

17 June 2022

TO MEMBERS OF THE FINANCE KEY AREA GROUP

A **MEETING** of the **FINANCE KEY AREA GROUP** will be held virtually by **Zoom** on **THURSDAY 23rd JUNE 2022** 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**
A full listing of payments made, including those via the town council's business card, are displayed on the council's website on a quarterly basis and can be reviewed accordingly.
- 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 22 January 2022 (previously circulated and attached).
- 7. INTERNAL AUDIT 2021/22**
- 8. FINANCIAL RESULT FOR THE 2021/22 FINANCIAL YEAR (SUBJECT TO EXTERNAL AUDIT)**
- 9. ANNUAL GOVERNANCE and ACCOUNTABILITY RETURN Part 3 FOR 2021/22**
- 10. REVIEW OF BUDGET YEAR 2022/23**
- 11. EARMARKED and GENERAL RESERVES**
- 12. REVIEW OF FINANCIAL REGULATIONS**
- 13. BANK RECONCILIATION AND OTHER BALANCES**
- 14. DATE OF NEXT MEETING**

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

7. INTERNAL AUDIT

- 7.1 The final written internal audit report for the financial year 2021/22, completed in June 2022, had not been received at the time of writing this report, however, a verbal update from the auditor did not raise any issues that require being brought to the attention of Members. The Internal Audit certificate for 2021/22 is expected shortly and will be circulated to Members, along the report itself, once received. The appendix number given to this report will be appendix 1.

As noted at the previous Finance KAG meeting, our current internal auditor has given notice he no longer intends to provide internal audit services to the town council. The RFO is, therefore, seeking a replacement.

7.2 RECOMMENDATION

Members are recommended to:

- A) To approve the final internal audit report (should it be received and circulated prior to the meeting) and,
- B) For the RFO to seek an alternative internal auditor

Risk Implications – None.

8. FINANCIAL RESULT FOR THE 2021/22 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 2021/22 financial year.
- 8.2 The town council will post a surplus of **£72,835**.
- 8.3 The result shows an improvement in revenue of some £22k as a result of, in the main, income from a partner organisation that was not budgeted for of £7k, and £11k from increased activity at the burial ground.

Expenditure shows an improvement of nearly £51k with, in the main, a reduction in staff costs of some £31k, saving on external grounds contractors of £9k, and the release of an unrequired income accrual of £18k.

A consolidated revenue account is shown below followed by a +/- £1000 variance analysis. The full monitoring report is shown at appendix 2

MONITORING REPORT			
2021/22	31/03/2022	MONTH	12.0
CONSOLIDATED SUMMARY			
	Budget	Actual	Variance ON
	2021/22	2021/22	BUDGET
INCOME			
Civic, Corporate, Promotion and staff	£18,874	£18,874	£0
Community Engagement	£5,256	£6,662	£1,406
Customer Service	£32,614	£44,503	£11,889
Finance and Administration	£49,500	£58,188	£8,688
TOTAL INCOME	£106,244	£128,227	£21,983
EXPENDITURE			
Civic, Corporate (Exclds Beehive Fund)	£625,608	£598,125	£27,483
Staff and Member	£2,500	£2,105	£395
Community Engagement	£48,280	£52,662	£4,382
Customer Service	£113,058	£104,725	£8,333
Finance and Administration	£135,636	£116,613	£19,023
TOTAL BASE EXPENDITURE	£925,082	£874,230	£50,852
Beehive Working capital Fund (transfers to/from)	£104,209	£104,209	£0
PRECEPT/NET BUDGETED EXPENDITURE	£923,047	£850,212	£72,835
Surplus / (-deficit)	£0	£72,835	

VARIANCE ANALYSIS 2022/33

	Budget	Forecast	Variance	
NET BUDGETED EXPENDITURE	£923,047	£850,212	£72,835	Surplus
<i>Made up of:</i>	<i>Budget</i>	<i>Forecast</i>	<i>Variance</i>	COMMENTS
INCOME				
About Town	£5,256	£6,662	£1,406	Change of publishing date has brought forward an additional month
Allotment income	£7,250	£9,437	£2,187	Included security premium. Greater take-up
Burial Ground Income	£29,000	£39,679	£10,679	Increased activity
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
Balance on all other budget items	£58,238	£58,394	£156	
Total Movement on Income	£106,244	£128,227	£21,983	INCREASED income
EXPENDITURE	<i>Budget</i>	<i>Forecast</i>	<i>Variance</i>	
About Town	£15,450	£19,666	£4,216	Change of publishing date has brought forward an additional month, plus a special edition.
Audit & Miscellaneous	£23,874	£7,191	-£16,683	Removal of Budget provisions re uncertainty over income
Burial Ground Expenditure Incl Provsn	£16,280	£19,270	£2,990	Increased Business
Cleaning Contracts - Office	£12,951	£10,888	-£2,063	Reduced cleaning charges due Covid office closures
Council Van	£11,000	£8,032	-£2,968	2 out of 3 vehicles now owned
Insurances	£9,500	£8,269	-£1,231	Reduced rates due to competitive tendering
Legion Building - running costs	£5,000	£11,678	£6,678	Planned demolition not until Jul/Aug 2022. Bus Rates to be paid.
Members Allowances	£20,279	£16,904	-£3,375	Less take-up than budgeted
Maintenance contracts (grounds)	£13,500	£4,487	-£9,013	Works being taken in-house
Miscellaneous Staffing issues	£750	£4,428	£3,678	Staff satisfaction survey
Postage	£2,000	£583	-£1,417	Greater move to electronic format and £460 refund from prior year
Salaries	£619,608	£588,802	-£30,806	Staff movements: less higher paid employees, 1 less maintenance
Storage- external	£1,350	£4,719	£3,369	Purchase of new container for Jobs depot
Technology	£7,150	£8,975	£1,825	Addl subscriptions, under budgeted
Utilities	£7,471	£5,045	-£2,426	Long term contracts with major suppliers have protected the TC + large water credit
Waste Management	£2,400	£1,228	-£1,172	Less waste produced through WSCC contracts
Balance of all other budget items	£156,520	£154,065	-£2,455	
MOVEMENT ON BASE EXPENDITURE	£925,082	£874,230	-£50,853	DECREASE in expenditure
NET MOVEMENT ON PRECEPT	£818,838	£746,003	£72,835	ESTIMATED YEAR END SURPLUS

8.4 DISPOSITION OF SURPLUS

Members will be aware there has been a standing resolution for annual surpluses to be transferred to the Beehive Fund, however, in lieu of the formal decision to suspend this project due to the exceptional inflationary climate, the surplus for 2021/22 will be transferred to the town council's General Reserve.

Members will be aware, also, of the Strategic KAG meeting to be held on Friday 17th June 2022, where options for future community infrastructure developments will be discussed. Any recommendations from that meeting will be forwarded to Members accordingly and can be discussed at the Finance KAG under agenda item 11.3.

8.5 RECOMMENDATION

Members are recommended:

- a) to approve the 2021/22 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 2020.21	(AGAR box 1, page 5 of 6)	£ 909,935
Plus Declared Surplus	(Agenda item 8.2)	£ 72,835
Plus Movement in Reserves	(Agenda item 11.1)	£ - 7,405
Balances C/Fwd 2021.22	(AGAR box 7, page 5 of 6)	<u>£ 975,365</u>

9.5 RECOMMENDATION

Members are recommended to approve the:

- A) The Annual Governance Statement 2021/22 contained within the Annual Governance and Accountability Return,
- B) The Accounting Statements 2021/22 contained within the Annual Governance and Accountability Return, 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 2022/23

- 10.1 The purpose of this report is to provide Members with an early view of the 2022/23 Revenue Budget and to highlight significant variances, if any.
- 10.2 As at the date of this report, with less than 3 months of the year completed, there have been no significant movements on budget save for the items noted below:

£000's

Income

- 9.5 Graffiti & Environmental contract (with MSDC) continues
5.0 Burial ground income – continues to be busy
14.5 **Positive movement in income when compared to budget**

Expenditure

- 2.5 The high level of new staff and associated training requires the training budget to be topped-up
6.0 By-Election charge
1.6 Higher burial ground fees due to greater activity
10.1 **Negative movement in expenditure when compared to budget**

4.4 Net movement

Notes: there is a risk against income of £18k from MSDC in regard to annual monies from MSDC to support the Help Point. An income provision has been included in the budget.

RECOMMENDATION:

Members are recommended to note the contents of the report.

Risk Implications – None.

11. EARMARKED and GENERAL RESERVES

- 11.1 The purpose of this report is to update Members with regard to the status of the Town Council's General and Earmarked Reserves. A full listing of all the Earmarked Reserves is attached at appendix 4.

End of year summary position

685,642	Earmarked Reserves as at 01/04/2021
<u>224,293</u>	General Reserves as at 01/04/2021
909,935	Total Reserves as at 01/04/2021
155,659	2021/22 Revenue Budget Contribution into funds
52,064	Income from 3 rd parties during the year
<u>(215,128)</u>	Expenditure on projects during the year
(7,405)	Net movement in the year
653,636	Earmarked Reserves as at 31/03/2022
<u>248,893</u>	General Reserve as at 31/03/2022
902,529	Total Reserves as at 31/03/2022

11.2 General Reserve

As at the 01/04/2022, the General Reserve stood at £322k (inclusive of the 2021/22 surplus).

To meet the standing resolution of requiring a General Reserve of 20% of future Net Budgeted Expenditure, an amount of £186k would be required in the Reserve.

There is, effectively, a surplus in the General Reserve of some £136k.

RECOMMENDATION

Members are recommended to note the contents of the report.

11.3 Earmarked Reserves

In summary, the town council has, as at the date of writing this report, some £785k spread across a number of earmarked reserves (inclusive of the 2022/23 revenue allocations), the most notable being detailed below:

Beehive Working Capital Fund £469k (excluding demolition and outstanding fees)

As noted in agenda item 8.4, the hyper-inflation within the building trade has increased substantially costs on this development causing the project to be suspended. The Strategic KAG meeting of Friday 17th June 2022 will discuss future community infrastructure opportunities and any recommendations from that meeting will be forwarded to Members accordingly and can be raised for discussion under this agenda item. A renaming of the fund would be appropriate also.

RECOMMENDATION

The views of the Members are sought.

Burial Ground £53k

Burgess Hill Burial Ground (phase 1) was opened in 2004 to provide burial space for the town for up to 50 years, with an adjacent area (phase 2) to provide for an additional 50 years.

After just 18 years, the most recent assessment, assuming the current rate of burials continues, shows there is only 5 to 6 years before phase 1 is full,.

The original phase 1 development cost in the region of £125k and, depending upon inflationary pressures, the development of phase 2 could be in the region of £200-£250k.

As noted above, there is £53k in the burial ground fund with Revenue Allocations of £7k per annum. In the light of the rate at which the burial ground is reaching capacity, additional monies will need to be set-aside to ensure the town council has the resources to develop phase 2.

As yet, a formal project plan or quote on development costs has not been completed and this will be actioned this calendar year. From this point, a clearer picture can be presented to Members to establish a formal allocation of monies.

RECOMMENDATION

To develop an outline plan and obtain costings for the development of phase 2 of the burial ground.

Bridge the Gap £61k

The “Bridge the Gap Fund” was set-up to help fund projects in lieu of the MSDC/NRR town centre redevelopment. Members will be aware this redevelopment has stalled.

The past financial year has seen expenditure (£9k) on small scale town centre footfall events and projects such as crazy golf, bouncy castles, Halloween events, Shop Independent and market activities.

As noted above, there is some £61k in the fund that can be considered for additional projects within the town.

RECOMMENDATION

The views of the Members are sought.

12. REVIEW OF FINANCIAL REGULATIONS

- 12.1 The Financial Regulations / Tendering Procedures - section 26.2 (that form part of the council’s Standing Orders) need to be updated to reflect the changes by government in regard to the Public Contracts Procurement Thresholds.

The threshold at which the town council needs to place a public advert inviting tenders in one or more local newspapers has risen to £213,477 (from £172,154k). The current set of Standing Orders is attached at appendix 5.

Please note, it is not necessary to print-out the Standing Orders

RECOMMENDATION

Members are recommended to approve the Financial Regulations (as part of the council’s Standing Orders) to include the amendment in regard to increasing the threshold at which the town council needs to place a public advert inviting tenders.

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 06/05/2022 and is attached at Appendix 6.

- 13.2 For Members’ information, the Town Council had the following book balances as at 17/06/2022:

Account	
Current Account (Nat West)	-14,278
Special Interest (Nat West)	1,058,067
Santander rolling time deposit	290,186
Total	1,333,975

13.3 RECOMMENDATION

Members are recommended to note the contents of the report.

Risk Implications – none.

14. DATE OF NEXT MEETING

November 2022 – exact date to be confirmed.