

18 June 2024

TO MEMBERS OF THE FINANCE KEY AREA GROUP

A **MEETING** of the **FINANCE KEY AREA GROUP** will be held on **MONDAY 23TH JUNE 2024** at **18.30 hours** in the Council Chamber when your attendance is required.

Julie Holden, Chief Executive Officer

A G E N D A

1. ELECTION OF THE VICE-CHAIRPERSON OF THE FINANCE KAG for the ensuing year.

Nominations are sought for the position of Vice-Chairperson.

2. OPEN FORUM

Open forum lasts for a maximum of 15 minutes and members of the public are permitted to speak once only in respect of business itemised on the agenda and shall not speak for more than 3 minutes (at the discretion of the Chair). Questions, representations or evidence must be directed to the Chair who will determine who and how a response will be made.

3. APOLOGIES FOR ABSENCE – Cedric De Souza, Jon Gardner

4. SUBSTITUTES – David Eggleton for Cedric De Souza, Trevor Hines for Jon Gardner.

5. DECLARATIONS OF INTEREST – in regard to any item on the agenda.

6. CHAIRMAN'S ANNOUNCEMENTS – if any.

7. PAYMENTS MADE - 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 viewed accordingly.

8. NOTES OF PREVIOUS MEETING - To consider the Notes of the Meeting of the Finance Key Area Group held on 20 January 2025. (Copy previously circulated and attached)

9. INTERNAL AUDIT – FINAL 2024/25

10. FINANCIAL RESULT FOR THE 2024/25 FINANCIAL YEAR (SUBJECT TO EXTERNAL AUDIT)

11. ANNUAL GOVERNANCE and ACCOUNTABILITY RETURN Part 3 FOR 2024/25

12. REVIEW OF BUDGET YEAR 2025/26

13. EARMARKED and GENERAL RESERVES

14. BANK RECONCILIATION AND OTHER BALANCES

15. DATE OF NEXT MEETING

Members of the Finance Key Area Group: Cedric de Souza (Chairman), Graham Fairbairn (Responsible Finance Officer), Bob Foster, Jon Gardner, Matthew Goldsmith, Janice Henwood, Simon Hicks, Adam White

9 INTERNAL AUDIT – Final 2024/25

- 9.1 The final written internal audit report for the financial year 2024/25, undertaken on 13 June 2025, has been completed and is attached at appendix 1.

It can be reported there are no items of a material nature that need to be brought to the attention of Members.

An extract from the audit report reads as follows:

It is our opinion that the inherent risk of error or misstatement is low, and the controls of the council can be relied upon and as such substantive testing of individual transactions is not required. Testing to be carried out will be “walk through testing” on sample data to encompass the period of the council year under review.”

“Final Internal Audit - Points Carried Forward – none”

9.2 RECOMMENDATION

Members are recommended to

- a) approve the final internal audit report for 2024/25, and
- b) reappoint Mulberry as the internal auditor for 2025/26.

Risk Implications

Environmental – none

Financial – none

Community Safety - none

10. FINANCIAL RESULT FOR THE 2024/25 FINANCIAL YEAR (SUBJECT TO EXTERNAL AUDIT)

- 10.1 The purpose of this report is to appraise Members with regard to the financial result for the 2024/25 financial year.

- 10.2 The town council will post a surplus of £38,361.

- 10.3 The result shows an improvement in revenue of some £35k as a result of, in the main, income from Interest on Balances of £26k and burial receipts of £6k. Whilst expenditure shows a decrease of just over £3k as a result of, in the main, a reduction in salary costs of £42k, increase in the 2023 election costs (plus by-elections) £10k, provision for tree surgery works £20k and an increase in contractor costs for external grounds maintenance of £10k.

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

MONITORING REPORT 2024/25		31/03/2025	12.0
CONSOLIDATED SUMMARY		Budget 2024/25	Variance ON BUDGET
INCOME		Actual	
Civic, Corporate, Promotion and staff	£23,327	£24,423	£1,096
Community Engagement	£3,800	£3,726	-£74
Operational Services	£32,795	£34,237	£1,442
Customer Services	£5,075	£4,161	-£914
Finance and Administration	£77,188	£110,663	£33,475
TOTAL INCOME	£142,185	£177,210	£35,025
EXPENDITURE			
Civic, Corporate (Exclds CommBuild Fund)	£787,401	£744,471	-£42,930
Staff and Member	£7,500	£9,711	£2,211
Community Engagement	£56,855	£65,081	£8,226
Operational Services	£149,163	£175,920	£26,757
Customer Services	£2,413	£1,142	-£1,271
Finance and Administration	£129,220	£132,891	£3,671
TOTAL BASE EXPENDITURE (Exclcd Comm Build Reserve)	£1,132,551	£1,129,215	-£3,336
Community Buildings Reserve (transfers to/from)	£64,000	£64,000	£0
PRECEPT / NET COSTS	£1,054,366	£1,016,005	£38,361
Surplus / (-deficit)	£0	£38,361	

VARIANCE ANALYSIS 2024/25				
	Budget	Actual	Variance	
NET BUDGETED EXPENDITURE	£1,054,366	£1,016,005	£38,361	Surplus
<i>Made up of:</i>	<i>Budget</i>	<i>Forecast</i>	<i>Variance</i>	COMMENTS
INCOME				
Allotment rental	£8,500	£9,928	£1,428	Under budgetted
Burial Ground Income	£36,000	£41,913	£5,913	Increased interments / non BH burial
Council Chamber room hire	£3,250	£1,842	-£1,408	Proving difficult to attract hirers
Interest on balances	£20,928	£47,260	£26,332	Relatively high interest rates / high level of funds on deposit
Management Charge to SW & CIC	£13,500	£14,781	£1,281	50/50 share in profitable CIC
Partnership Contribution - Help Point	£23,327	£24,423	£1,096	Inflationary increase agreed
Balance on all other budget items	£36,680	£37,063	£383	
Total Movement on income	£142,185	£177,210	£35,025	INCREASE in income
EXPENDITURE				
Bonley depot / storage	£44,000	£36,653	-£7,347	3 month delay in occupation
CCTV	£2,350	£0	-£2,350	MSDC have confirmed charges for this will no longer apply.
Elections	£6,000	£16,000	£10,000	Substantial increase in costs for 2023 elections
Fuel for vans	£4,000	£2,823	-£1,177	Costs less than expected.
Grants & Donations	£16,250	£17,587	£1,337	Funded by transfer from Cllr allowances
Maintenance Contracts - Ext Grounds	£2,000	£12,218	£10,218	Use of external contractors, offset against staff savings. Minute 39 Strategic KAG 13 Aug 2024.
Members Allowances	£21,960	£17,741	-£4,219	Less take-up than budgeted
Miscellaneous Staffing Issues	£750	£2,076	£1,326	Staff Occupation health charges.
Pantry Grant	£0	£7,000	£7,000	Relocation fit-out costs. FINKAG Nov 24 Minute 63
Printing Costs (to include photocopier charges)	£5,000	£8,677	£3,677	Reprint maps & dital option. FinKAg Jan 25
Repairs and Renewals	£6,000	£12,000	£6,000	Beacon, Wivelsfield Bridge, Litter baskets, Finger Posts, 96CW Windows, Cyprus Hall bird issue
Salaries	£781,801	£739,658	-£42,143	Annual payrise less than budgeted plus staff movements
Site Improvements	£3,000	£5,880	£2,880	Folders Meadow resurface and Alexandra Road upkeep
Training	£4,000	£6,000	£2,000	Contractual commitments
Tree Surgery	£1,000	£21,000	£20,000	From tree surgery report
Utilities	£12,014	£7,593	-£4,421	New energy contracts at substantially lower prices, milder winters
Balance of all other budget items	£222,425	£216,310	-£6,116	
MOVEMENT ON BASE EXPENDITURE	£1,132,551	£1,129,216	-£3,336	DECREASE in expenditure
NET MOVEMENT ON PRECEPT			£38,361	YEAR END SURPLUS

10.4 DISPOSITION OF SURPLUS

Members will be aware, from previous council and KAG meetings, of a number of repair and maintenance issues that have arisen and are not included within the 2024/25 Financial Result or the 2025/26 Budget. These are summarised below for consideration:

Recommendation from Customer Service KAG meeting 24 March 2025

External repairs and maintenance to 96 Church Walk to include replacing the internal roofing felt. Circa £28k to include scaffolding and a 20% contingency.

Recommendation from Customer Service KAG meeting 16 June 2025

Work on replacing the bridge in Batchelors Farm to go ahead without delay, the cost of which is recommended to the Finance KAG is taken from the Community Building Reserve, with the provision that such sums are repaid to that Reserve over a period of 2-3 years.

The initial quote received is circa £50k, however, alternative, cheaper option(s) are currently being sought but the costs may still remain in the tens of thousands. See also agenda item 13.2.3.

10.5 RECOMMENDATION

- a) For Members to approve the Financial Result for the year to 31 March 2025, and
- b) Set-aside £28k from the 2024.25 surplus towards the external repairs and maintenance to 96 Church Walk to include replacing the internal roofing felt, and
- c) Set-aside the residual amount from the surplus, circa £10k, towards the repair/replacement of Batchelors Farm bridge.

Risk Implications

Environmental – none

Financial – none

Community Safety - none

11. ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN PART 3

- 11.1 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) (see Appendix 3) with supporting documentation for the year 2024/25. 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.

- 11.2 The AGAR is compiled of 4 sections and each must be completed and signed accordingly:-

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

- 11.3 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, regular management accounts, budget holder control reports, risk assessments and the employment of independent internal auditors.
- 11.4 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 01/04/2024	(AGAR box 1, page 5 of 6)	£1,155,866
Plus Declared Surplus	(Agenda item 10.2)	£ 38,361
Plus Movement in Reserves	(Agenda item 13.1)	£ (257,886)
Balances C/Fwd 31/03/2025	(AGAR box 7, page 5 of 6)	£ 936,341

Extract from AGAR

Section 2 – Accounting Statements 2024/25 for

Burgess Hill Town Council

	Year ending		Notes and guidance
	31 March 2024 £	31 March 2025 £	
1. Balances brought forward	912,469	1,155,866	<i>Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.</i>
2. (+) Precept or Rates and Levies	965,833	1,054,366	<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts	528,465	297,819	<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs	-733,081	-739,658	<i>Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.</i>
5. (-) Loan interest/capital repayments	-16,052	-15,830	<i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments	-501,768	-816,222	<i>Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward	1,155,866	936,341	<i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i>

11.5 RECOMMENDATION

Members are recommended to:

- Agree the Annual Governance and Accountability Return 2024/25 Part 3, and
- forward to Council for formal approval.

Risk Implications

Environmental – none
Financial – none
Community Safety - none

12. REVIEW OF BUDGET YEAR 2025/26

- 12.1 The purpose of this report is to provide Members with an early view of the 2025/26 Revenue Budget and to highlight significant variances.
- 12.2 As at the date of this report, with less than 3 months of the year completed, there have been no significant movements on the Revenue Budget, save for the noted items in regard to 96CW maintenance and the Batchelors Farm bridge.

12.3 RECOMMENDATION:

Members are recommended to note the contents of the report.

Risk Implications

Environmental – none
Financial – none
Community Safety - none

13. EARMARKED and GENERAL RESERVES

- 13.1 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, with a summary of movements shown below followed by the highlighting of some individual reserves for discussion. (A printed version of the schedule will be provided at the meeting).

2024/25

£ 894,632		Reserves B/Fwd 01/04/2024
£ 170,861		Revenue contribution to Earmarked Reserves 2024/25
£ 110,840		Income from 3 rd Parties
£(539,587)		Less expenditure to 31/03/2025
£ 636,746	£ 257,886	Movement in Reserves
 £ 27,185		 Transfers-In from General Reserve
£ 663,931		Balance of all Earmarked Reserves as at 31/03/2025
£118,055		Revenue Contribution to Earmarked Reserves 01/04/2025
£ 781,986		Balance of all Earmarked Reserves as at 01/04/2025

Made up of (significant Projects):

£1000s

437	Community Buildings & Capital Projects – set-aside to provide funding, in-part, towards various capital projects
63	Real Time Bus Information – 3 rd party monies (WSCC/S106). Project to be completed within next 3 months. Possible £5k residual.
53	Burial ground – To develop an extension to the existing burial ground. Project completion September 2025.
37	Town Events fund - A comprehensive and continuous programme of events and activities.
34	Elections Fund – 2 x by-election charges to come. Target £40k before next 2027 local elections
25	Grants fund - To fund minor & major grant applications from community groups.
22	Tree surgery works
20	Roundabout Maintenance fund – capital commuted sum, cannot be spent.
90	All other projects
782	Balance of all Earmarked Reserves as at 01/04/2025
234	General Reserve (Subject to disposition of 2024/25 surplus – see item 13.3)
1,016	Total Reserves as at 01/04/2025

13.2 Individual Reserves

13.2.1 Burial Ground £53k

Members will recall the Council approved the borrowing of up to £300k towards the development of phase 2 of the burial ground. The application was approved by the Ministry of Housing, Communities and Local Government in December 2024 with an expiry date of December 2025.

The burial ground project has proceeded at pace with an estimated completion time of September 2025, however, to-date, the approved loan (or part-of) has not yet been drawn-down as Government Loan interest rates, despite recent falls in the Bank of England base rate, remain high at just under 6%.

In the interim period, the Burial Ground will be funded from existing cash deposits that are earning, at best, around or under 4%. (see agenda item 14).

This position will remain under review with regard to other calls on the town council's cash deposits and/or the approaching expiry date of the loan approval.

13.2.2 3037 Community Buildings & Projects Fund £437k

Members will be aware this fund has been established to support the funding, in-part, of community buildings and projects within the Burgess Hill area as part of the town council's Capital Programme.

In the year to 31/03/2025, the following amounts have been paid-out:

Park Centre Project: £98,452 – latest information from the Park Centre CIO is the facility is expected to open in July 2025.

The Beehive: £10,128 (plus £23k in 2025/26) – additional plans/drawings taking the project to RIBA stage 2

Batchelors Farm Bridge £50k (this project is not part of the Earmarked Reserve as yet).

The recommendation from the Customer Services KAG is to fund this project direct from the Community Building Reserves with the provision that such sums are "repaid" to that reserve over a period of 2 to 3 years. Depending on the final cost, however, this could give rise to a substantial charge on the Precept over those years. Every £10k on the Precept will equate to just under a 1% increase on the Band D rate.

Any final decision on the "repayment" period should be deferred until the final costs of the bridge works are known. Once known, for the RFO to liaise with the Finance KAG Chairman to discuss the most appropriate payment period and report back to the Finance KAG at its November 2025 meeting.

13.2.3 RECOMMENDATION

Members are recommended to

- a) Note the contents of the report, and
- b) Defer any final decision on the "repayment" period until the final costs of the bridge works are known, and for the RFO to liaise with the Finance KAG Chairman to discuss the most appropriate payment period and report back to the Finance KAG at its November 2025 meeting.

13.3 General Reserve £234k

13.3.1 Members may be aware there is a standing resolution for 20% of the net Revenue Budget to be set-aside to cover unforeseen costs or opportunities. Based on the current 2024/25 budget, this amounts to £230k. There is currently, therefore, a small surplus of £4k of unrequired General Reserve that could be allocated towards other projects and activities.

As noted above, depending on the final costing and decision in regard to the Batchelors Farm bridge, the General Reserve could be used, in-part, to fund, the bridge project.

The previously noted 2024.25 Surplus of £38k **is not** included in the General Reserve balance of £234k. This position may change should Members not approve the disposition of the 2024.25 surplus under agenda item 10.5.

13.3.2 RECOMMENDATION

To note the contents of the report.

Risk Implications

Environmental – none

Financial – nothing specific, however, there are ongoing sizeable projects where cost over-runs could put pressure on budgets.

Community Safety – potential safety risk in regard to the Batchelors Farm bridge should repair/replacement not be undertaken within the next 1 to 2 years.

14. BANK RECONCILIATION AND OTHER BALANCES

14.1 The purpose of this report is to periodically provide a current bank account reconciliation to Members for review and is attached at appendix 5.

For Members' information, the following balances, as at 13/06/2025, are shown on the accounting system:

14.2 Cash deposits

£ 10,000	Current account (Note – a sweep account is in operation)
£ 624,442	NatWest (sweep account) special interest deposit
£ 239,315	Santander time deposit (1) @ 4.05% expires 03/26
£ 102,911	Santander time deposit (2) @ 3.85% expires 01/26
£ 268,951	Santander time deposit (4) @ 3.75% expires 08/25
£ 263,752	Santander time deposit (5) @ 3.75% expires 08/25
<u>£ 743</u>	Petty Cash (includes £306 float money)
£1,510,114	Total Cash deposits

14.3 Debtors

£10,860	Debtors
£ 1,490	VAT (owed to BHTC)
<u>£ 4,216</u>	Inter Balance with CIC
<u>£16,566</u>	Total Debtors

14.4 Creditors

£ 37,548	Trade Creditors
£ 55,266	Inter Balance with Sidney West Charity
<u>£ 26,456</u>	PAYE/NI/Pension
£119,270	Total Short-Term Creditors

14.5 Creditors (long-term)
£198,000 Ex-RBL building, loan repayment.

14.6 **RECOMMENDATION**

- a) To note the contents of the report, and
- b) For the Vice-Chairman of the Finance KAG to sign the bank reconciliation
(this relates to a recommendation from the NALC model of Financial Regulations)

Environmental – none
Financial – None
Community Safety – none

15. **DATE OF NEXT MEETING**

Monday 10 November 2025.