

19 June 2024

TO MEMBERS OF THE FINANCE KEY AREA GROUP

A **MEETING** of the **FINANCE KEY AREA GROUP** will be held on **MONDAY 24TH JUNE 2024** at **18.30 hours** in the Council Chamber 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** – None notified
2. **SUBSTITUTES** – None notified
3. **DECLARATIONS OF INTEREST** – in regard to any item on the agenda.
4. **CHAIRMAN'S ANNOUNCEMENTS** – if any.
5. **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.
6. **ELECTION OF THE VICE-CHAIRPERSON OF THE FINANCE KAG** for the ensuing year.

Nominations are sought for the position of Vice-Chairperson.
7. **NOTES OF PREVIOUS MEETING** - To consider the Notes of the Meeting of the Finance Key Area Group held on 22 January 2024. (Copy previously circulated and attached)
8. **INTERNAL AUDIT – FINAL 2023/24**
9. **FINANCIAL RESULT FOR THE 2023/24 FINANCIAL YEAR (SUBJECT TO EXTERNAL AUDIT)**
10. **ANNUAL GOVERNANCE and ACCOUNTABILITY RETURN Part 3 FOR 2023/24**
11. **REVIEW OF BUDGET YEAR 2024/25**
12. **EARMARKED and GENERAL RESERVES**
13. **BANK RECONCILIATION AND OTHER BALANCES**
14. **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

8 INTERNAL AUDIT 2023/24

8.1 The final written internal audit report for the financial year 2023/24, undertaken in June 2024, 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:

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor at this time, nor did we identify any significant weaknesses in the internal controls such that public money would be put at risk.

It is clear the council takes governance, policies and procedures seriously and I am pleased to report that overall, the systems and procedures you have in place are fit for purpose and whilst my report may contain recommendations to change these are not indicative of any significant failings, but rather are pointers to improving upon an already well-ordered system.

It is therefore our opinion that the systems and internal procedures at Burgess Hill Town Council are well established and followed.

Mulberry Local Authority Services Ltd

Year-End Audit - Points Carried Forward

Audit Point	Audit Findings	Council comments
None		

8.2 RECOMMENDATION

Members are recommended to

- a) approve the final internal audit report for 2023/24, and
- b) reappoint Mulberry as the internal auditor for 2024/25.

Risk Implications – None.

9. FINANCIAL RESULT FOR THE 2023/24 FINANCIAL YEAR (SUBJECT TO EXTERNAL AUDIT)

- 9.1 The purpose of this report is to appraise Members with regard to the financial result for the 2023/24 financial year.
- 9.2 The town council will post a surplus of just over £19k.
- 9.3 The result shows an improvement in revenue of some £48k as a result of, in the main, income from increased activity at the burial ground of £26k, and Interest on Balances of £17k.

Expenditure shows an increase of £29k as a result of, in the main, additional funds of £11k allocated to the Town Events Fund (as approved by Council) and increased cost of the May 2023 local election and two bye-elections (£18k).

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

Income & Expenditure 2023/24	31/03/2024		12.0
CONSOLIDATED SUMMARY	Budget 2023/24	Actual	Variance ON BUDGET
INCOME			
Civic, Corporate, Promotion and staff	£21,187	£23,327	£2,140
Community Engagement	£3,300	£5,261	£1,961
Operational Services	£40,711	£39,458	-\$1,254
Customer Services	£5,030	£4,920	-\$110
Finance and Administration	£63,898	£109,300	£45,403
TOTAL INCOME	£134,126	£182,266	£48,140
EXPENDITURE			
Civic, Corporate (Exclds CommBuild Fund)	£733,374	£737,135	£3,761
Staff and Member	£4,500	£4,660	£160
Community Engagement	£54,050	£65,884	£11,834
Operational Services	£89,049	£109,789	£20,740
Customer Services	£2,413	£2,147	-\$266
Finance and Administration	£156,574	£149,301	-\$7,273
TOTAL BASE EXPENDITURE (Exclcd Comm Build Reserve)	£1,039,959	£1,068,915	£28,956
Community Buildings Reserve (transfers to/from)	£60,000	£60,000	£0
PRECEPT/NET BUDGETED EXPENDITURE	£965,833	£965,833	£19,184
Surplus / (-deficit)	£0	£19,184	

VARIANCE ANALYSIS 2023/24				
NET BUDGETED EXPENDITURE	Budget £965,833	Actual £946,650	Variance £19,183	Surplus
Made up of:	Budget	Forecast	Variance	COMMENTS
INCOME				
About Town	£3,300	£5,261	£1,961	More successful selling
Burial Ground	£34,000	£51,340	£17,340	Increased activity
Interest on balances	£9,638	£35,943	£26,306	Improving interest rates / more monies on deposit
Other Income	£750	£3,945	£3,195	3rd party money towards reinstatement of Fairplace roundabout
Partnership Contribution - HP	£21,187	£23,327	£2,140	Inflationary increase agreed
Management Charges - SW and CIC	£13,500	£15,821	£2,321	CIC Man Charge not budgeted for
Street Name Plates (MSDC)	£5,164	£1,922	-£3,243	Relates to expenditure movement (see below)
Balance on all other budget items	£46,587	£44,707	-£1,880	
Total Movement on Income	£134,126	£182,266	£48,140	INCREASE in income
EXPENDITURE	Budget	Forecast	Variance	
About Town	£21,300	£19,142	-£2,158	New contract with new print supplier
Allotment Site Costs	£2,000	£4,727	£2,727	Eastdale river bank erosion works
Audit & Miscellaneous	£22,374	£3,203	-£19,171	Removal of Budget provisions re uncertainty over income
CCTV	£1,750	£4,018	£2,268	CCTV installation at 96 CW
Council Van	£9,000	£11,301	£2,301	Respray van / new signage
Cost of Living Support	£0	£1,105	£1,105	To top-up fund to £1,500 for winter 25/26
Election Fund Contribution	£3,000	£21,034	£18,034	Increased charges May 23 + 2 bye-elections
Fuel for vans	£4,500	£2,828	-£1,672	Falling fuel prices, less usage
Grants & Donations	£12,000	£15,724	£3,724	Increase agreed by Council to match demand
Lightin Maintenance	£10,000	£11,895	£1,895	Adoption of Ashway street light
Maintenance Contracts - Internal	£3,445	£4,661	£1,216	Additional electrical and key holding charges
Members Allowances	£23,259	£19,091	-£4,168	Less take-up than budgeted
Planting	£1,500	£3,973	£2,473	3 tier planters in church walk
Printing	£3,500	£5,534	£2,034	Reprints of History Trails and Twittens leaflet
Repairs and Renewals	£6,000	£10,509	£4,509	Cyprus Rd storage roof repair / Cyprus Hall drainage
Salaries	£728,774	£733,081	£4,307	Additional staff member joining pension scheme
Storage	£1,500	£7,461	£5,961	Provision for upfront costs for new depot
Street Nameplates	£5,164	£1,004	-£4,160	Less activity
Technology	£9,250	£12,344	£3,094	Purchase of tablets/software for MaintDept. Agreed Nov23 Council
Town Events	£16,200	£26,700	£10,500	Increase agreed by Council to fund additional events
Tree Survey	£0	£3,000	£3,000	More indepth survey required, increased prices
Utilities	£19,394	£12,267	-£7,128	New energy contracts at substantially lower prices
Waste management/tipping	£1,150	£2,325	£1,175	Increased tipping at amenity tip
Balance of all other budget items	£134,900	£131,990	-£2,910	
MOVEMENT ON BASE EXPENDITURE	£1,039,959	£1,068,916	£28,957	INCREASE in expenditure
NET MOVEMENT ON PRECEPT			£19,183	YEAR END SURPLUS

9.4 DISPOSITION OF SURPLUS

As per the resolution agreed at the Finance KAG meeting of the 20 January 2024, the surplus will be transferred to the Community Building Fund.

9.5 RECOMMENDATION

For Members to approve the Financial Result for the year to 31 March 2024

Risk Implications – None

10. ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN PART 3

- 10.1 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 2023/24. 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.
- 10.2 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 Certificate and Opinion	External Auditor

- 10.3 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.
- 10.4 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 01/04/2023	(AGAR box 1, page 5 of 6)	£ 912,469
Plus Declared Surplus	(Agenda item 9.2)	£ 19,184
Plus Movement in Reserves	(Agenda item 12.1)	£ 224,213
Balances C/Fwd 31/03/2024	(AGAR box 7, page 5 of 6)	£1,155,866

10.5 RECOMMENDATION

Members are recommended to:

- Agree the Annual Governance and Accountability Return 2023/24 Part 3, and
- forward to Council for formal approval.

Risk Implications – None.

11. REVIEW OF BUDGET YEAR 2023/24

- 11.1 The purpose of this report is to provide Members with an early view of the 2024/25 Revenue Budget and to highlight significant variances.
- 11.2 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.

RECOMMENDATION:

Members are recommended to note the contents of the report.

Risk Implications – There are no known material movements at the time of writing this report.

12. EARMARKED and GENERAL RESERVES

12.1 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.

2023/24

£ 912,468	Reserves B/Fwd 01/04/2023 (Earmarked and General)
	£ 151,511 Plus Revenue contribution for 2023/24
	£ 335,246 Plus Income from 3 rd parties
	£ (262,544) Less Expenditure during the year
£ 224,213	£ 224,213 Total Movement in Reserves
£1,136,681	Reserves C/Fwd 31/03/2024

2024/25

£1,136,681	Reserves B/Fwd 01/04/2024
£ 19,184	Surplus 2023/24
£ 121,055	Revenue contribution to Earmarked Reserves 2024/25
£ 12,484	Income from 3 rd Parties as at 31/05/2024
£ (77,391)	Less expenditure to 31/05/2024
£ 1,212,013	Balance of all Reserves as at 31/05/2024 (as Per Appendix 4)

Made up of (significant Projects):

£1000s

499	Community Buildings & Capital Projects – set-aside to provide funding, in-part, towards the Park Centre, St Johns Pavilion community development, Beehive and the burial ground.
227	Real Time Bus Information – 3 rd party monies (WSCC/S106). Project to be completed within next 3 to 4 months.
47	Burial ground – To develop an extension to the existing burial ground to come online in 3 years' time. This fund to pay for preliminaries. Project cost in region of £350-£400k requiring PWLB loan.
44	Elections Fund – local elections 2023 and 2 x bye-elections not yet paid. Discussions with MSDC ongoing in regard to sizeable charges for the 2023 elections.
29	Economic Development (Bridge the Gap) – set aside for economic development initiatives e.g market
35	Town Events fund - A comprehensive and continuous programme of events and activities.
20	Roundabout Maintenance fund – capital commuted sum, cannot be spent.
8	Queen Elizabeth Avenue (QEA) – surplus to original street upgrade programme. Can only be spent on projects linked to Queen Elizabeth Avenue (see item below).
61	All other projects
242	General Reserve (see item below)
1,212	Total Reserves as at 31/05/2024

12.2 Individual Reserves

3053 QEA Budget – £8k

This money is the residual to the Queen Elizabeth Avenue upgrade project and can be spent on projects related to the Queen Elizabeth Avenue only. These funds have been around for a number of years.

The Town Council's Projects Officer is looking to utilise these funds towards the provision of a new covered RTBI bus stop along Queen Elizabeth Avenue (east-bound).

RECOMMENDATION

To approve the use of the balance of funds towards the provision of a new covered bus stop.

3037 Community Buildings & Projects Fund £499k

Members will be aware this fund has been established to support the funding, in-part, of community buildings and projects (see below for the 3 core projects) within the Burgess Hill area as part of the town council’s Capital Programme. Due to the monetary size of these projects, in addition to utilising the Building & Projects Fund, some projects will require funding from external/3rd party sources, such as PWLB, S106, Partners and/or substantial growth in the tax base (house building) and/or increases in the Precept for them to come to fruition.

Capital Programme - estimated costs to the town council (not necessarily the overall cost of the project)

- £ 400k Burial Ground Phase II
- £ 400k Park Centre (see special note below)
- £ 400k St John’s Cricket Pavilion
- £1,200k

plus
£5 mil+ The Beehive

Each of the projects detailed above, save for the burial ground, have a number of issues, surrounding ownership, control, structural and cost, still to be confirmed with funding remaining a challenge due to the current high interest rates. It is assumed the Beehive project will remain within the Council’s Capital Programme but remain on-hold until there is a more favourable economic climate.

Cost of borrowing: with interest rates at over 5%, the cost of borrowing £1million ranges from £59k per annum (over 50 years) to £72k per annum (over 25 years). Currently, the town council allocates £64k in its annual Revenue Budget towards the repayment of any such loan(s).

As at 31 May 2024, there is £499k in the fund and, save for £20k that had previously been allocated to the Park Centre project, these funds have not been specifically designated towards any particular project or projects.

Members will be aware there are plans for a Visioning day in October 2024 and this may be the opportunity to revisit the Capital Expenditure Programme and reaffirm support for these projects and to provide a more definitive funding allocation towards each project.

The Park Centre (as part of the Community Buildings and Projects Fund)

Members may be aware that some £20k has been allocated and paid as part of the council’s ongoing commitment to the project. An additional ring-fenced, draw-down fund of £30k has been requested by the Park Centre Burgess Hill CIO to cover ongoing survey and set-up work. Without confirmation of the availability of these funds, the CIO have indicated it will be problematic to progress the project.

There are, however, some operational and communication issues that need to be addressed before these additional funds can be paid, and are, in the main, related to:

- i. Expenditure transparency – the supply of documentary proof to the town council of expenditure being incurred where council (public) money is involved,
- ii. Schedule of Works – an outline Schedule of Works/Project Plan to be provided showing what works need to be undertaken to get the building to a usable state, when these works will be undertaken, what (and when) it will cost, funding sources and project milestones. This is essential for the town council to be able to plan and provide significant funding, whether through existing resources or from government loans (Public Works Loan Board), and

- iii. The adoption of a purchasing protocol to obtain competitive quotes where significant works are to be undertaken. The council must be confident efforts are being made to achieve best value.

RECOMMENDATION

Members are recommended to

- a) Ring Fence an additional £30k towards the Park Centre project with the payment of funds to the CIO being subject to items i to iii (above) being complied with to the satisfaction of the council, and
- b) The views of the Members are sought in regard to the Visioning Day.

12.3 General Reserve £242k

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 £198k. There is, therefore, some £44k of unrequired General Reserve that could be allocated towards other projects and activities.

RECOMMENDATION

To note the contents of the report.

Risk Implications – In addition to those contained within the report, Members will need to be mindful that for projects requiring loan funding, interest rates are now at the highest they’ve been for a number of years, and any borrowing at these rates would be expensive in regard to repayments and could, potentially, restrict Council entertaining other projects in the future.

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 31/05/2024 and is attached at Appendix 5.

13.2 For Members’ information, the Town Council had the following balances as at 18/06/2024:

Account	
Current Account (Nat West)	£9,581
Special Interest (Nat West)	£559,156
Santander time deposits Range 4.7% - 5.3%	£1,070,326
Total	£1,639,063

13.3 RECOMMENDATION

Members are recommended to note the contents of the report.

Risk Implications – none.

14. DATE OF NEXT MEETING

November 2024 – exact date to be confirmed.