

A **MEETING** of the **FINANCE KEY AREA GROUP** will be held virtually by Zoom on **Wednesday 01 December 2021** at **18.30 hours**, when your attendance is required.

Steve Cridland
Chief Executive Officer

Should any member of the public wish to participate in this meeting, you must forward your email address to finance@burgesshill.gov.uk by 4pm on the day of the meeting where a Zoom link will be sent to you.

A G E N D A

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 (during the Open Forum) 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 – a list of payments made since the last finance meeting can be found 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 payment schedule. This report also details expenditure using the Government Procurement (Corporate) Card.
5. NOTES OF PREVIOUS MEETING - To consider the Notes of the Meeting of the Finance Key Area Group held on 24 June 2021 (previously circulated and attached).
6. ACTIONS ARISING FROM THE PREVIOUS MEETING
7. EXTERNAL AUDIT – 2020/21
8. BUDGET MONITORING REPORT 2021/22
9. INTERIM AUDIT 2021/22
10. 1ST DRAFT REVENUE BUDGET 2022/23
11. EARMARKED RESERVES AS AT 30 OCTOBER 2021
12. BANK RECONCILIATION
13. DATE OF NEXT MEETING - January 2022, date to be confirmed

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

6. ACTIONS ARISING FROM THE PREVIOUS MEETING

- 6.1 At the previous meeting it was requested by Members for the RFO to confirm the level of tree works required as a substantial level of funds had been allocated for tree work.
- 6.2 The RFO can report the works are safety related issued stemming from the tree survey and covers some 58 trees spread across multiple locations: Batchelors Farm, the Burial Ground, West Park Reserve, Chanctonbury and Junction Road Allotment sites.

RECOMMENDATION

Members are recommended to note the contents of the report.

Risk Implications – the tree works have been noted as safety related and will need to be addressed to prevent additional liability should the Town Council fail to act.

7. EXTERNAL AUDIT – 2020/21

- 7.1 The external auditors have now completed their limited assurance review for the 2020/21 financial year and have certified the accounts accordingly. The RFO is pleased to announce no items of a major concern have been raised save from the previously raised error (email 28/06/2021) where the RFO inadvertently advertised the 2019/20 Notice of Public Rights too early and prior to the Annual Return being signed and failed to note this error on the 2020/21 Annual Return.

The updated Accounts and Audit regulations now require the Annual Return to be formerly approved by Members prior to it being advertised for inspection. The Annual Return is attached at appendix 1.

7.2 RECOMMENDATION

Members are recommended to note the contents of the report.

Risk Implications – None.

8. BUDGET MONITORING REPORT 2021/22

- 8.1 The purpose of this report is for the RFO to update Members with the latest forecast Outturn for the 2021/22 financial year.
- 8.2 In summary, the financial year end forecast, as compiled at 31 October 2021, shows an estimated surplus of circa £77k. This is made up of an increase in income of £6k, and a decrease in budget costs of £71k.
- 8.3 The increase in income relates, in the main, to contracts with MSDC (Environmental Improvements) and WSCC (Graffiti) that have been renewed for an additional year.
- 8.4 The decrease in expenditure relates, in the main, to savings on Staffing costs and the release of unrequired provisions associated with Partner income that has now been received.
- 8.5 A summary Monitoring Report is shown at agenda item 8.7 followed by a detailed variance analysis at agenda item 8.8. A full budget monitoring report is attached at appendix 2.
- 8.6 Due to the varying number of “events” budget codes, which has been creating confusion, these have now been consolidated into just one Revenue Code (8021 – Town Events Contribution) and one Earmarked Reserves code (3067 – Town Events Fund).

8.7 Summary Monitoring Report

MONITORING REPORT 2021/22		31/10/2021	MONTH	7.0
CONSOLIDATED SUMMARY				
	Budget	Forecast	Variance ON BUDGET	
	2021/22	2021/22		
INCOME				
Civic, Corporate, Promotion and staff	£18,874	£18,874	£0	
Community Engagement	£5,256	£5,596	£340	
Customer Service	£32,614	£41,022	£8,408	
Finance and Administration	£49,500	£47,519	-£1,981	
TOTAL INCOME	£106,244	£113,011	£6,767	
EXPENDITURE				
Civic, Corporate (Exclds Beehive Fund)	£625,608	£584,371	-£41,237	
Staff and Member	£2,500	£2,500	£0	
Community Engagement	£48,280	£47,460	-£820	
Customer Service	£112,808	£105,093	-£7,715	
Finance and Administration	£135,886	£114,690	-£21,196	
TOTAL BASE EXPENDITURE	£925,082	£854,114	-£70,968	
Beehive Working capital Fund (transfers to/from)	£104,209	£104,209	£0	
PRECEPT/NET BUDGETED EXPENDITURE	£923,047	£845,312	£77,735	
Surplus / (-deficit)	£0	£77,735		

8.8 Variance Analysis – major movements

	Budget	Forecast	Variance	
NET BUDGETED EXPENDITURE	£923,047	£845,312	£77,736	Surplus
<i>Made up of:</i>	<i>Budget</i>	<i>Forecast</i>	<i>Variance</i>	COMMENTS
INCOME				
MSDC- Environmental improvements	£0	£7,140	£7,140	Contract extended
Room lettings	£6,500	£4,869	-£1,631	A number of hirers have not returned post-Covid
WSCC Graffiti contract	£0	£2,046	£2,046	Contract extended
			£0	
			£0	
			£0	
			£0	
Balance on all other budget items	£99,744	£98,956	-£788	
Total Movement on Income	£106,244	£113,011	£6,767	INCREASED income
EXPENDITURE				
Audit & Miscellaneous	£23,874	£5,000	-£18,874	Removal of Budget provisions re uncertainty over income
Cleaning Contracts - Office	£12,951	£10,700	-£2,251	Reduced cleaning charges due Covid office closures
Council Van	£11,000	£7,405	-£3,595	2 out of 3 vehicles owned
Insurances	£9,500	£8,500	-£1,000	Reduced rates due to competitive tendering
Legion Building - running costs	£5,000	£8,762	£3,762	Planned demolition not until 2022/23. Bus Rates to pay
Maintenance contracts (grounds)	£13,500	£7,500	-£6,000	Different contractor, works being taken in-house
Mobile Maint -new equipment	£3,000	£1,200	-£1,800	All major purchases made in prior year
Salaries	£619,608	£578,721	-£40,887	Staff movements: Reduce higher paid, 1 less maintenance
Storage- external	£1,350	£4,312	£2,962	Purchase of new container at Jobs depot
Waste Management	£2,400	£1,250	-£1,150	Less waste produced through WSCC contracts
Balance of all other budget items	£222,899	£220,764	-£2,136	
MOVEMENT ON BASE EXPENDITURE	£925,082	£854,114	-£70,970	DECREASE in expenditure
NET MOVEMENT ON PRECEPT	£818,838	£741,103	£77,736	ESTIMATED YEAR END SURPLUS

8.9 RECOMMENDATION

Members are recommended to note the contents of the report.

Risk Implications – should a major unforeseen event happen during the remainder of the year, the surplus may be less than that forecast.

9. INTERIM AUDIT 2021/22

9.1 The purpose of this report is to appraise Members of the recent internal audit conducted on 16th and 17th November 2021, the full report is attached at appendix 3. In summary, there are no issues that need to be brought to the attention of Members save for the following:

1. Standing Orders to reflect the latest Public Contract Regulations (2015 edition).

RFO comment: this will be amended accordingly.

2. Ensure the Annual Return is completed correctly.

RFO comment: relates to the External Auditors comments previously highlighted and has been noted.

3. To adopt a more formal investment policy than that shown within our Financial Regulations.

RFO comment: this shall be prepared and presented to Members for the January 2022 meeting.

9.2 RECOMMENDATION

Members are recommended to note the contents of the report.

Risk Implications – None.

10. 1st DRAFT REVENUE BUDGET 2022/23

10.1 The purpose of this report is to give Members a first view of the draft Budget, Precept and Band D for 2022/23. It should be noted, this is a discussion document for Members to review and forward their comments. A consolidated Revenue Budget Summary is shown at 10.3 and a detailed Budget report at appendix 4.

10.2 Headlines

Assumptions

- A modest 1% increase has been allowed in the movement of the Tax Base
- Inflation, where appropriate, has been set at 3.5%
- Salary Cost of Living rise has been set at 2% (still awaiting current year's settlement).
- National Insurance increase from 13.8% to 15.05%

Precept and Band D Movement

£932k Precept 2022/23
£923k Precept 2021/22
 £ 9k Increase in Precept

Made up of:

£ 1k Loss of income – less room hire income post-covid
 £(3k) Saving - Allotments - sheds budgeted for in prior year
 £(8k) Saving - Maintenance contracts – movement away from more expensive contractor plus shift to in-house
 £ 27k Salaries and oncosts increase – see 10.4 below
 £(1k) Saving - Waste disposal – less waste from partner operations
£(7k) Other reductions
£ 9k **Increase in Precept**

At this stage of the budget development and after taking into account the movement in Tax Base of 1%, there is no movement in the Band D rate for the 2022/23 financial year.

£75.32 Band D 2023/23
£75.32 Band D 2021/22
 £ Nil Increase in Band D

10.3 Consolidated Revenue Budget Summary 2022/23

BUDGET 2022/23			
CONSOLIDATED SUMMARY	Budget 2021/22	Budget 2022/23	Variance on Prior Year Budget
INCOME			
Civic, Corporate, Promotion and staff	£18,874	£18,874	£0
Community Engagement	£5,256	£4,800	-£456
Customer Service	£32,614	£33,894	£1,280
Finance and Administration	£49,500	£47,650	-£1,850
TOTAL INCOME	£106,244	£105,218	-£1,026
EXPENDITURE			
Civic, Corporate (Exclds Beehive Fund)	£625,608	£652,228	£26,620
Staff and Member	£2,500	£2,000	-£500
Community Engagement	£48,280	£48,000	-£280
Customer Service	£112,808	£97,714	-£15,094
Finance and Administration	£135,886	£133,317	-£2,569
TOTAL BASE EXPENDITURE	£925,082	£933,258	£8,176
Beehive Loan Repayment			
Beehive Working capital Fund (transfers to/from)	£104,209	£104,209	£0
PRECEPT/NET BUDGETED EXPENDITURE	£923,047	£932,249	£9,202
Surplus / (-deficit)	£0	£0	£0
Tax Base	12255.0	12377.6	122.5 1.00%
Band D - Actual	£75.32	£75.32	£0.00

10.4 Salaries

Additional Help Point Employee - A request has been received from the Help Point Manager to consider the recruitment of an additional part-time HP staff member (19.5 hrs/week). There is a continuing deficit in people to staff the HP facility adequately. This situation is exasperated during sickness and holiday periods. This post has been included into the revenue budget figures presented and equates to circa £14k (including oncosts) and will be taken to the Staff and Member KAG for consideration.

Maintenance Team – Members may recall that although the budget for 2021/22 included 4 members of staff, one of these positions was not replaced part-way through the current year when a vacancy arose. Part of the argument for this was for the council to have greater use of external contractors when required, however, staff shortages at contractors, across all trades, have made this ad-hoc approach problematic both from a resourcing perspective and control over the quality of work being undertaken.

It is, therefore, being requested for Members to consider the re-introduction of the 4th Maintenance staff member and has been included in the revenue budget presented. There is minimal impact on the 2022/23 budget variance analysis as this position is included in the current year and 2022/23 finance year. In addition, there will be a saving on the External Maintenance budget of some £8k with the move away from 3rd party contractors. This request will be taken to the Staff and Member KAG for consideration.

Low pay – Retention of staff at the mid/lower end of the salary scale has been problematic with a number of recent leavers highlighting better pay elsewhere, in addition, many staff who have reached “top of grade” have been at their current levels for a number of years. With the annual Cost of Living rise negligible (nil at the moment), and inflation moving forward and a high level of employment opportunities in the jobs market, there is a danger, going forward, of not being able to retain some of these existing staff with the associated increase in costs of recruitment, training and loss of expertise.

Members are, therefore, being asked to consider increasing the salary of all staff **below** the Senior SO1 scale by one increment (about 2%). This will improve the pay of 13 members of staff and cost around £8k including oncosts. This request will be taken to the Staff and Member KAG for consideration.

The balance of movement in the Salary variance is made up of allowing for the annual cost of living rise (estimated at 2% and awarded by the National Joint Council for employers and unions), annual increments for some staff, various other movements in staff (leavers and joiners), 2 additional staff in the pension scheme and an increase in National Insurance charges from 13.8% to 15.05%

Full-time Equivalent

When taken into consideration all the above budget implications, the budgeted full-time equivalent staff numbers move from 16.3 in 2021/22 to 16.7 for 2022/23 and the average pay per FTE person has moved from £29,227 to £29,577, an increase of 1.2%.

10.5 RECOMMENDATION

The views of Members are sought.

Risk Implications – in addition to the risks noted within the report, the movement in the Tax Base could have a significant impact on the Band D rate. This will not be known until the end of the calendar year/beginning of 2022 when the Tax Base is compiled.

11. EARMARKED RESERVES (AS AT 31 OCTOBER 2021)

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 is attached at appendix 5 and a review of the more active funds are highlighted below.

11.2 3037 Beehive Working Capital Fund

Members will be aware the town council has successfully applied for a loan of £4.8 from the Communities and Local Government Department to fund the Beehive project with an original estimated build cost of £5.273 mil.

The original build estimate of £5.273mil will be subject to a full tendering exercise and in the current climate of excessive inflation, particularly in the construction industry where reported inflation is running anywhere between 10% and 40%, this could have a considerable impact on the build cost of this project **and must be considered a substantial risk**.

For every 1% of inflation, the build cost could increase in the region of £50,000.

Members may also be aware the current timings of the project have shifted outwards with demolition and site clearance unlikely to be completed until June/July 2022 with any drawdown of funds shifting to, potentially, Sep/Oct 2022. This shifting of time scales has had a positive impact on the cash position of the build fund due to deferred repayment costs, adding some £200k to the build fund over a 5 year time horizon. In addition, the inflationary pressures we see now may start to ease as we progress through the next 12 months.

Beyond the above noted comments, it is problematic, at this time, to be more precise in regard to cost implications as there are core areas that cannot be quantified which will have a significant impact.

It should be noted, an amended planning application has been approved which allows for the demolition of the RBL building as a defined project. The cost of this will be in the region of £130k and there are sufficient funds in the Beehive Fund to support this. For information, there is currently (as at 31/10/2021) £431k in the Beehive Fund with a planned addition from the 2022/23 Revenue Budget of £104k and an additional £55k in the General Reserve.

RECOMMENDATION

The views of the Members are sought.

Risk implications – other than those shown in the report, the loan approval expires in September 2022 and any delay beyond that date will require an extension application.

11.3 3053 Queen Elizabeth Avenue Fund £10,121

This is a long standing fund whereby expenditure is earmarked purely for activities in and around Queen Elizabeth Avenue (QEA). Members will be pleased to note there are proposals to install a new bench in this location and the funds available are sufficient.

RECOMMENDATION

To note the contents of the report.

Risk implications – none

11.4 **3067 Town Events Fund £24,576**

Members have been presented already, through the recent Customer Engagement KAG, with an overview of the events programme for this year and into 2022/23. The provisional costings for these events are in the region of £40k, and with the current levels of monies currently in the fund combined with the consolidated annual revenue allocation of £15,200 in April 2022, there will be sufficient funds available for this events programme.

Ongoing, however, depending on the success of this ambitious events programme, the level of carry forward funding and the Annual Revenue allocation may need to be reviewed for the 2023/24 financial year.

RECOMMENDATION

To approve the funding for the events programme and inform the Community Engagement Chairperson and lead officer accordingly.

Risk implications – this is an ambitious programme relying on sufficient staff resources.

11.5 Members are welcome to raise queries on any Fund contained within the Earmarked Reserves Schedule.

12. **BANK RECONCILIATION**

The purpose of this report is to periodically provide a bank reconciliation to Members for review and is attached at appendix 6.

For Members' information, the following balances, as at 26/11/2021, are shown on the accounting system:

£ - 261	Current account
£1,093,101	NatWest deposit
£ 290,153	Santander time deposit

Risk Implications – none

13. **DATE OF NEXT MEETING** : January 2021, exact date and time to be confirmed