

08 November 2024

A **MEETING** of the **FINANCE KEY AREA GROUP** will be held in the Town Council Chamber on **Wednesday 13 November 2024 at 18.30 hours**, when your attendance is required.

Julie Holden
Chief Executive Officer

A G E N D A

1. **OPEN FORUM**

The Committee will be asked to resolve to suspend Standing Order 3.8c for the duration of this meeting to allow public participation to take place.

The current standing orders do not allow for public participation at a KAG. This will be addressed at the next Council meeting, however, in order to allow public participation at this meeting, the Committee will need to suspend the Standing Order.

For the suspension of Standing Order 3.8c to take place, this must be proposed and seconded by Members of the Key Area Group and then voted on accordingly.

Subject to the suspension of Standing Order 3.8c, and as per Standing Order 2.4, each member of the public is permitted to speak once only in respect of business relevant to the agenda (during the Open Forum). They can also speak during the meeting (on topics relating to the published agenda). Speakers may speak for a maximum of three minutes, at the discretion of the Chairman or nominee (including the Chair of any other meeting of the Council). Speakers are reminded they may ask a question, give evidence or representation but their participation will not give rise to debate.

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.

2. APOLOGIES FOR ABSENCE

3. SUBSTITUTES

4. DECLARATIONS OF INTEREST - In respect of any matter on the agenda.

5. 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.

6. NOTES OF PREVIOUS MEETING - To consider the Notes of the Meeting of the Finance Key Area Group held on 24 June 2024 (previously circulated).

7. EXTERNAL AUDIT – 2023/24

8. INTERIM INTERNAL AUDIT 2024/25

9. BUDGET MONITORING REPORT 2024/25
10. 1ST DRAFT REVENUE BUDGET 2025/26
11. RESERVES AS AT 31 OCTOBER 2024
12. BANK RECONCILIATION AND INVESTMENTS
13. DATE OF NEXT MEETING - January 2025, date to be confirmed

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

7. EXTERNAL AUDIT – 2023/24

7.1 The external auditors have now completed their limited assurance review for the 2023/24 financial year and have certified the accounts accordingly (attached at appendix 1). The RFO is pleased to announce there are no items of concern that need to be brought to the attention of Members.

7.2 RECOMMENDATION

To note and approve the contents of the report.

Risk Implications

Financial– None

Environmental – None

Community safety - None

8. INTERIM AUDIT 2024/25

8.1 Mulberry and Company are undertaking the first interim, internal audit for the financial year 2024/25 during November 2024 and the results will be brought before the January 2025 Finance KAG meeting.

8.2 RECOMMENDATION

To note the contents of the report.

Risk Implications

Financial– None

Environmental – None

Community safety - None

9. BUDGET MONITORING REPORT 2024/25

9.1 The purpose of this report is for the RFO to update Members with the latest forecast Outturn for the 2024/25 financial year.

9.2 In summary, the financial year end forecast, as compiled at 31 October 2024, shows an estimated surplus of just under £23k. This is made up of an increase in income of £14k, and a decrease in expenditure costs of just under £9k.

9.3 A detailed variance analysis is at agenda item 9.5 with a full budget monitoring report attached at appendix 2.

9.4 Summary Monitoring Report

MONITORING REPORT 2024/25		MONTH	7.0	
CONSOLIDATED SUMMARY		Budget 2024/25	Forecast 2024/25	Variance ON BUDGET
INCOME				
Civic, Corporate, Promotion and staff	£23,327	£24,423	£1,096	
Community Engagement	£3,800	£1,294	-£2,506	
Operational Services	£32,795	£32,810	£15	
Customer Services	£5,075	£3,818	-£1,257	
Finance and Administration	£77,188	£94,209	£17,021	
TOTAL INCOME	£142,185	£156,554	£14,369	
EXPENDITURE				
Civic, Corporate (Exclds CommBuild Fund)	£787,401	£764,940	-£22,461	
Staff and Member	£7,500	£9,500	£2,000	
Community Engagement	£56,855	£57,053	£198	
Operational Services	£149,163	£161,734	£12,571	
Customer Services	£2,413	£1,900	-£513	
Finance and Administration	£129,220	£128,887	-£333	
TOTAL BASE EXPENDITURE (Excl'd Comm Build Reserve)	£1,132,551	£1,124,014	-£8,538	
Community Buildings Reserve (transfers to/from)	£64,000	£64,000	£0	
PRECEPT/NET BUDGETED EXPENDITURE	£1,054,366	£1,031,458	£22,907	
Surplus / (-deficit)	£0	£22,907		

SUMMARY SCHEDULE OF INCOME AND EXPENDITURE			
	Budget	Actual	Forecast
Precept	£1,054,366	£1,054,366	£1,054,366
Income	£142,185	£129,259	£156,554
Expenditure	-£1,196,550	-£686,453	-£1,188,014
Excess of Income over Expenditure	£0	£497,172	£22,907

9.5 Variance Analysis – major movements

	Budget	Forecast	Variance	
NET BUDGETED EXPENDITURE	£1,054,366	£1,031,458	£22,907	Surplus
<i>Made up of:</i>	<i>Budget</i>	<i>Forecast</i>	<i>Variance</i>	COMMENTS
INCOME				
About Town	£3,800	£1,294	-£2,506	Difficulty in attracting advertisers, staff resourcing
Interest on balances	£20,928	£38,000	£17,072	Improving interest rates / more monies on deposit
Partnership Contribution - HP	£23,327	£24,423	£1,096	Inflationary increase agreed
Balance on all other budget items	£94,130	£92,837	-£1,293	
Total Movement on Income	£142,185	£156,554	£14,369	INCREASE in income
EXPENDITURE				
CCTV	£2,350	£0	-£2,350	MSDC have confirmed charges for this will no longer apply.
Elections	£6,000	£10,000	£4,000	Substantial increase in costs for 2023 elections
Maintenance Contracts - Ext Grounds	£2,000	£12,839	£10,839	Use of external contractors, offset against staff savings. Minute 39 Strategic KAG 13 Aug 2024.
Members Allowances	£21,960	£20,720	-£1,240	Less take-up than budgeted
Miscellaneous Staffing Issues	£750	£2,000	£1,250	Staff Occupation health charges.
Repairs and Renewals	£6,000	£9,000	£3,000	Beacon, Wivelsfield Bridge, Litter baskets, Finger Posts, 96CW Windows, Boiler repairs
Salaries	£781,801	£758,340	-£23,461	Annual payrise less than budgeted, staff movements
Training	£4,000	£6,000	£2,000	Contractual commitments
Utilities	£12,014	£9,151	-£2,864	New energy contracts at substantially lower prices, milder winters (so far)
Balance of all other budget items	£295,675	£295,964	£289	
MOVEMENT ON BASE EXPENDITURE	£1,132,551	£1,124,014	-£8,537	DECREASE in expenditure
NET MOVEMENT ON PRECEPT			£22,907	ESTIMATED YEAR END SURPLUS

9.6 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:

Burgess Hill Pantry

A Request for Intervention has been received from Cllr Peter Williams in support the Burgess Hill Pantry who are looking to relocate to new premises from their current location in the Martlets which is due for demolition and redevelopment some-time in the future. The full Intervention request is attached at appendix 3

In summary, the Pantry are requesting financial assistance of £15k towards the initial set-up and rental costs for the first year, with an annual amount of £13,333 towards rent for the following two years.

If approved, the £15k would impact on the town council's current financial year(i) i.e. from the surplus noted above, with the following two years of £13,333 per annum being funded through the Town Council's Revenue budget in years 2025/26 and 2026/27 (ii).

- (i) exact timings to be confirmed, but could be January 2025
- (ii) this will be raised during agenda item 10, 1st Draft Revenue Budget

Pigeon Netting for Cyprus Hall

The pigeon netting covering parts of the Cyprus Hall roof has deteriorated resulting in birds getting caught under the netting and dying.

As part of the lease arrangements with the Cyprus Hall Association, the town council is responsible for the external maintenance of the facility. The estimated cost of replacing the netting is £3k.

9.7 RECOMMENDATION

Members are recommended to:

- a) Consider the Request for Intervention in regard to the Burgess Hill Pantry and make a recommendation to Council, and
- b) to approve the allocation of £3k from the current year's surplus to replace the pigeon netting at Cyprus Hall

Risk Implications

Financial– The surplus of £23k shown is estimated, and any material movement downward would impact on the council's ability to fund the above noted items from the surplus. If this were to be the case, the council would need to look at its other reserves, including the General Reserve, to fulfil any commitments made.

Related Parties - The Burgess Hill Pantry is a tenant of the Burgess Hill Community Partnership CIC (a project supported by the town council) and has lease arrangements on 3 of the 4 units in the Marlets. Should the Pantry be successful in relocating, this will have a detrimental impact on the CIC's finances unless alternative tenants can be found. The full impact on the CIC has yet to be determined. It should be noted, there is a 90 day notice clause required from the Pantry to the CIC, and a 90 notice required from the CIC to New River Retail (premises owner/ landlord).

This information will be forwarded to the CIC Trustees.

Environmental – None

Community safety - None

10. 1st DRAFT REVENUE BUDGET 2025/26

10.1 The purpose of this report is to give Members a first view of the financial pressures facing the town council for 2025/26 financial year. **This is a discussion document for Members to consider and give guidance towards formulating the final Budget to be presented in January 2025.**

10.2 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 draft budget breakdown can be seen at appendix 4.

10.3 Assumptions

- A 1.1% increase has been allowed in the movement of the Tax Base (based on latest information from MSDC).
- Inflation, where appropriate, is set at 3%.
- Salary Cost of Living rise of 4.5% has been included, however, this will be subject to the National Local Government Services Pay Agreement for 2025 (yet to be confirmed).

10.4 **In Summary**, 1st draft - the overall Precept will rise by circa £87k giving a potential Band D rate of £87.88, an increase of £5.75 on the prior year (7.0%) equating to marginally under 48p per month.

BUDGET 2025/26			
CONSOLIDATED SUMMARY			
	Budget 2024/25	Budget 2025/26	Variance on Prior Year Budget
INCOME			
Civic, Corporate, Promotion and staff	£23,327	£24,423	£1,096
Community Engagement	£3,800	£750	-£3,050
Operational Services	£32,795	£32,795	£0
Customer Services	£5,075	£4,093	-£983
Finance and Administration	£77,188	£76,400	-£788
TOTAL INCOME	£142,185	£138,461	-£3,725
EXPENDITURE			
Civic, Corporate (Exclds CommBuild Fund)	£787,401	£830,506	£43,105
Staff and Member	£7,500	£10,500	£3,000
Community Engagement	£56,855	£58,000	£1,145
Operational Services	£149,163	£179,617	£30,455
Customer Services	£2,413	£2,200	-£213
Finance and Administration	£129,220	£156,550	£27,331
TOTAL BASE EXPENDITURE (Excl'd Comm Build Reserve)	£1,132,551	£1,237,374	£104,823
Community Buildings Reserve (transfers to/from)	£64,000	£42,000	-£22,000
PRECEPT/NET BUDGETED EXPENDITURE	£1,054,366	£1,140,914	£86,548
Surplus / (-deficit)	£0	£0	£0
Tax Base	12837.5	12982.3	144.8 1.13%
Band D Rate	£82.13	£87.88	£5.75
Percentage Increase			7.0%

10.5 Notes to the above:

Income - Reduction in income of £3.7k is made up of, in the main, reduced advertising revenues for About Town. The securing of advertising revenues has proved challenging and a nominal amount has been included in the 2025/26 budget. (See Community Engagement KAG meeting of 17 October for full report).

MSDC have confirmed their continuing financial support for the HP at £24k, whilst discussions are ongoing in regards to WSCC highways support (roundabouts/graffiti) totalling £17k. **This should be considered at risk.** These amounts are included in the draft budget.

Expenditure - Increase in expenditure of just under £87k with the largest movers being as follows:

+£21k Maintenance (external) Contractors - to assist with increasing workloads of the Maintenance Team. This is as per Minute 39 of the Strategic KAG meeting dated 13 August 2024.

+£43k Salaries and Oncosts – COL rise set at 4.5%, contractual commitments and implementing the recent budget changes to employers' National Insurance giving rise to an additional £17k of NI costs.

+£6k Election Fund – the increase in the 2023 election costs from £14k (2019) to £32k in 2023, plus bye-election costs (estimated at £6k), have depleted the election fund. An estimate of £40-45k is required for the 2027 elections.

+£10k Tree Survey and Surgery works - a recent tree survey has revealed a growing number of trees requiring attention and further testing. Some works are required in the current year with much of the work required over a 12/24 month period. Clarification is being sought on the report to ascertain the exact time scales of the work required and this provisional amount may require amendment.

£22k from the Community Building Reserve has been transferred to the Finance & Administration budget to represent the annual repayment of the Burial Ground Phase 2 PWLB loan. This does not impact on the Revenue Budgets.

10.6 A detailed variance analysis is shown below:

BUDGET 2025/26 - VARIANCE ANALYSIS +/- £1,000				
	Tax Base		PRECEPT	BAND D
2025/26 (estimated)	12,982.32		£1,140,914	£87.88
2024/25	12,837.50		<u>£1,054,366</u>	<u>£82.13</u>
Increase in Precept	144.82		<u>£86,548</u>	<u>£5.75</u>
	1.1%		8.2%	7.0%
MADE UP OF:	Budget 2024/25	Budget 2025/26	Movement on prior year	
Income Movements				
About Town Income	£3,800	£750	-£3,050	Difficulty in attracting advertisers/staff resourcing
Interest on Balances	£20,928	£22,800	£1,872	Better rates than budgeted for in 2024/25
Partnership Contributions - help point - MSDC	£23,327	£24,423	£1,096	Inflationary increase - MSDC have confirmed support for 2025/26
Room Lettings	£6,760	£4,100	-£2,660	Contract with audiology company reduced
Balance of movements on all other budget	£87,370	£86,388	£-983	Net decrease in other income
Total Income	£142,185	£138,461	-£3,725	Decrease in Income
Expenditure Movements				
About Town	£18,750	£19,895	£1,145	Inflationary increase
Burial Ground (phase 2) Loan Repayment	£0	£22,000	£22,000	Transferred from Community Building Revenue Budget
Election Fund	£6,000	£12,000	£6,000	Substantial increase in election costs
Maintenance - external contractors	£2,000	£22,888	£20,888	Use of external contractors. Minute 39 Strategic KAG 13 Aug 2024.
Planting	£2,250	£3,405	£1,155	Biennial stress testing of lamp posts
Salaries / Oncosts	£781,801	£824,906	£43,105	COL rise, contractual increments, NI increases
Training	£4,000	£7,000	£3,000	Contractual commitments
Tree Surgery	£1,000	£8,000	£7,000	Based on recent tree survey, large number of trees need work. Clarification being sought in regard to timescales.
Tree Survey	£0	£3,000	£3,000	Survey recommendations have noted a requirement for picus tree tests on some oak trees.
Utilities - 96 Church Walk	£12,014	£9,804	-£2,210	New contracts with energy suppliers reflecting lower costs
Balance of movements on all other budget items	£304,734	£304,474	£-261	Net increase in other items
Base Budget Costs	£1,132,551	£1,237,374	£104,823	Increase in base costs
Community Building & Capital Projects contribution	£64,000	£42,000	-£22,000	Transferred to Burial Ground Loan Repayment
Precept (Net Budget Expenditure)	£1,054,366	£1,140,914	£86,548	Net increase in Precept

10.7 Additional items of expenditure.

As noted in agenda item 10.2, 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.**

Please note, each £10k equates to 77p on the Band D or just under a 1% point increase.

£000's	Base-Line Revenue Budget	Impact on Band D	Comments
£ 5.5 Increase	Yes	£0.42 0.5%	Increase in Bonfire Society annual grant (From Community Engagement KAG). <i>The full BHBS request is attached at appendix 7a with costings shown at appendix 7b.</i>
£10.0	In-part	£0.77 0.9% (worst case)	Additional planters, hanging baskets and work on stone garden. Some of this will be one-off costs, with the balance of ongoing maintenance needing to be in the baseline revenue budget. (Strategic KAG)
£5.0	Yes	£0.39 0.5%	Enhance existing Christmas Lights Switch at annual event (Strategic KAG)
£13.3	yes	£1.02 1.25%	Support Burgess Hill Pantry with rent for next two years
£??	Yes	Not known	Potential to bring in-house, at BHTC cost, some highways works undertaken by WSCC (visioning day)
£??	In-part	Not Known	Other short term priorities from visioning day

10.8 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 Precept and Band D rate.

There may be the potential to use some monies from the General Reserve or reallocate monies from other funds to help mitigate the impact on the Precept and this will be looked at in more detail prior to the January Finance meeting, however, the majority of these costs, if approved, will need to be reflected within the Revenue Budgets going forward and as such will need to be a recommendation to Council.

10.9 RECOMMENDATION

The views of the Members are sought with a recommendation to Council.

Risk Implications

Financial:

Discussions are ongoing in regards to WSCC highways support (roundabouts/graffiti) totalling £17k. **This amount is included in the draft budget and should be considered a risk.**

The Salary Cost of Living Rise has been set at 4.5% but is subject to the yet to be agreed 2025/26 National agreement. Any material increase, which seems unlikely, will impact on the Revenue Budget.

Environmental – None

Community safety - None

11 RESERVES AS AT 31 OCTOBER 2024

11.1 The purpose of this report is to update Members with regard to the status of the Town Council's Earmarked Reserves

11.2 In Summary, the town council has, as at 31 October 2024, £777k in Earmarked Reserves and £242k in the General Reserve. A full listing of all the Earmarked Reserves is attached at appendix 5.

11.3 A number of requests have been received from KAG's and/or have come to the attention of officers for expenditure outside of the current budget that could, with Members' agreement, be funded via the council's reserves:

a) **£11.1k - Request received from the Community KAG and Strategic KAG** to increase the events programme funding by £8k to cover events through to March 2026, and to purchase a branded gazebo (£2k) and to purchase some barriers to help with events (£1.1k). (Final figures are yet to be confirmed).

RECOMMENDATION

For these monies to be funded from the Economic Development Fund that has some £26k available. No impact on Revenue Budgets.

b) **£5k - The heating and ventilation system** that serves the Help Point has failed. Testing is underway to find the cause, but with the age of the system a replacement may be required.

RECOMMENDATION

To fund this expenditure from the General Reserve which has a surplus level of some £22k. No impact on Revenue Budgets.

- c) **External decoration of the town council offices** – the outside of the council offices are showing signs of age with areas of plaster falling off the walls. A quote will be sought to ascertain the likely costs and will be brought to the next Finance KAG meeting.

RECOMMENDATION

For officers to seek a quote for the external decoration of the town council and forward to the next available Finance KAG for consideration.

- d) **£3k – West Park Reserve** – there is a path area at West Park Reserve that floods and becomes impassable during wet weather. An estimate, in the region of £3k has been given, to provide a raised walk-way.

RECOMMENDATION

To fund this expenditure from the General Reserve which has a surplus level of some £22k. No impact on the Revenue Budget.

- e) **The Park Centre CIO** – in the June 2024 Finance meeting, Members considered ring-fencing £30k, in addition to the original amount of £20k, towards the Park Centre project, with the monies coming from the Community Building & Projects Fund. This additional allocation was subject to a number of conditions to be met by the Park Centre CIO, namely,
- Expenditure transparency
 - Provision of a Schedule of Works
 - Adoption of a purchasing protocol

Officers of the town council have been working with the CIO Trustees and their Treasurer (Cedric De Souza) and is able to report the conditions have been met. The Schedule of Works is a “live” document and the working group set-up between the CIO and officers of the town council will meet periodically to review progress.

To-date, the town council has spent just over £25k and has received, recently, an additional request for funding from the CIO amounting to £21,884, taking the overall costs of this project to just under £47k. This new request includes a number of items that would be classed as operational “running costs” and clarification/confirmation is needed from Members that such expenditure falls within the remit of the financial help to be given by the town council. A list of the new expenditure is shown below:

Insurance	8,250	First year's insurance to be able to open building
Licenses	800	Costs for PRS/PPL, Lottery, Collectors, ICO etc.
Promotional items	500	Leaflets, donation boxes, banners.
Fundraising Costs	900	Payments to the Funding People for grant applications
Support for utilities in first year	5,000	Estimated cost if running at full usage £15k per annum, expected to run limited utilities until hirers in place
Fire risk assessment	954	
Deep clean of building	800	
Planning application	1,500	To gain consent for planned works to Park Centre
Archaeological desk survey	2,580	Required by MSDC for planning application as Park Centre is on the site of an old Roman Road.
VAT review	600	Quote from Richard Place Dobson
TOTAL EXPENDITURE	21,884	

Members will note from the above a charge relating to insurance. With the transfer of the building to the Park Centre CIO expected within the next few weeks, the insurance liability

will transfer from WSCC to the CIO. At this time, it is unlikely the CIO will have sufficient funds to insure the building unless it receives financial assistance from the town council.

A number of the costs could be considered “start-up” costs to which the council had agreed previously to assist with.

It should be noted, a condition of any provision of funds to the Park Centre CIO will be that funds must be ring-fenced by the CIO for the purpose for which they are given and with proof of expenditure provided when requested by the town council.

RECOMMENDATION

The views of the Members are sought.

Risk Implications

Financial– the giving of funds towards any project run by a 3rd party organisation carries risk should that project fail.

Environmental – None

Community safety - None

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 6.

For Members’ information, the following balances, as at 08/11/2024, are shown on the accounting system:

£	1,610	Current account
£	486,444	NatWest Sweep Saving’s account
£	1,116,184	Santander time deposits
£	1,117,796	Total

- 12.2 Debtors and Creditors

Debtors £21,576

VAT (owed to BHTC) £34,847

Inter Balance with CIC £2,869

Creditors (short term) £31,087

Long-Term borrowing £210,000 (ex-RBL building)

Inter Balance with Sidney West Charity £51,690

PAYE/NI/Pension (Oct 24 liability) £22,577

RECOMMENDATION

To note the contents of the report

Risk Implications

Financial– None

Environmental – None

Community safety - None

13. **DATE OF NEXT MEETING** : January 2025, exact date and time to be confirmed