

10 November 2023

A **MEETING** of the **FINANCE KEY AREA GROUP** will be held in the Town Council Chamber on **Wednesday 15 November 2023 at 18.30 hours**, when your attendance is required.

Steve Cridland
Chief Executive Officer

A G E N D A

OPEN FORUM

Each member of the public is permitted to speak once in respect of business relevant to the Town Council or of local concern to the residents of the town at the discretion of the Chairman (during the Open Forum). They can also speak during the meeting (on topics relating to the published agenda and any other business raised during the meeting) as the agenda debate is progressed. Speakers are encouraged not to speak for more than three minutes, at the discretion of the Chairman or nominee (including the Chair of any other meeting of the Council).

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 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. Members can request a PDF copy should they so wish.
5. NOTES OF PREVIOUS MEETING - To consider the Notes of the Meeting of the Finance Key Area Group held on 27 June 2023 (attached).
6. EXTERNAL AUDIT – 2022/23
7. BUDGET MONITORING REPORT 2023/24
8. INTERIM AUDIT 2023/24
9. 1ST DRAFT REVENUE BUDGET 2024/25
10. RESERVES AS AT 31 OCTOBER 2023
11. ST JOHNS PAVILION – FLOOD RISK SURVEY
12. BANK RECONCILIATION AND INVESTMENTS
13. DATE OF NEXT MEETING - January 2023, date to be confirmed

Members of the Finance Key Area Group: Richard Cherry, Graham Fairbairn (Responsible Finance Officer - RFO), Bob Foster, Matthew Goldsmith, Janice Henwood, Simon Hicks, Cedric De Souza (Chairman), Adam White

6. EXTERNAL AUDIT – 2022/23

6.1 The external auditors have now completed their limited assurance review for the 2022/23 financial year and have certified the accounts accordingly (attached at appendix 1, page 6). The RFO is pleased to announce there are no items of concern that have been raised.

6.2 **RECOMMENDATION**

To note the contents of the report.

Risk Implications – None.

7. **BUDGET MONITORING REPORT 2023/24**

7.1 The purpose of this report is for the RFO to update Members with the latest forecast Outturn for the 2023/24 financial year.

7.2 In summary, the financial year end forecast, as compiled at 31 October 2023, shows an estimated surplus of just under £30k. This is made up of an increase in income of £25k, and a decrease in expenditure costs of £5k.

7.3 A summary Monitoring Report is shown at agenda item 7.4 followed by a detailed variance analysis at agenda item 7.5. A full budget monitoring report is attached at appendix 2.

7.4 **Summary Monitoring Report**

MONITORING REPORT 2023/24			
	31/10/2023	MONTH	7.0
CONSOLIDATED SUMMARY			
	Budget 2023/24	Forecast 2023/24	Variance ON BUDGET
INCOME			
Civic, Corporate, Promotion and staff	£21,187	£23,327	£2,140
Community Engagement	£3,300	£5,024	£1,724
Operational Services	£40,711	£44,883	£4,172
Customer Services (HelpPoint/Econ Dev)	£5,030	£4,875	-£155
Finance and Administration	£63,898	£80,863	£16,965
TOTAL INCOME	£134,126	£158,972	£24,846
EXPENDITURE			
Civic, Corporate (Exclds Beehive Fund)	£733,374	£735,832	£2,459
Staff and Member	£4,500	£4,750	£250
Community Engagement	£54,050	£51,814	-£2,236
Operational Services	£89,049	£105,065	£16,016
Customer Services (HelpPoint)	£2,413	£1,870	-£543
Finance and Administration	£156,574	£135,642	-£20,932
TOTAL BASE EXPENDITURE	£1,039,960	£1,034,973	-£4,987
Community Buildings Reserve (transfers to/from)	£60,000	£60,000	£0
PRECEPT/NET BUDGETED EXPENDITURE	£965,833	£936,002	£29,832

SUMMARY SCHEDULE OF INCOME AND EXPENDITURE			
	Budget	Actual	Forecast
Precept	£965,833	£965,833	£965,833
Income	£134,126	£108,940	£158,972
Expenditure	-£1,099,959	-£631,421	-£1,094,973
Excess of Income over Expenditure	£0	£443,351	£29,832

7.5 Variance Analysis – major movements

	Budget	Forecast	Variance	
NET BUDGETED EXPENDITURE	£965,833	£936,002	£29,832	Surplus
Made up of:	Budget	Forecast	Variance	COMMENTS
INCOME				
About Town	£3,300	£5,024	£1,724	More successful selling
Burial Ground	£34,000	£37,000	£3,000	Pattern likely to show budget being exceeded.
Interest on balances	£9,638	£24,167	£14,529	Improving interest rates / more monies on deposit
Other Income	£750	£3,868	£3,118	3rd party money towards reinstatement of Fairplace roundabout
Partnership Contribution - HP	£21,187	£23,327	£2,140	Inflationary increase agreed
Street Name Plates (MSDC)	£5,164	£6,499	£1,335	Matches expenditure (below)
Balance on all other budget items	£60,087	£59,087	-£1,000	
Total Movement on Income	£134,126	£158,972	£24,846	INCREASED income
EXPENDITURE	Budget	Forecast	Variance	
About Town	£21,300	£19,064	-£2,236	New print contract with new supplier
Allotment Site Costs	£2,000	£5,700	£3,700	Skips more expensive/pest control/MOT, Eastdale river bank erosion
Audit & Miscellaneous	£22,374	£3,600	-£18,774	Removal of Budget provisions re uncertainty over income
Burial Ground	£18,900	£19,950	£1,050	Pattern likely to show budget being exceeded, see income.
Members Allowances	£23,259	£20,717	-£2,542	Less take-up than budgeted
Planting	£1,500	£4,050	£2,550	3 tier planters in church walk
Printing	£3,500	£5,515	£2,015	Reprints of History Trails and Twittens leaflet
Salaries	£728,774	£731,232	£2,459	Additional staff member joining pension scheme
Street Nameplates	£5,164	£6,499	£1,335	Matches Income (above)
Street Scene & Minor works	£0	£2,000	£2,000	Roman Road inserts and Streetlight at Ashway (Council 22/23)
Tree Survey	£0	£3,000	£3,000	More indepth survey required, increased prices
Utilities	£19,394	£16,141	-£3,254	New energy contracts at substantially lower prices
Balance of all other budget items	£193,796	£197,505	£3,709	
MOVEMENT ON BASE EXPENDITURE	£1,039,960	£1,034,973	-£4,987	DECREASED in expenditure
NET MOVEMENT ON PRECEPT			£29,832	ESTIMATED YEAR END SURPLUS

7.6 Disposition of Surplus

There are a number of expenditure items **not** included in the above estimated result but are being brought to the meeting for consideration by Members. These additional items, potentially, could be funded, in-part, from the surplus:

- £4k - The Grants Panel have requested an additional £4k to satisfy the level of awards they would like to give.
- £10k – The Community Engagement KAG requires additional top-up funds to deliver the 24/25 events programme. This could be taken from the surplus so as not to impact on the 24/25 Precept
- £ 2.3k - Purchase of software and tablets for the maintenance team to improve efficiency in recording site safety inspections covering land, allotments, building, street furniture etc. Currently, all done on paper.
- £19k - Depot at Bolney. WSCC has given 3 months' notice to BHTC to remove the 3 shipping containers from WSCC's land at Jobs Depot. This presents an opportunity to consolidate some 5 storage sites across Burgess Hill into one location and provide dedicated office space for the Maintenance Team.

7.7 RECOMMENDATION

Members are recommended to:

- a) Approve the Monitoring report as presented, and allocate from the surplus:
- b) additional funds of £4k to Grants Panel,
- c) additional funds of £10k towards the 2024/25 events programme,
- d) funds of £2.3k towards the purchase of software and tablets for the maintenance team, and
- e) defer to agenda item 9.8 in regard to the costs associated with a depot at Bolney

Risk Implications – should the surplus be materially lower than forecast, funding of the above recommendations will need to be revisited.

8. INTERIM AUDIT 2023/24

8.1 Mulberry and Company completed their 2023/24 interim audit on 11 October 2023. Full report at appendix 3.

8.2 In summary, the internal auditor has highlighted 2 minor issues for consideration:

- a) 5 Councillors had not updated their register of interests since the May 2023 local elections. RFO comment: All but one has now been updated.
- b) 3 Earmarked reserves were in a minor negative position. RFO comment: this has now been corrected.

8.3 RECOMMENDATION

To note the contents of the report.

Risk Implications – None.

9. 1st DRAFT REVENUE BUDGET 2024/25

9.1 The purpose of this report is to give Members a first view of the financial pressures facing the town council for 2024/25 financial year. **This is a discussion document for Members to consider and give guidance towards formulating the final Budget to be presented in January 2024.**

9.2 The **1st draft** budget presented in this report has been prepared on a status-quo basis and includes only the standard/usual operating and fund expenditures that would normally be included. Additional expenditure items requested will be set-out separately for Members to consider and will include Precept and Band D rate implications.

A full budget breakdown can be seen at appendix 4.

9.3 Assumptions

- A 1.4% increase has been allowed in the movement of the Tax Base.
- Inflation, where appropriate, set at 7%.
- Salary Cost of Living rise has been based on the recent National Local Government Services Pay Agreement for 2023 (£1 per hour) giving an overall increase of 6.9%

9.4 Income

Projected income levels for 2024/25 are set at £137k which is marginally above 2023/24. The figures reflect the loss of income from MSDC for Environmental Improvements (£7.5k) and includes better performance on interest received from investments (£7k).

There is the potential to increase some income through inflationary increases in regard to Help Point Partner Income and burials, this will be discussed at the January 2024 Finance meeting taking into account the latest inflation rates.

CONSOLIDATED SUMMARY	Budget 2023/24	Budget 2024/25	Variance on Prior Year Budget
INCOME			
Civic, Corporate, Promotion and staff	£21,187	£23,327	£2,140
Community Engagement	£3,300	£3,800	£500
Operational Services	£40,711	£33,295	-£7,416
Customer Services (HelpPoint/Econ Dev)	£5,030	£5,075	£45
Finance and Administration	£63,898	£70,767	£6,869
TOTAL INCOME	£134,126	£136,264	£2,138

RISK: Included within the budgeted income is £25k of Partner Income (Help Point Contribution, Graffiti support) which are annual contracts and should be considered a risk.

9.5 Expenditure

Budget year 2024/25 presents a number of challenges in regard to base costs, with requests from various KAGs to increase spending putting pressure on the Precept. The table summary below, as noted previously, presents a status quo expenditure budget with the resultant Precept and Band D Rate. This will be followed by a detailed variance analysis and the additional expenditure requests with their potential impact on the budget and Precept.

In Summary

Draft Precept to rise from £966k to £1,005k

Draft Band D rate to rise from £76.51 to £78.51, and increase of £2.01 (2.6%) per annum.

9.6

BUDGET 2024/25			
CONSOLIDATED SUMMARY	Budget 2023/24	Budget 2024/25	Variance on Prior Year Budget
TOTAL INCOME	£134,126	£136,264	£2,138
EXPENDITURE			
Civic, Corporate (Exclds Beehive Fund)	£733,374	£785,084	£51,711
Staff and Member	£4,500	£7,500	£3,000
Community Engagement	£54,050	£51,500	-£2,550
Operational Services	£89,049	£106,712	£17,663
Customer Services (HelpPoint)	£2,413	£2,413	£0
Finance and Administration	£156,574	£128,068	-£28,506
TOTAL BASE EXPENDITURE	£1,039,960	£1,081,276	£41,316
Community Buildings Reserve (transfers to/from)	£60,000	£60,000	£0
PRECEPT/NET BUDGETED EXPENDITURE	£965,833	£1,005,013	£39,180
Tax Base	12623.9	12800.3	176.4 1.40%
Band D	£76.51	£78.51	£2.01 2.6%

BUDGET 2024/25 - VARIANCE ANALYSIS +/- £1,000

	Tax Base		PRECEPT	BAND D
2024/25	12,800.30		£1,005,013	£78.51
2023/24	12,623.90		<u>£965,833</u>	<u>£76.51</u>
Increase in Precept	176.40	1.4%	<u>£39,180</u>	<u>£2.01</u>
				2.6%
MADE UP OF:	Budget	Budget	Movement	
	2023/24	2024/25	on prior year	
Income Movements				
Interest on Balances	£9,638	£16,507	£6,869	Improved rates, increased amounts on long term deposits
MSDC-Partnership Environmental improvements	£7,500	£0	-£7,500	Notice received from MSDC to terminate contract.
Street Nameplates - MSDC	£5,164	£6,499	£1,335	Increased income matched by increased expenditure (see below)
Partnership Contributions - help point - MSDC	£21,187	£23,327	£2,140	Inflationary increase - Should be considered a Risk
WSSC roundabout/Shield Bed income	£16,751	£15,000	-£1,751	Long term sponsor of the shield bed has not renewed. Seeking alternatives.
Balance of movements on all other budget items	£73,886	£74,931	£1,045	Net decrease in other income
Total Income	£134,126	£136,264	£2,138	Increase in Income
Expenditure Movements				
About Town	£21,300	£18,750	-£2,550	New supplier
Allotent Site Improvements	£2,000	£4,000	£2,000	Purchase of a new metal shed
Audit Fee/ Miscellaneous / Bank charges	£22,374	£4,500	-£17,874	Removal of Income provision
Burial Ground	£18,900	£11,900	-£7,000	Enough in BG Fund
Legion building - running costs (excl loan repayments)	£2,500	£1,500	-£1,000	Residual costs and minor maintenance
Maintenance - external contractors	£1,000	£2,000	£1,000	Use of contractors with specialist equipment
Printing	£3,500	£5,000	£1,500	Twittens leaflet reprints
Recruitment Fund Contribution	£0	£3,000	£3,000	Top-up Recruitment Fund - retirements over next two years
Salaries / Oncosts	£728,774	£779,484	£50,711	COL rise in 24/25, contractual increments
Sand Pit - new	£0	£6,000	£6,000	To-date, a mixture of funds have been used to support this project. As now an annual cost, needs to be a revenue item in own right
Street Nameplates	£5,164	£6,499	£1,335	Increase expenditure matched by increased income (see above)
Street Scene & Minor Works	£0	£2,000	£2,000	Fund Top-up, £1,600 as at 31/10/23
Technology Fund Contribution	£9,250	£10,359	£1,109	To outsource the payroll function
Utilities - 96 Church Walk	£19,394	£12,014	-£7,380	New contracts with energy suppliers reflecting lower costs
Youth Council - new	£0	£1,000	£1,000	Starting 24/25. To allow the prgression of projects raised.
Balance of movements on all other budget items	£205,803	£213,269	£7,466	Net increase in other items
Base Budget Costs	£1,039,960	£1,081,276	£41,315	Increase in base costs
Community Building & Capital Projects contribution	£60,000	£60,000	£0	
Precept (Net Budget Expenditure)	£965,834	£1,005,013	£39,180	Net increase in Precept

9.7 Additional items of expenditure.

As noted previously, a number of expenditure requests have been received and these are detailed below with their potential impact on the Band D rate. **For clarification, these items have not been included in the 1st Draft Budget detailed above.**

		Impact on Band D
a Increase in Annual Grant fund from £12k to £40k - Community Engagement KAG	£28,000	£2.19 2.9%
b Additional events during 2024/25. Unspecified amount, say £10k - Comm Eng KAG	£10,000	£0.78 1.0%
c Additional employee (3 days) to deliver additional events - Comm Eng KAG	£23,000	£1.80 2.3%
d Depot at Bolney (see justification at agenda item 9.8)	£45,000	£3.52 4.6%

Although not required for the 2024/25 budget, going forward, as the town grows with the inclusion of Brookleigh, phase 2 of the burial ground, additional bus shelters, roundabouts etc, the town council's Maintenance Team will need to recruit an additional person which will give rise to an increase in the salary charge of £38k per annum.

9.8 Storage Depot - Bolney

At the Council meeting held on 25 September 2023, Members resolved to set aside in future budgets an amount of £25,000 per annum towards a new depot and to enter into a lease if suitable premises became available. It has long been a desire of officers and successive administrations to have a dedicated depot to allow for the storage of machinery, tools, equipment, vehicles and to provide a suitable working space.

Currently, BHTC has 3 shipping containers located on WSCC land at Jobs Depot £FOC (near Bolney), two garage lock-ups at Gravett Court @ £1.5k/annum, a small facility in the Cyprus Road Car park (ex-toilet) and a caged area and workshop at 96 Church Walk.

Since the September Council meeting, WSCC has given notice to BHTC to remove our 3 containers from Jobs depot by 31 December 2023. There was never any lease in-place and no rent was charged.

Three options have been considered to date. Others available are deemed too expensive to consider:

Morelands farm - Approximately the same distance as Jobs depot from the main office. They can provide space for our 3 containers and to park the vehicles. There are no utilities so it would just be a storage site with no dedicated maintenance office/area. The cost would be around £400 per month but, potentially, there would be no security of tenure.

MSDC Land - A disused barn belonging to MSDC near the burial ground. The building is in bad condition with holes in the roof. Vehicles would not be secure at this site. There is a footpath running through and it is doubtful whether the containers could be relocated here due

to the access which is next to a deep pond and would require considerable trimming of trees. This site has been, therefore, discounted.

Bolney Grange (unit 6) – opposite the Shell garage on the A2300 – see appendix 5. The current leaseholder has moved and is looking for someone to take over the remaining 4 years of the lease at £22k pa plus business rates, utilities and service charge, however, at the end of 4 years the landlord may decide not to enter into a new lease for whatever reason leaving the town council having to source another site.

An alternative option is to enter into a new lease (potentially 10 years) with a rent review clause after 5 years. The lease charge for the 10 year option would be £25k pa plus business rates, utilities and service charge (which was not factored in when Council first suggested the £25k), taking the annual cost to circa £45k per annum.

This property is a little further out than ideally wanted but there is nothing similarly priced nearer town. It has a large yard where the containers could be stored. It is large enough to park the vehicles inside and has security cameras. The estate is also secured at night. The building can accommodate all our plant and equipment and has a workshop area. In addition, it has a small office which would accommodate the Maintenance Team and free up space within the town council offices. This option would also alleviate pressures on the town council's rear parking area.

This site would lead to increased efficiency and allow for the consolidation of the garages, Cyprus Road store and the containers. There is, also, the potential to sublet part of the yard.

Should Members approve this option and BHTC take the lease from, say, 1 December 2023, there would be a charge to the current year's accounts of circa £19k as noted in agenda item 7.6 (d).

It should be noted, the town council is not the only potential tenant interested in this site, but the landlord has agreed to give time to officers to consult with Members. There is, however, a substantial risk this facility will be leased to another tenant if the Council is unable to move quickly.

9.9 Funding

The additional expenditure items detailed in agenda item 9.7, by their nature, are annual, base line costs, and as such must be included into the Revenue Budget which will impact on the Precent and Band D rate.

There is the potential to use some monies from the General Reserve (£32k - excess to requirements), Operation Watershed fund (£4k no longer required) to mitigate the additional expenditure, however, these funds would be a one-off only and are insufficient.

Other options may also be available which the RFO is looking into and will report to Members at the meeting.

9.10 RECOMMENDATION

The views of the Members are sought, however, as previously noted, the window of opportunity for the Bolney site option is closing.

Risk Implications

The Budgeted income includes some £25k from Partner organisations, contracts to be confirmed.

The Salary Cost of Living Rise has been based on the 2023/24 National agreement of £1,925 per full time employee (effectively £1/hour). Any material increase will impact on the Revenue Budget.

RESERVES (AS AT 31 OCTOBER 2023)

10.1 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 6.

In summary:

General Reserve as at 31/10/2023 £242,049

The current Council resolution is to have 20% of forward net costs as the General Reserve level. Depending on the budgeted level of expenditure approve for the 2024/25 financial year, this will not need to be added to. Some monies could be returned to support other projects.

Earmarked Reserves as at 31/10/2023

£000s

£661	B/Fwd 01/04/2023
£112	2023/24 Revenue Transfer
£ 10	Transfer from General Reserve (Orchard)
£ 10	Income from 3 rd parties
<u>£(92)</u>	Expenditure to-date
£701	Balance as at 31/10/2023
<u>£(46)</u>	Estimated Expenditure Oct 23-Mar 24
£655	Estimated Balance as at 31 March 2024
<u>£110</u>	Current estimated transfers-in for 2024/25 Financial Year
£765	Estimated balance 01/04/2024

The RFO is reviewing in detail the level of funds allocated to individual projects to assess their appropriateness and will report back at the January meeting.

RECOMMENDATION

- a. Members are recommended to review the attached schedule and raise queries accordingly, and
- b. Approve the current Schedule.

Risk implications – none.

11. **St John's Pavilion – Flood Risk Survey**

Burgess Hill Cricket Club, as part of their planning application for the wider development plans of the St John's Pavilion site, are in need to provide a flood risk assessment. They have requested financial assistance from BHTC of circa £2.5k but will, in addition, look to raise funds from their members.

Ordinarily, this would be assessed by the Grants Panel, however, this committee is not due to meet for some considerable time which will delay the planning process.

Members are asked, therefore, to consider providing a "refundable" grant subject to the normal grant application process being adhered to i.e. the town council's grant application form is completed and the club's financial information is provided for assessment by the RFO.

As a condition of any grant approval, monies raised by the club for the flood survey would be returned to the town council up to the value of the grant given.

RECOMMENDATION

Members are recommended to approve the grant to the cricket club of up to £2,500 subject to the above noted conditions.

12. **BANK RECONCILIATION AND INVESTMENT**

- 12.1 The purpose of this report is to periodically provide a bank reconciliation to Members for review and is attached at appendix 7.

For Members' information, the following balances, as at 10/11/2023, are shown on the accounting system:

£	6,813	Current account
£	909,848	NatWest Sweep Saving's account (incls Precept receipt of £483k)
£	566,576	Santander time deposits (interest rates from 5.05% to 5.3%)

RECOMMENDATION

To note the contents of the report

Risk Implications – none

13. **DATE OF NEXT MEETING** : January 2023, exact date and time to be confirmed