9.5 **Bridge the Gap (3072)** Current balance £29,529

Members will recall this fund was set-up to fund new initiatives during the redevelopment of the town.

To-date, the majority of expenditure, some £1,700, has been spent on the setting up and the promotion of the street market, much of which will be recovered from market trader stall rents.

Costs associated with the Halloween project have been minimal.

RECOMMENDATION

Members are recommended to note the contents of the report.

10. DATE OF NEXT MEETING

January 2021, exact date and time to be confirmed