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19 JANUARY 2022

A **MEETING** of the **FINANCE KEY AREA GROUP** will be held virtually by Zoom on **Monday 24 January 2022** 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, they must forward their email address to [finance@burgesshill.gov.uk](mailto:finance@burgesshill.gov.uk) by 4pm on the day of the meeting where a Zoom link will be sent to you.

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## Open Forum

Each member of the public is allowed to speak once only in respect of a business item on the agenda 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 1 November December 2021 (previously distributed).

### 6. LISTING OF PAYMENTS MADE

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.

### 7. BUDGET MONITORING REPORT 2021/22 AND DISPOSITION OF SURPLUS

### 8. PRICING FOR GOODS AND SERVICES OFFERED BY THE TOWN COUNCIL

### 9. 2<sup>nd</sup> DRAFT REVENUE BUDGET 2022/23 INCORPORATING BAND D

### 10. EARMARKED RESERVES

### 11. INVESTMENT POLICY

### 12. RELATIONSHIP WITH OUTSIDE ORGANISATIONS

### 13. 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 2021/22 and disposition of surplus**

The purpose of this report is to update Members in regard to the estimated year end Revenue Budget outturn for the 2021/22 financial year.

There has been little movement in the surplus since that reported at the Finance meeting held in December 2021 with the overall surplus now estimated at £72k (£77k at November 21 meeting).

A summary Consolidated Revenue Account and Variance Analysis is shown below.

<b>MONITORING REPORT 2021/22</b>	<b>31/12/2021</b>	<b>MONTH</b>	<b>9.0</b>
<b>CONSOLIDATED SUMMARY</b>			
	<b>Budget 2021/22</b>	<b>Forecast 2021/22</b>	<b>Variance ON BUDGET</b>
<b>INCOME</b>			
Civic, Corporate, Promotion and staff	£18,874	£18,874	£0
Community Engagement	£5,256	£5,501	£245
Customer Service	£32,614	£41,022	£8,408
Finance and Administration	£49,500	£52,519	£3,019
<b>TOTAL INCOME</b>	<b>£106,244</b>	<b>£117,916</b>	<b>£11,672</b>
<b>EXPENDITURE</b>			
Civic, Corporate (Exclds Beehive Fund)	£625,608	£596,854	-£28,754
Staff and Member	£2,500	£2,500	£0
Community Engagement	£48,280	£47,465	-£815
Customer Service	£112,808	£101,750	-£11,058
Finance and Administration	£135,886	£115,787	-£20,099
<b>TOTAL BASE EXPENDITURE</b>	<b>£925,082</b>	<b>£864,356</b>	<b>-£60,726</b>
Beehive Working capital Fund (transfers to/from)	£104,209	£104,209	£0
<b>PRECEPT/NET BUDGETED EXPENDITURE</b>	<b>£923,047</b>	<b>£850,649</b>	<b>£72,398</b>
<b>Surplus / (-deficit)</b>	<b>£0</b>	<b>£72,398</b>	

## VARIANCE ANALYSIS 2021/22

	Budget	Forecast	Variance	
<b>NET BUDGETED EXPENDITURE</b>	<b>£923,047</b>	<b>£850,649</b>	<b>£72,399</b>	<b>Surplus</b>
<i>Made up of:</i>				
	<i>Budget</i>	<i>Forecast</i>	<i>Variance</i>	<b>COMMENTS</b>
<b>INCOME</b>				
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
Burial Ground Income	£29,000	£34,000	£5,000	Increased activity
			£0	
			£0	
			£0	
Balance on all other budget items	£70,744	£69,861	-£883	
<b>Total Movement on Income</b>	<b>£106,244</b>	<b>£117,916</b>	<b>£11,672</b>	<b>INCREASED income</b>
<b>EXPENDITURE</b>	<b>Budget</b>	<b>Forecast</b>	<b>Variance</b>	
Audit & Miscellaneous	£23,874	£5,000	-£18,874	Removal of Budget provisions re uncertainty over income
Burial Ground Expenditure Incl Provsn	£16,280	£18,583	£2,303	Increased Business
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	£5,750	-£7,750	Different contractor, works being taken in-house
Mobile Maint -new equipment	£3,000	£750	-£2,250	All major purchases made in prior year
Postage	£2,000	£650	-£1,350	Greater move to electronic format and £460 "refund"
Salaries	£619,608	£591,704	-£27,904	Staff movements: Reduce higher paid, 1 less maintenance
Storage- external	£1,350	£4,312	£2,962	Purchase of new container at Jobs depot
Utilities	£7,471	£5,975	-£1,496	Long term contracts with major suppliers have protected the TC
Waste Management	£2,400	£1,250	-£1,150	Less waste produced through WSCC contracts
Balance of all other budget items	£197,148	£195,015	-£2,134	
<b>MOVEMENT ON BASE EXPENDITURE</b>	<b>£925,082</b>	<b>£864,356</b>	<b>-£60,728</b>	<b>DECREASE in expenditure</b>
<b>NET MOVEMENT ON PRECEPT</b>	<b>£818,838</b>	<b>£746,440</b>	<b>£72,399</b>	<b>ESTIMATED YEAR END SURPLUS</b>

*Note: the salary cost of living rise (yet to be awarded), although included in the Budget, was not, in error, included in the forecast presented to Members at the December 2021 meeting. This has reduced the "saving" in salaries by some £10k.*

### DISPOSITION OF SURPLUS

There is a standing resolution that unless Members agree otherwise, Revenue Surpluses are to be added to the Beehive Earmarked Reserve.

### RECOMMENDATION

To transfer the Revenue Budget surplus to the Beehive Fund at the end of the financial year.

**Risk implications - none**

## 8. PRICING FOR GOODS AND SERVICES OFFERED BY THE TOWN COUNCIL

- 8.1 Inflation (CPI) is currently running at around 5% with some predictions of the rate rising to 7%. Two of the core drivers behind the rate of inflation are fuel and energy costs which have a direct impact on the town council and its suppliers.

For the year 2021/22, Members agree to keep prices the same as the previous year, save for burial ground interment charges, as inflation was still relatively low, however, with inflation moving ahead, charges should now increase accordingly.

In regard to the burial ground interment charges (digging fees), negotiations with the contractor are ongoing, and it is proposed to increase these charges either by the rate of inflation or the monetary increase in charges agreed with the contractor, whichever is the higher.

A sample of charges is shown below on the services currently provided by the town council:

	<b>Current Charge</b>	<b>Proposed Increases for 2021/22 @5%</b>	<b>Notes</b>
<b>Allotment plots</b>	Ranges from:  2.5 rod (63sq mtrs) £28.70 to 5 rods (126sq mtrs) £45.07  Discounts of around 30% available for aged 65 and over	£30.15 to £47.35	
<b>Burial Ground</b>	Core charges  <u>Coffin Burial</u> Exclusive Rights £619 Interment Fees (single) £555 Interment Fees (double) £600  <u>Cremated Remains</u> Exclusive Rights £270 Interment Fees £145 (single)  5 times increase on purchase price and interment charges for people outside of Burgess Hill.*	£650 £583 £630  £284 £153	<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 £59.00/hr depending on organisation, room type, catering, accessories and caretaker requirements.	£62/hr	

### 8.2 RECOMMENDATION

- a) To increase charges levied by the town council for its good and services in-line with inflation, and
- b) Increase the burial ground interment charges by either the greater of inflation or the increase in charge from the burial contractor.

**Risk Implications:** There would need to be a substantially higher than forecast inflation rate to materially affect the town council's budget.

## 9. 2<sup>nd</sup> DRAFT REVENUE BUDGET 2022/23 INCORPORATING BAND D

- 9.1 The purpose of this report is to present to Members the budget, Precept and Band D rate for the 2022/23 financial year.

Members will recall the 1<sup>st</sup> draft Revenue Budget presented a Precept of £932,249 with a Band D rate of £75.32. There has been negligible movement in the budgeted income and expenditure figures previously given and only a marginal movement in the Tax Base. This has resulted in a proposed Precept of £933,618 with a Band D rate remaining at £75.32. This is a nil percentage increase on the Band D rate of 2021/22.

A summary Consolidated Revenue Account and Variance Analysis is shown below with a detailed listing of the Revenue Budget attached at appendix 1

<b>BUDGET 2022/23</b>			
<b>CONSOLIDATED SUMMARY</b>	<b>Budget 2021/22</b>	<b>Budget 2022/23</b>	<b>Variance on Prior Year Budget</b>
<b>INCOME</b>			
Civic, Corporate, Promotion and staff	£18,874	£18,874	£0
Community Engagement	£5,256	£4,400	-£856
Customer Service	£32,614	£33,894	£1,280
Finance and Administration	£49,500	£48,650	-£850
<b>TOTAL INCOME</b>	<b>£106,244</b>	<b>£105,818</b>	<b>-£426</b>
<b>EXPENDITURE</b>			
Civic, Corporate (Exclds Beehive Fund)	£625,608	£656,499	£30,891
Staff and Member	£2,500	£2,500	£0
Community Engagement	£48,280	£49,031	£751
Customer Service	£112,808	£92,434	-£20,374
Finance and Administration	£135,886	£134,764	-£1,122
<b>TOTAL BASE EXPENDITURE</b>	<b>£925,082</b>	<b>£935,227</b>	<b>£10,145</b>
Beehive Working capital Fund (transfers to/from)	£104,209	£104,209	£0
<b>PRECEPT/NET BUDGETED EXPENDITURE</b>	<b>£923,047</b>	<b>£933,618</b>	<b>£10,571</b>
<b>Surplus / (-deficit)</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Tax Base</b>	<b>12255.0</b>	<b>12395.7</b>	<b>140.7 1.15%</b>
<b>Band D</b>	<b>£75.32</b>	<b>£75.32</b>	<b>£0.00</b>

**BUDGET 2022/23 - VARIANCE ANALYSIS +/- £1,000**

<b>PRECEPT</b>		<b>BAND D</b>
2022/23	£933,618	£75.32
2021/22	<u>£923,047</u>	<u>£75.32</u>
Increase in Precept	<u>£10,571</u>	<u>£0.00</u>
		0.00%

<b>MADE UP OF:</b>	<b>Budget 2021/22</b>	<b>Budget 2022/23</b>	<b>Movement on prior year 2021/22</b>	
<b>Income Movements</b>				
Burial Ground Income	£29,000	£30,000	£1,000	Increase activity
CC/SMR/Sugery room hire	£8,000	£6,900	-£1,100	A number of hirers have not returned post-Covid
Help Point Rental Income	£0	£1,080	£1,080	New: Income from HP shelf rental fees
Balance of movements on all other budget items	£69,244	£67,838	-£1,406	Net decrease in other income
<b>Total Income</b>	<b>£106,244</b>	<b>£105,818</b>	<b>-£426</b>	<b>Decrease in Income</b>
<b>Expenditure Movements</b>				
Allotment Site Improvements	£5,000	£2,000	-£3,000	3 off sheds in prior year's budget
Cleaning - Office	£12,951	£12,000	-£951	Based on prior year forecast
Maintenance - external contractors	£13,500	£5,000	-£8,500	Different contractor and moving in-house
Non domestic rates - 96 CW	£8,500	£9,400	£900	2020/21 is final year of retail unit discount
Salaries / Oncosts	£619,608	£650,899	£31,291	increments
Tree Surgery Fund Contributions	£3,250	£600	-£2,650	Utilisation of b/fwd tree accrual
Tree Survey	£1,271	£0	-£1,271	2021/22 rolled into 2022/23
Waste Management	£2,400	£1,150	-£1,250	No WSCC green waste
Balance of movements on all other budget items	£258,602	£255,929	-£2,673	Net decrease in other items
<b>Base Budget Costs (excl Beehive Fund Contribution)</b>	<b>£925,082</b>	<b>£935,227</b>	<b>£11,895</b>	<b>Increase in base costs</b>
Beehive Fund Contribution	£104,209	£104,209	£0	
<b>Precept (Net Budget Expenditure)</b>	<b>£923,047</b>	<b>£933,618</b>	<b>£10,571</b>	<b>Net increase in Precept</b>

*Notes: The budget figures include income and expenditure relating to the production and delivery of the About Town magazine where costs have risen and income fallen giving rise to an overall deficit in its production of circa £11.6k. The Community officer is currently heading a review as to the cost effectiveness and value for money of the About Town magazine and will report to the Community Engagement KAG when completed.*

**9.2 RECOMMENDATION**

Members are recommended to:

- a) Approve the Budget as presented and,
- b) Recommend to Council a Precept of £933,618

**Risk Implications:** Members will be aware the Budget forms part of a longer term 5 year plan that incorporates the funding model for the Beehive project. As reported at the meeting held in December 2021, the formal tendering exercise to define the final build cost has not yet been undertaken. Within the current climate of high inflation, the Beehive funding model and its impact on the town council's Revenue Budgets going forward must be considered a high risk.

## 10. EARMARKED RESERVES

The purpose of this report is to highlight to Members individual Earmarked Reserves that may no longer be required for its original purpose and could be reallocated/consolidated with other reserves or returned to the General Reserve.

A complete listing of all the Earmarked Reserves is shown at Appendix 2.

<b>Earmarked Reserve</b>	<b>Balance 31/12/21</b>	<b>Description</b>	<b>Members to Consider</b>
3041 CIC (Burgess Hill Community Partnership) set-up fund	£3,563	£5k allocation (from WSCC) to support the set-up and running of a CIC.	Previously agreed by Members to hold on behalf of the CIC to avoid potential tax implications.  <b>RECOMMENDATION: Consolidate with the Trading Spaces (CIC) fund.</b>
3060 CCTV	£12,600	Set-up some 4 to 5 years ago to provide financial support in partnership with MSDC to upgrade/provide new CCTV within the town.	This project has never progressed. The town council could reconsider this project in the future should it arise  <b>RECOMMENDATION: Transfer to the General Reserve</b>
3074 Economic Support (Ex-Covid)	£34,452	Originally set-up to provide support to the community through the worst of the Covid crisis. The last payments from this fund were made in mid-2021.	With what appears to be a reduction in the pandemic threat, the objectives of the this fund may no longer be completely relevant with the aim of “support” moving to “development initiatives”, similar to the aims of the Bridge The Gap fund.  Monies from this fund (via Bridge the Gap) could be used, also, to support the town council’s events programme, which, by its nature, helps to bring footfall into the town.  <b>RECOMMENDATION: Consolidate with Bridge The Gap</b>
3028 Trading Spaces (CIC)	£4,514	Originally set-up to support the local economy, the majority of funds have been used to develop the CIC shop facility in the Marlets.	The aims of this fund are similar to that of Bridge the Gap (see below) and could be consolidated accordingly.  <b>RECOMMENDATION: Consolidate with Bridge the Gap</b>

3072 Bridge the Gap	£21,833	Set-up to fund projects during the town centre redevelopment stage.	Members will be aware of the continued delays to the town centre redevelopment giving rise to, perhaps, a greater need for this fund to develop small scale projects within the town.  <b>RECOMMENDATION: Absorb and consolidate with Trading Spaces, Economic Support and CIC Set-up funds.</b>
3029 Foodbank relocation	£12,000	Originally set-up to assist with the relocation of the Foodbank. The foodbank has now, however, relocated to Church Walk and these funds are no longer needed.	Should the issue of relocation arise in the future, Members will be able to reconsider what support the town council could give.  <b>RECOMMENDATION: Transfer to the General Reserve</b>

## RECOMMENDATION

The recommendations are shown against each of the individual funds, and in summary:

- a) Consolidate the funds from 3041/CIC, 3074/Economic Support, 3028/Trading Spaces with the Bridge The Gap Fund/3072, a total, as at 31/12/2022, of £42,529 giving rise to a total Bridge the Gap fund of £64,362,
- b) Transfer the funds of 3060/CCTV and 3029/Foodbank Relocation, a total, as at 31/12/2021, of £24,600 giving rise to a General Reserve level of £249k, and,
- c) At the end of the 2021/22 Financial Year, for the RFO to review and report to Members (June meeting) on the status of the General Reserve and make recommendations as to its adequacy.

**Risk Implications:** none

## 11. INVESTMENT POLICY

Members will recall from the December 2021 meeting the internal auditor had highlighted the need for the town council to have a more formal investment policy and to include the policy within the town council's standing orders.

A draft investment policy is attached at appendix 3 for Members to consider.

### RECOMMENDATION

The views of the Member are sought.

**Risk Implications:** None

## 12. RELATIONSHIP WITH 3<sup>rd</sup> PARTY ORGANISATIONS

Members will be aware the town council works with and supports, both administratively and financially, a number of 3<sup>rd</sup> party organisations where, also, some individual Members of the town council sit as Trustees and/or Directors.

The purpose of this report is to define more clearly the responsibilities of the town council and its Members in regard to the relationship with these 3<sup>rd</sup> party organisations and to reflect this within the town council's standing orders.

### ***Administration***

The town council (officers) have often, by default, provided administrative support for a number of organisations such as the Sidney West Charity, Burgess Hill Community Partnership CIC and Beehive CIO. This support has included office administration, the production of management accounts, preparation of statutory returns, bookkeeping functions and a maintenance provision.

Save for the Sidney West Charity, where the town council was effectively appointed as Managing Agents with remuneration, the support given by the town council to other organisations has not been formalised. This lack of formalisation has, on occasions, led to officers not fully understanding their roles and responsibilities towards these organisations and needs to be addressed.

### ***Financial***

This area is covered by the ongoing Member involvement in the setting aside of funds to support 3<sup>rd</sup> party organisations and is covered by the Finance KAG and Council. No further action is required.

### **Members**

*Role of Member:* It is not specifically within the remit of the town council to determine the role of a Member appointed as a Director and/or Trustee of a 3<sup>rd</sup> party organisation, indeed, the role of a Director, Trustee and Company Secretary are defined by company and charity law.

In practice, however, a Member's role, unless specifically defined at the time of appointment, would normally be one of representation and to provide good governance.

*Conflict of Interest:* Members sitting as Directors and/or Trustees of 3<sup>rd</sup> party organisations may give rise to a potential conflict of interest between the role of the individual Member as an elected official of the town council and the 3<sup>rd</sup> party organisation. This potential conflict of interest is heightened should the Member sit on a particular Key Area Group that has authority to allocate public money and resources to said 3<sup>rd</sup> party organisation. In particular,

should the Member be deemed to have a prejudicial interest, there is greater restrictions imposed on the Member' participation in council business.

These concerns are addressed, in-part, within the town council's Standing Orders (Code of Conduct) and although there is no requirement to define the meaning of *Prejudicial Interest* within the Standing Orders, its inclusion could aid clarity:

*Prejudicial Interest – you may have a prejudicial interest where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest. [Ref: model code of conduct for town and parish councils].*

*Standing Orders: Councillors with a prejudicial interest in relation to any item of business being transacted at a meeting must declare their interest at the beginning of the meeting and may (i) make representations, (ii) answer questions and (iii) give evidence relating to the business being transacted but must, thereafter, leave the meeting until the said business being transacted is completed.*

## **RECOMMENDATION**

- a) For the town council to provide a simple Service Level Agreement between the town council and 3<sup>rd</sup> party organisations on a case-by-case basis\*.

*\*this does not refer or relate to Members/Officers sitting on outside organisations such as the Cyprus Hall Association.*

- b) To update the Standing Orders to include information in regard to Prejudicial Interest and the actions that must be taken by the Member should a Prejudicial Interest be declared.

**Risk Implications:** none

## **13. DATE OF NEXT MEETING**

June 2022. Date to be confirmed.