

18 June 2021

TO MEMBERS OF THE FINANCE KEY AREA GROUP

A **MEETING** of the **FINANCE KEY AREA GROUP** will be held virtually by Zoom on **24th JUNE 2021** 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+ and Corporate Card payment schedule.
- 5. ELECTION OF THE VICE CHAIRMAN OF THE FINANCE KAG** for the ensuing year.
- 6. NOTES OF PREVIOUS MEETING**
To consider the Notes of the Meeting of the Finance Key Area Group held on 18 January 2021 (previously circulated and attached).
- 7. INTERNAL AUDIT 2020/21**
- 8. FINANCIAL RESULT FOR THE 2020/21 FINANCIAL YEAR (SUBJECT TO EXTERNAL AUDIT)**
- 9. ANNUAL GOVERNANCE and ACCOUNTABILITY RETURN Part 3 FOR 2020/21.**
- 10. REVIEW OF BUDGET YEAR 2021/22**
- 11. EARMARKED RESERVES AS AT 1 APRIL 2021**
- 12. REVIEW OF FINANCIAL REGULATIONS**
- 13. BANK RECONCILIATION AND OTHER BALANCES**
- 14. 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)

7. INTERNAL AUDIT

7.1 I am pleased to report the interim internal audit (appendix 1) for the financial year 2020/21, completed in April 2021, did not raise any issues that require being brought to the attention of Members. The final internal audit is currently close to completion (conducted remotely) and will be forwarded once received. A verbal update from the auditor has confirmed there are no issues that need to be brought to the attention of Members. The Internal Audit certificate for 2020/21 has been provided and forms part of the Annual Governance and Accountability Return (agenda item 9, appendix 3).

7.2 RECOMMENDATION

Members are recommended to:

- A) To approve the interim internal audit report and,
- B) Approve the re-appointment of Auditing Solutions Ltd as the Council's internal auditors.

Risk Implications – None.

8. FINANCIAL RESULT FOR THE 2020/21 FINANCIAL YEAR (SUBJECT TO AUDIT)

- 8.1 The purpose of this report is for the Responsible Financial Officer to report to Members with regard to the financial result for the 2020/21 financial year.
- 8.2 The town council will post a surplus of **£55,151**. This includes the allocation of monies of £25k towards the Site Allocation Representation fund and the repayment of the Burial Ground Loan of £23k.
- 8.3 The result shows a marginal reduction in revenues and an overall saving of £59k on costs with a substantial amount of those savings relating to activity that could not be undertaken due to the pandemic. A Revenue Budget Consolidated summary is shown below followed by a £1,000 variance analysis. A full year end Budget Monitoring report is attached at Appendix 2.

MONITORING REPORT 2020/21	31/03/2021	12.0
CONSOLIDATED SUMMARY		
	Budget 2020/21	Actual
		Variance ON BUDGET
INCOME		
Civic, Corporate, Promotion and staff	£18,874	£18,874
Community Engagement	£9,629	£4,274
Customer Service	£45,217	£37,093
Finance and Administration	£54,500	£63,877
TOTAL INCOME	£128,220	£124,118
EXPENDITURE		
Civic, Corporate (Exclds Beehive Fund)	£629,048	£634,981
Staff and Member	£3,500	£3,030
Community Engagement	£83,180	£57,290
Customer Service	£124,632	£86,203
Finance and Administration	£133,572	£133,175
TOTAL BASE EXPENDITURE	£973,932	£914,678
Beehive Loan Repayment		
Beehive Working capital Fund (transfers to/from)	£73,517	£73,517
PRECEPT/NET BUDGETED EXPENDITURE	£919,228	£919,228
Surplus / (-deficit)	£0	£55,151

+/- £1000 VARIANCE ANALYSIS 2020/21

	Budget	Actual	Variance	
NET BUDGETED EXPENDITURE	£919,228	£919,228	£0	Surplus
<i>Made up of:</i>	<i>Budget</i>	<i>Forecast</i>	<i>Variance</i>	<i>COMMENTS</i>
INCOME				
About Town Income	£9,629	£4,274	-£5,355	Covid related
Allotments Rent income	£6,500	£7,641	£1,141	Security fencing recharge to tenants
Burial Ground Income	£28,000	£43,766	£15,766	Higher levels of activity
HP, Shop (NET Position)	£1,300	£330	-£970	Covid Related
Interest on balances	£2,000	£555	-£1,445	Rock bottom interest rates
MSDC Street name plate maintenance	£5,164	£1,606	-£3,558	Matches reduced expenditure
Room lettings/SMR hire/Council Chamber	£15,000	£6,057	-£8,943	Covid related
Balance on all other budget items	£60,627	£59,889	-£738	
Total Movement on Income	£128,220	£124,118	-£4,102	DECREASED income
EXPENDITURE	Budget	Forecast	Variance	
Audit & Miscellaneous	£17,499	£4,486	-£13,013	Removal of Budget provisions re uncertainty over income
Burgess Hill Community Festival FUND Contr 3055	£13,000	£5,500	-£7,500	Majority of events cancelled due Covid
Burial Ground	£15,400	£20,669	£5,269	Higher levels of activity
Burial Ground Loan Repayments	£5,250	£28,198	£22,948	Early repayment of BG loan
Civic events	£1,500	£68	-£1,432	No events due to Covid
Cleaning Contracts - Office	£12,951	£7,206	-£5,745	Reduced cleaning charges due Covid office closures
Computer maintenance/software	£7,150	£8,530	£1,380	Addl kit purchased to work from home + Zoom subscription
Consultants/Legal fund contribution (3018)	£1,000	£26,000	£25,000	Site Allocation representation-provision
Council Van	£11,000	£8,367	-£2,633	2 out of 3 vehicles owned
Fuel for van	£4,000	£2,886	-£1,114	Less use of vans
Health & Safety	£100	£1,786	£1,686	Covid related. PPE, hand sanitiser etc
Insurances	£10,650	£9,103	-£1,547	Reduced rates due to competitive tendering
Legion Building - running costs	£5,899	£8,930	£3,031	Planned demolition not until 2021/22. Bus Rates to pay
Maintenance contracts (grounds)	£14,564	£255	-£14,309	Less use of 3rd party contractors due Covid. MMT redeployed
Mid Sussex Assoc of Town Councils-Secretarial	£400	-£600	-£1,000	2019/20 billed in current year giving large credit
Members Allowances	£20,078	£18,530	-£1,548	Less take up by Members
Mobile Maint -new equipment	£3,000	-£3,310	-£6,310	Insurance monies have subsidised costs
Non Domestic Rates - 96 CW	£6,231	£4,678	-£1,553	Covid retail discount
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 and oncosts	£612,048	£596,654	-£15,394	Staff movements
Site Improvements	£2,000	£184	-£1,816	Reduced activity
Storage- external	£2,500	£1,341	-£1,159	Storage of chairs (ex-MSDC) no longer required
Street Name Plates	£5,164	£1,606	-£3,558	Reduced work. Matches reduced income.
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	Most events canx. Some deposits held over.
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
Tree Survey	£1,271	£0	-£1,271	Deferred to following year
Utilities	£7,471	£5,172	-£2,299	Reduced office use due to Covid
Waste Management	£2,600	£1,531	-£1,069	Less waste produced
Workshop	£2,500	£948	-£1,552	Less consumable items required
VE Day 75 celebrations	£10,000	£145	-£9,855	Event canx due Covid
Release unrequired provisions	£0	-£6,847	-£6,847	
Balance of all other budget items	£154,505	£141,162	-£13,344	
MOVEMENT ON BASE EXPENDITURE	£973,932	£914,678	-£59,253	DECREASE in expenditure
NET MOVEMENT ON PRECEPT	£845,711	£790,560	£55,151	YEAR END SURPLUS

8.4 DISPOSITION OF SURPLUS

The annual surplus, ordinarily, would be transferred to the Beehive Fund, however, with an outstanding loan application with the Housing, Communities and Local Government Department, it is recommended the surplus is added to the General Reserve thereby strengthening our unallocated reserves position which can be used to support our revenue budget going forward and our ability to repay any loan granted. This is a key question within our application for the Beehive loan. If agreed, our General Reserve would stand at £224k.

8.5 RECOMMENDATION

Members are recommended:

- a) to approve the 2020/21 financial result as presented (subject to audit), and
- b) transfer the full surplus to the General Reserve.

Risk Implications – None

9. ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN PART 3

- 9.1 As part of the end of year audit requirements, the Town Council, under The Accounts and Audit Regulation 2015, as in previous years, must complete an Annual Governance and Accountability Return (AGAR) (Appendix 3) with supporting documentation for the year 2020/21. The purpose of the AGAR is to summarise the Council's activities and governance, in a specified format, at the completion of each financial year.
- 9.2 The AGAR is compiled of 4 sections and each must be completed and signed accordingly:-

SECTION	RESPONSIBILITY
Annual Internal Audit report	Internal Auditor
1. Annual Governance Statement	Chairman of Meeting approving the Return and Chief Executive Officer
2. Accounting Statements	Responsible Finance Officer and Chairman of Meeting approving the Return
3. External Auditor's Certificate and Opinion	External Auditor

- 9.3 To meet our compliance requirements in regard to the Annual Governance Statement, the Council has established a Member Finance Key Area Group, developed a range of monitoring and reporting systems to include budgeting and forecasting models, quarterly management accounts, budget holder control reports, risk assessments and the employment of independent internal auditors.
- 9.4 To assist Members in understanding how the Accounting Statements of the Annual Governance and Accounting Return (AGAR) relates to the current year's surplus result, the following reconciliation is provided:

Balances B/Fwd	(AGAR box 1, page 5 of 6)	£ 753,833
Plus Declared Surplus	(Agenda item 8.2)	£ 55,151
Plus Movement in Reserves	(Agenda item 11.2)	£ 100,951
Balances C/Fwd	(AGAR box 7, page 5 of 6)	<u>£ 909,935</u>

9.5 RECOMMENDATION

Members are recommended to approve the:

- A) The Annual Governance Statement 2020/21 contained within the Annual Governance and Accountability Return,
- B) The Accounting Statements 2020/21 contained within the Annual Governance and Accountability Return (subject to audit), and
- C) For the Chairman of the meeting and Chief Executive Officer to sign the documents accordingly (pages 4 and 5 of the Return).

Risk Implications – None.

10. **REVIEW OF BUDGET YEAR 2021/22**

The purpose of this report is to provide Members with an early view of the 2021/22 Revenue Budget and to highlight significant variances, if any.

As at the date of this report, with less than 3 months of the year completed, there are no-known significant variances to report save for potential savings on the events programme.

As at 01 April 2021, the following funds were available towards events:

£000,s
£ 14.2 Festival Fund
£ 2.6 Summer Fayre
£ 8.7 Town Events
£ 25.5

Confirmation has been received that a number of events will take place during the balance of the year, however, it is too early to assess final savings for Members review.

RECOMMENDATION:

Members are recommended to note the contents of the report.

Risk Implications – None.

11. **EARMARKED RESERVES**

11.1 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 are attached at appendix 4

11.2 A summary breakdown of movements within the Earmarked Reserves for 2020/21 is shown below:

In summary:

Balance B/Fwd 01 April 2020		£579,084
Revenue Budget Contributions to Funds 2020/21	£184,517	
3 rd Party Receipts	£ 44,997	
Total Receipts	£229,514	
Less Payments from Funds	<u>£128,563</u>	
<u>NET MOVEMENT (increase) in Earmarked Reserves</u>		£100,951
Transfer IN from General Reserve		£ 5,606
<u>Total Earmarked Reserves as at 31 March 2021</u>		£ 685,642
Contributions to Funds from the 2021/22 Revenue Budget		£ 154,659
<u>Total Earmarked Reserves at 01 April 2021</u>		£ 840,301

11.3 Review of specified Funds

Beehive Fund 3037 – this is the single largest fund where, at the 01 April 2021, there was some £445,837 available towards the project.

RECOMMENDATION: - to note the contents of the item

Consultants/Legal Fund 3018 – As agreed by Members, £25k was transferred into this account as part of a joint action with residents' groups relating to Site Allocation Representations (SA 12, 13 and 15). At the time of writing this report, the "SAR" fund stood at £4k inclusive of £20,000 received from residents' groups and some £41k expenditure on consultants and legal representation. It is understood representations have been made at the hearing and the inspector is due to visit the sites within the next few weeks.

RECOMMENDATION: - to note the contents of the item

CIC set-up fund 3041 – This fund was set-up with 3rd party monies to support the creation of a Community Interest Company. It had been agreed by Members, previously, to transfer the residual amount, £3,591, to the CIC, however, the RFO is recommending these funds remain with the Town Council to avoid Corporation Tax issues with the CIC. Should the situation arise where the CIC is in need of funds, this money could be released accordingly.

RECOMMENDATION: - for the residual funds to remain with the Town Council

CIO/Pantry 3075 - £10k was allocated by Council to fund the start-up costs including payment of the franchise fee, annual fee to FareShare (food supplier) and the purchase of capital items. After taking into account outstanding commitments, there remains a balance of £5,552 in the fund as at the date of this report. As agreed at the May 2021 Council meeting, any residual funds are to be transferred to the Pantry's bank account.

RECOMMENDATION: - to note the contents of this report.

Trading Spaces (CIC) 3028 - £40k was allocated by Council to support the local economy with the development of the William Hill Furniture store being the core project. As at the time of writing this report, there is a residual amount in the fund of just over £4,500. The RFO is recommending these funds remain with the Town Council, as opposed being transferred to the CIC, to avoid Corporation Tax issues with the CIC. Should the situation arise where the CIC is in need of funds, this money could be released accordingly or, alternatively, directed towards an alternative project. The views of Members are sought.

RECOMMENDATION: The views of Members are sought.

Summer Festival/Fayre/Town Events 3067/3043/3055 – as at the time of writing this report, there is some £11,490 left in the various event funds due to the majority of events being cancelled during the year due to Covid. There are some plans for future events to be held and it is recommended these funds remain in situ until a clearer picture emerges of the final residual amounts.

RECOMMENDATION: for the balances to remain in situ until a clearer picture emerges of the final residual amounts.

11.4 **RECOMMENDATION**

Members are recommended to approve the schedule of Earmarked Reserves.

Risk Implications – None

12. **REVIEW OF FINANCIAL REGULATIONS**

12.1 **Payment Authorisation:** Members will be aware the pandemic has given rise to the need to find alternative ways to approve payment requests as opposed to Members undertaking this activity in-person at the council offices.

The Town Council has moved to seeking approval for payment requests via email whereby each payment request and supporting information is sent to the nominated Members and CEO for their approval. Records of individual approvals are kept on-file (electronically) for audit purposes.

This system of approval has proved to be more efficient than the previous “in-person” requirements and it is being recommended this system should remain as an alternative option once the Covid restriction have been lifted. Members would still be able to sign requests for payment “in-person” should they so wish.

12.2 **Petty Cash:** The pandemic and subsequent closure of the Help Point, combined with the closure of the local Nat West bank in Burgess Hill, has resulted in a lack of available cash for the petty cash box which is used by staff for small and emergency purchases. This situation has resulted in the RFO needing to withdraw money from his personal account to “top-up” the petty cash (subsequently refunded via BACS).

To prevent this situation from arising, it was agreed with the Finance KAG Chairman to have issued a “company” debit card (max withdrawal £300) purely for the purposes of topping-up petty cash requirements. Each use of the card is pre-approved by the Chairman of the Finance KAG and receipts forwarded (electronically) accordingly.

The use of this card now needs to be reflected in the Financial Regulations.

The full Financial Regulations are attached at appendix 5a (no requirement to print them out), with an extract of the pertinent clauses and amendments attached at appendix 5b (item 27.5 Banking Arrangements and 27.8 Petty Cash Account).

RECOMMENDATION

- A) Member are recommended to approve the amended Financial Regulations to include the amendment to allow approval by Members of payment requests via email, and
- B) Allow the use of a company debit card to withdraw cash for purposes of topping-up petty cash requirements.

Risk Implications – None

13. BANK RECONCILIATION AND OTHER BALANCES

13.1 The purpose of this report is to give Members the opportunity to review a recent bank reconciliation report. The most recent documented reconciliation was completed on 09/06/2021 and is attached at Appendix 6.

13.2 For Members' information, the Town Council had the following book balances as at 16/06/2021:

Account	
Current Account (Nat West)	-8,059
Special Interest (Nat West)	967,216
Santander rolling time deposit	290,136
Total	1,249,293

13.3 RECOMMENDATION

Members are recommended to note the contents of the report.

Risk Implications – none.

14. DATE OF NEXT MEETING

November 2021 – exact date to be confirmed.