

4. BUDGET MANAGEMENT 2017/18 – PROGRESS REPORT APRIL TO MAY 2017

REPORT OF: Head of Finance
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Wards Affected: All
Key Decision: No
Report to: Cabinet
10th July 2017

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Purpose of Report

1. This report reviews the progress on the Revenue Budget, Capital Programme and Treasury Management for 2017/18.

Summary

2. The forecast revenue outturn position for 2017/18 at the end of May is showing a projected net underspend of £96,000 against the original estimate, which has mainly arisen from over-performance of income in Car Parking and Building Control fees as well as on-going savings from 2016/17 which will be built into the 2018/19 budget.

Recommendations

3. **To recommend to Council for approval:**
 - (i) that £192,927 grant income relating to Flexible Homelessness Support Grant be transferred to Specific Reserve as detailed in paragraph 20;
 - (ii) that £4,818 grant income relating to New Homes Bonus Returned funding grant be transferred to General Reserve, as detailed in paragraph 21;
 - (iii) that £40,000 of the revenue underspend be transferred to A23 Highway Cleansing Reserve as detailed in paragraph 26 (a)
 - (iv) that £22,000 of the revenue underspend be transferred to the Leisure Reserve as detailed in paragraph 26 (b)
 - (v) the variations to the Capital Programme contained in paragraph 40 in accordance with the Council's Financial Procedure rule B4.

To note:

- (vi) the remainder of the report;
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REVENUE SPENDING

Position to the end of May 2017

4. This is the first budget management report for the current financial year. This is intended to inform Members how key income and expenditure targets are performing after the first two months of 2017/18, and thereby establish a position over the summer.

Expenditure and Income to date

5. Table 1 details 'actuals' to date for the key income categories and salaries expenditure, compared to their profiled budgets. It gives a snapshot position on performance to the end of May only. This table also details the projected year-end position for these key income categories, but this only forms part of the consideration for the year-end predictions for the Council's overall revenue budget.

INCOME	2017/18 Actual to May £'000	Profiled 2017/18 Budget £'000	2017/18 Original Budget £'000	Pressure/ (Saving) To end May £'000	Projected Year-end Variance £'000
Car Park Charges Development	(359)	(347)	(1,972)	(12)	(61)
Management Fees	(184)	(203)	(1,214)	19	(34)
Building Control Fees	(112)	(81)	(486)	(31)	(60)
Land Charges	(23)	(29)	(150)	6	0
Licensing Act Fees	(15)	(7)	(138)	(8)	0
Hackney Carriage Fees	(19)	(21)	(124)	2	(5)
Outdoor Facilities Income	(114)	(117)	(289)	3	0
Garden Waste	(101)	(121)	(1,164)	20	0
Leisure Contract Income	(269)	(260)	(1,558)	(9)	(55)
Industrial Estates Rents	(164)	(185)	(688)	21	0
Town Centre Rents	(437)	(437)	(3,000)	0	0
Depots Rents	(18)	(18)	(73)	(0)	0
General/Miscellaneous Property	(77)	(62)	(208)	(15)	0
Total Income	(1,892)	(1,888)	(11,064)	(4)	(215)
EXPENDITURE					
Salaries	1,918	1,845	11,072	73	102

6. Car parking income is above budget by £12,000 in the first two months operation of the service. This is detailed in Table 2 below. This includes variations in respect of additional Season Tickets (£10,000) and Pay and Display (£2,000). The forecast is based on outturn 2016/17, to take account of the most recent year's performance against the current budget target. However the projection for Pay and Display has also been adjusted to a more prudent estimate, to reflect uncertainties in respect of seasonality and economic performance. The overall forecast for the year is an additional £61,000. This has been included in Appendix A of this report.

	<i>Actual April to May</i>	<i>Outturn 2016/17</i>	<i>Forecast 2017/18</i>
	<i>(Over)/ under target £'000</i>	<i>(Over)/ under target £'000</i>	<i>(Over)/ under target £'000</i>
Pay & Display tickets	(2)	(80)	(50)
Season Tickets	(10)	(11)	(11)
Total additional income	(12)	(91)	(61)

7. Development management income is £19,000 below target for April and May. Additional income is expected for the year, based on performance in 2016/17, whereby £97,000 additional income was achieved in excess of the current year's budget target. Additional income is expected to continue in the short term pending approval of the District Plan, but the variation to date is often affected by the profile of large applications, which can vary. In addition, a prospective 20% fee increase will require the forecast to be amended once the commencement date is confirmed, and a separate report to consider the full financial implications, including additional resource requirements, will come forward in due course. However, this fee increase is subject to further legislation in this Parliament. In the meantime, there is need to recruit an additional Planning Officer to address increased workload and forecast income has been amended to meet this cost.
8. At the end of May, Building Control Income is over budget by £31,000. The year-end projection has been amended by £60,000 to reflect additional Building control Income achieved in 2016/17, compared to the current year's budget target.
9. At the end of May Land Charges income is below budget by £6,000. However, it is thought that this is likely to be the result of the present political uncertainty, and income is expected to recover following the General Election. Therefore, no variation to the full year projection is anticipated at this stage.
10. Licencing income is £8,000 above target for April to May. This is mainly due to the profiling of income, which can fluctuate. Therefore, the forecast remains unchanged.
11. Hackney Carriage Fees are below target by £2,000 for the first two months of this financial year. This is mainly due to the profiling of income, which can fluctuate. However, the year-end forecast has been adjusted to reflect £5,000 increased Hackney Carriage income identified at Outturn 2016/17, which is expected to be ongoing.
12. Outdoor facilities income is £3,000 below budget after the first two months of the year. No change to the full year projection is anticipated at this stage.

13. Based on the current budget profile, Garden Waste income is £20,000 below target at the end of May. Expansion of the Garden Waste service is expected to deliver an additional 2000 customers in 2017/18 to achieve the budgeted customer base of 18,200 customers by year-end. The waste team are confident that this level of growth will be achieved by year-end and will be undertaking a direct marketing strategy to support this. Garden waste is currently averaging 40 new customers per week. Therefore, the forecast has not been amended at this stage.
14. The value of the Leisure Contract is subject to annual indexation and the forecast has been amended by £55,000 to reflect an ongoing saving from the 2015/16 (£20k) and 2016/17 (£35k) calculation. This is shown in Appendix A of this report.
15. Industrial Estates rent are £21,000 below target at the end of May. This is due to lower than anticipated income compared to the budget. No change to the full year projection is anticipated at this stage.
16. General/miscellaneous property income is £15,000 above the target at the end of May. No change to the full year projection is anticipated at this stage.
17. The salaries expenditure to the end of May is showing a pressure of £73,000 against the profiled budget. The forecast year-end variation on salaries is a net £102,000 overspend, as set out in Table 1 above. The variance to date is mainly the result of unbudgeted staff costs which will be partly met from compensating savings identified in the service and partly met from Specific Reserve at year-end. Further detail is set out in Appendix A of this report.
18. In summary, based on current information available and as outlined in Appendix A, the current forecast year-end position (at the end of May 2017), is an under spend of £96,000.

Miscellaneous

19. The total remaining in Balance Unallocated is unchanged at £12,000 as there has been no utilisation to date.
20. In April, we received £192,927 from the Department of Communities and Local Government in respect of Flexible Homelessness Support Grant. This is the first year of a two- year allocation. MSDC is due to receive a further £221,981 in 2018/19. The government has confirmed that the grant allocation will replace the current £60 Temporary Accommodation Management Fee from 1st April 2017. The cost to the Council of the loss of the management fee is not yet confirmed. However, this grant allocation is expected to compensate local authorities for this loss and support homelessness services. As the funding is ring-fenced for two years, Members are requested to approve the transfer of this sum to a Specific Reserves for this purpose.
21. In May 2017, we received notification from the Department of Communities and Local Government confirming our allocation for New Homes Bonus Returned Funding Grant 2017/18. As in previous years a top slice was taken from Local Government Finance Settlement to fund the New Homes Bonus, with a commitment that any funding not used for this purpose would be returned to local authorities pro rata to the adjusted start-up funding allocation. For MSDC, the New Homes Bonus Returned Funding grant is £4,818. This additional funding payment is not ring-fenced and Members are requested to approve the transfer of this sum to General Reserve.

22. In May, we also received a grant payment of £8,335 from the Department for Work and Pensions, in respect of New Burdens relating to Local Authority Data Sharing Programme. This sum will be pooled along with similar allocations received by our Census Partners to meet this additional cost.
23. In April, we received £2,592 from the Department for Work and in respect of a New Burdens Fraud and Error Reduction Incentive Scheme. This sum will be pooled along with similar allocations received by our Census Partners to meet this additional cost.
24. In April, we received a grant payment of £26,801 from the Department for Work and Pensions to meet the costs of new burdens relating to Right Benefit Initiative. This sum will be pooled along with similar allocations received by our Census Partners to meet this additional cost.
25. In May, we received a grant payment of £8,483 from the Department for Work and Pensions in respect of Implementing Welfare Reform. This sum will be pooled along with similar allocations received by our Census Partners to meet this additional cost.

Use of Underspend

26. Members are requested to consider the following two allocations of monies from revenue underspend:
 - (a) £40,000 to create an A23 Highway Cleansing Reserve to cover the requirement for a deep cleanse (litter-picking) of the A23. Therefore, Members are requested to approve the transfer of £40,000 to Specific Reserve for this purpose;
 - (b) £22,000 to top up the Leisure Reserve, which had previously been utilised in 2016/17 to fund latent defects works at Kings Centre, thus effectively reducing the Council's contribution towards improvement works. It is requested that the Leisure Reserve now be restored back to its original level of 1.2m (having previously used £22,000 for Latent Defects). This would have the benefit of helping to deliver planned improvements and ensuring that the council receives the full £60,000 future annual income previously reported.

CAPITAL SPENDING

Position to the end of May 2017

27. The Capital Programme for 2017/18, as approved at Council on the 1st March 2017, amounted to £2,784,000. Following the 2016/17 Outturn, the current programme has been increased by £79,000, being the slippage of some 2016/17 capital projects. Therefore, the revised Capital Programme now totals £2,863,000.
28. Further details relating to these changes are contained in the Outturn 2016/17 report to Cabinet on 8th May 2017. The actual and commitments to the end of May 2017 total £697,698.

Variances to the 2017/18 Capital Programme

29. At this early stage in the year all projects are progressing as expected, other than those identified in Table 3 under "Proposed variations to the Capital Programme" below.

Proposed Variations to the Capital Programme

30. Since the Corporate Plan and Budget 2017/18 report was approved at Council on 1st March '17, there have been some changes to the Major Capital Renewals for 2017/18. Three projects will not be progressed at present as detailed below:

- a) New Auditorium floor – Clair Hall, Haywards Heath (£25,000). No work is required at present so this project will need to come forward again in a future year;
- b) Resurface Orchards Car Park, Haywards Heath (£50,000). This project is to be postponed due to the possible extension of the Orchards Shopping Centre; and
- c) Replace lighting columns with LED-District Car Parks (£15,000). This has been postponed pending a review of the lighting survey commissioned through the term contractor.

It is proposed to utilise the savings detailed above totalling £90,000 to fund four new Major Capital Renewals (MCR) projects that have come forward this year. These are:

- 1) Replacement of windows and shutters at Clair Park Pavilion, Haywards Heath costing £29,000. This project has been brought forward due to the poor condition of the windows and security issues that need to be addressed;
- 2) Resurfacing of Dale Avenue Car Park, Hassocks costing £20,000. This project has been brought forward in place of the Replacement of lighting columns with LED-District Car Parks works now postponed;
- 3) Resurfacing of Gower Road Car Park, Haywards Heath costing £13,000. This project has been brought forward in place of the Orchards Car Park works now postponed and;
- 4) Resurfacing of Franklyn Road Car Park, Haywards Heath costing £28,000. This project has been brought forward in place of the Orchards Car Park works now postponed.

These four new projects will be funded from the General Reserve. The Capital Programme has been amended accordingly.

31. The 2017/18 Major Capital Renewals programme includes £62,000 for Photovoltaic (PV) panels. The cost of this project has now been reduced to £26,000 reflecting the lower cost of solar panels. Further detail is shown in the Capital Justification for this project attached in Appendix B. £36,000 is therefore now available for other MCR projects, and the Capital Programme has been amended accordingly.

32. £164,500 has been approved under Delegated Member authority on 24th March 2017 for the purchase of land adjacent to Heath Road Car Park, Haywards Heath (£140,000) and the proposed car park extension (£24,500). This is being funded from the Land and Property Reserve. Following the recent purchase of land for £140,000, the cost of the new project for the extension to Heath Road Car Park, Haywards Heath has increased from £24,500 to £40,000 to include the cost of resurfacing the car park. This car park will provide an additional 32 short stay parking bays in Haywards Heath. Further details on this scheme are set out in the project justification included in Appendix B of this report. The total additional cost of this work is £15,500 which will be funded from Land and Property Reserve. Members are therefore requested to approve this project and the Capital Programme has been updated accordingly.

33. Since the Corporate Plan and Budget 2017/18 report was approved at Council on 1st March 17, we have received notification of increased funding for Disabled Facility Grants in 2017/18, through the Better Care Fund which is passported onto MSDC from West Sussex County Council. The allocation this year is £873,024 compared to the current budget of £600,000. In addition the 2016/17 allocation was underspent by £119,442 allowing the 2017/18 Capital Budget to be increased to £992,000. The current Capital Programme has been increased for this change.
34. The 17/18 Capital Programme includes a sum of £473,000 for Finches Field Community Pavilion and Car Park. This amount represents the grant payment to Slaugham Parish Council for the construction of this community building and car park. However, as reported in MIS22A on 2nd June 2017, the Cabinet Member for Resources and Economic Growth authorised to amend the detail of the grant agreement with Slaugham Parish Council to take the revised total project cost into account, include the funds allocated through the Major Capital Renewals (MCR) to construct the car park and to include a requirement to allow access for a polling station. The new project total is £666,000 of which £616,000 is funded from S106s (rounded to the nearest £'000) and £50,000 is funded from General Reserve (Major Capital Renewals allocation). The current Capital Programme has been increased by £193,000 to reflect this change.
35. A new project has come forward for installing a footpath across MSDC Property Railway North, improving the path network of Bedelands Farm totalling £80,000. This was approved at Cabinet Grants Panel on 18th April 17 to be funded from the Lewes District Council S106s as explained further in that report. The Capital Programme has been increased for this sum.
36. A new project has come forward for refurbishing the playground at World's End Recreation Ground totalling £200,000. This was approved at Cabinet Grants Panel on 18th April 17 to be funded from the Lewes District Council S106s, as explained further in that report. The Capital Programme has been increased for this sum.
37. The current Capital Programme includes £500,000 for Affordable Housing. However, planned expenditure for Bolney in respect of a rural exceptions site has been delayed to next year. Therefore, £500,000 needs to be re-phased to 2019/20 and the Capital Programme for 2017/18 total has been reduced to reflect this.
38. The wooden skate park in Victoria Park is in poor condition and is reaching the point where repairs are no longer cost effective. A project is to be instigated to design and construct a replacement skate park using more durable materials. It is intended to fund the cost of the new facility from relevant Section 106 Formal Sport contributions. This project will require extensive consultation with skate park users to ensure that it is suitable for purpose; the design and project cost will be finalised following this consultation. Details of this project are shown in Appendix B of this report.
39. The flat roofs at The Orchards Centre date back to the original construction in 1983 and have reached the end of their service life. There are numerous leaks into the retail units below, however due to its age and method of construction, piecemeal repairs are no longer viable. It is therefore proposed to replace the flat roofs in their entirety. The cost of this project is to be determined and leaseholders will be consulted. A proportion of this cost will be recovered from our residential and commercial leaseholders over the next three years. Details of this project are shown in Appendix B of this report.
40. Proposed capital variations are summarised in table 3 below:

Table 3: Capital Project Variations April to end May 2017/18

	<i>Apr to May</i>	<i>Ref</i>
	<i>£'000</i>	
New Auditorium floor – Clair Hall, Haywards Heath	(25)	<i>Para 30</i>
Resurface Orchards Car Park, Haywards Heath	(50)	<i>Para 30</i>
Replace lighting columns with LED-District Car Parks	(15)	<i>Para 30</i>
Replacement of windows and shutters at Clair Park Pavilion, Haywards Heath	29	<i>Para 30</i>
Resurfacing of Dale Avenue Car Park, Hassocks	20	<i>Para 30</i>
Resurfacing of Gower Road Car Park, Haywards Heath	13	<i>Para 30</i>
Resurfacing of Franklyn Road Car Park, Haywards Heath	28	<i>Para 30</i>
Photovoltaic (PV) panels (MCR)	(36)	<i>Para 31</i>
Unallocated Major Capital Renewals (MCR)	36	<i>Para 31</i>
Land adjacent to Heath Road Car Park Haywards Heath and Extension to Heath Road Car Park Haywards Heath	180	<i>Para 32</i>
Disabled Facilities Grants	392	<i>Para 33</i>
Finches Field Community Pavilion and Car Park	193	<i>Para 34</i>
Bedelands Farm - improvement to paths	80	<i>Para 35</i>
Worlds End Recreation Ground refurbishment	200	<i>Para 36</i>
Affordable Housing	(500)	<i>Para 37</i>
Victoria Park –replacement of skate park	tbc	<i>Para 38</i>
Orchards Roof Works	tbc	<i>Para 39</i>
Total	545	

41. Taking into account all of the changes detailed above, the overall effect is an increase to the current capital programme for 2017/18 of £545,000. In addition, £500,000 will be slipped to 2019/20. Therefore the revised programme total for 2017/18 now stands at £3,408,000.

Capital receipts and contributions received to the end of May 2017

42. S106s and grant contributions of £84,028 have been received in the period April to May 2017.

S106 contributions committed/utilised to the end of May 2017

43. The following S106 contributions have been utilised during this period:

Table 5 S106 utilisation 2017/18

	<i>Apr to May</i>	<i>Note</i>
	<i>£'000</i>	
Lindfield Rural Parish Council	8	1
Haywards Heath Town Council	4	2
Burgess Hill Town Council	8	3
West Sussex County Council	39	4
West Sussex County Council	3	5
West Sussex County Council	48	6
West Sussex County Council	108	7
East Grinstead Town Council	1	8
East Grinstead Town Council	3	9
Total	222	

Notes

- 1 Utilisation of Local Community Infrastructure contribution (P35/594 £8,040) S106 monies to improve pedestrian and disabled access leading to the Remembrance Garden at Walstead Burial Ground, as agreed by the Cabinet Member for Planning on 27 March 2017 MIS 13 29 March 2017.
- 2 Utilisation of Local Community Infrastructure contribution (P35/669 £986.40 & PL12-000511 £3500.60) S106 monies to replace an existing bus shelter outside Beech Hurst Gardens, as agreed by the Cabinet Member for Planning on 12 April 2017 MIS 16 19 April 2017.
- 3 Utilisation of Local Community Infrastructure contribution (P35/491 £8,495) S106 monies to install a new footpath in Burgess Hill Burial Ground, as agreed by the Cabinet Member for Planning on 12 April 2017 MIS 16 19 April 2017.
- 4 Utilisation of Total Access Demand (Sustainable Transport) contribution (PL12-000170 £35,271 & PL12-00620 £3,579) S106 monies for shared use path surfacing on Worth Way, Crawley Down, as agreed by the Cabinet Member for Planning on 12 April 2017 MIS 16 19 April 2017.
- 5 Utilisation of Total Access Demand (Sustainable Transport) contribution (P35/369 £62.78, P35/382 £77.26 & P35/781 £2,612.96) S106 monies for Speed reduction scheme Leylands Road/West Street, Burgess Hill, as agreed by the Cabinet Member for Planning on 12 April 2017 MIS 16 19 April 2017.
- 6 Utilisation of Total Access Demand (Sustainable Transport) contribution (P35/258 £179.07, P35/519 £12,015, P35/620a £6,480, P35/624 £13,065, P35/632b £2,991.13, P35/743 £1,260, PL13-000019 £4,871.72, PL13-000271 £3,688.08 & PL13-000617 £3900) S106 monies for Safety improvements on West Street, East Grinstead, as agreed by the Cabinet Member for Planning on 12 April 2017 MIS 16 19 April 2017.
- 7 Utilisation of Total Access Demand (Sustainable Transport) contribution (P35/779 £108,155) S106 monies for Traffic calming on Imberhorne Lane, East Grinstead, as agreed by the Cabinet Member for Planning on 12 April 2017 MIS 16 19 April 2017.
- 8 Utilisation of Local Community Infrastructure contribution (P35/632b £1,356.25) S106 monies to purchase a defibrillator for East Court, as agreed by Cabinet Member for Housing and Planning on 16 May 2017 MIS 20 17 May 2017.
- 9 Utilisation of Local Community Infrastructure contribution (P35/632b £348.42 & P35/633b £2,181.58) S106 monies to enhance the public realm in the area to the front of the Kings Street public toilets, as agreed by Cabinet Member for Housing and Planning on 16 May 2017 MIS 20 17 May 2017.

TREASURY MANAGEMENT INTEREST

44. Treasury Management interest for the financial year 2017/18 was projected in the Budget Report to be £308,065 at an average rate of 0.80%. The Budget Report is prepared well before many of the cash flow items are known.
45. Actual Treasury Management interest earnings for the first two months of 2017/18 were £55,787 at an average rate of 0.854%. The year-end projection for Treasury Management to be earned in the year remains as budgeted at this point in the year. This position will continue to be monitored closely as we progress through the year.

POLICY CONTEXT

46. This report shows actual financial performance against the original budget, which was approved within the context of the Financial Strategy.

FINANCIAL IMPLICATIONS

47. The financial implications are detailed within the body of this report.

RISK MANAGEMENT IMPLICATIONS

48. There are no risk management implications. Financial risks have been seen as a strategic risk in the past but the Council has a proven track record in Budget Management and this is not seen as a strategic risk for 2017/18.

EQUALITY AND CUSTOMER SERVICE IMPLICATIONS

49. There are none.

OTHER MATERIAL IMPLICATIONS

50. There are no legal implications as a direct consequence of this report.

Background Papers

Revenue Budget 2017/18

Appendix A

Forecast Budget Variations for 2017/18 at the end of May 2017

	<i>Pressures in 2017/18</i>	<i>Notes</i>
	<i>£'000</i>	
On-going pressure from 2016/17 – Car Parks emergency gritting	29	1
On-going pressure from 2016/17 – Building Control Staffing Restructure	11	1
On-going pressure from 2016/17 – Strategic Core salaries	17	1
On-going pressure from 2016/17 – HR & Payroll Salaries	40	1
Permanent Staff Change – Additional Planning Officer	34	2
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	131	
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Notes:

- (1) On-going pressures identified in budget management 2016/17 but too late for inclusion in the 2017/18 budget.
- (2) See Paragraph 7.

Forecast Budget Variations for 2017/18 at the end of May 2017

	<i>(Savings) in 2017/18</i>	<i>Notes</i>
	<i>£'000</i>	
On-going additional income from 2016/17 – Building Control Income	(60)	3
On-going saving from 2016/17 – Environmental Health Minor Variations	(7)	3
On-going saving from 2016/17 – Environmental Health Contaminated Land Consultants	(10)	3
On-going saving from 2016/17 – Leisure Contract Indexation	(55)	3
On-going additional income from 2016/17 – Parking Pay and Display income	(50)	3
On-going additional income from 2016/17 – Parking Season Ticket income	(11)	3
On-going additional income from 2016/17 – Development Management Income	(34)	3
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	(227)	
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Notes:

- (3) On-going savings identified in budget management 2016/17 but too late for inclusion in the 2016/17 budget.

PROJECT JUSTIFICATION DETAILS

Supply and installation of roof-mounted photovoltaic panels at Oaklands Campus**Purpose of project :**

It is proposed to install photovoltaic (PV) panels on several flat-roofed areas of Oaklands campus, in order to reduce electricity purchased from the grid, provide income from exporting electricity back to the grid, and reduce greenhouse gas emissions.

Total Amount : £26,000

Capitalised Salaries included in the project total: N/A

Other sources of funding: N/A

Revenue Implications:

Installation of the photovoltaic panels is calculated to produce net income (from export of surplus electricity) and net savings (from electricity generation) amounting to £150,000 over the expected 25-year life of the installation. This represents a return on investment of £96,000 at today's prices.

Value For Money Assessment:

Current practice / doing nothing:

The Council will not achieve the cost savings and reductions in greenhouse gas emissions which otherwise would have been realised by this project.

Other alternative approaches:

Various other methods of reducing energy consumption and greenhouse gas emissions are available. These would require significant capital investment and should be considered as complementary to, rather than alternatives to, the proposed PV installation.

Business Unit/Service: Corporate Estates & Facilities

Head of Service : Peter Stuart

Project Manager: Lance Kester

Cabinet Members : Cllr J Ash-Edwards

Continued..

Supply and installation of roof-mounted photovoltaic panels at Oaklands Campus

Ward Members : Cllr Jonathan Ash-Edwards, Cllr Sandy Ellis

This project contributes to achieving the Corporate Plan in the following ways :

Financial independence: The project will reduce the Council's energy costs.

Summary of discussions with Cabinet Member:

The project was discussed with the Cabinet Member in May 2017.

Risk Analysis :

The main risks for this project are:

The likelihood, severity, financial impact (rated low, medium, high) of each of these risks are:

Lower than expected return on investment

Likelihood: Low

Severity: Low

Financial impact: Low

Mitigation actions:

1. Sensitivity analysis has been carried out on return on investment.
2. Performance and quality specification.
3. Manufacturer's warranty.
4. On-going maintenance.

PROJECT JUSTIFICATION DETAILS

Extension to Heath Road Car Park, Haywards Heath

Purpose of project :

The Council has recently acquired the land adjacent to Heath Road car park to extend the provision of car parking spaces within the town. This extra land is anticipated to provide an additional 32 short stay parking bays in Haywards Heath. These new spaces will provide additional parking provision in the area, meeting high demand by local workers, commuters and users of the local facilities.

The land is generally in good condition but works are required to bring this land into use including creating an entrance, improved lighting and a new pay and display machine. The original budget estimate did not include for resurfacing, however further investigation has found that the surface will need replacing in the near future. We have therefore increased the project cost estimate to include this item. The cost break down is:

Entrance & Resurfacing £23,000

Improved lighting £12,000

Pay & Display Machine £5,000

Total Amount : £40,000

Capitalised Salaries included in the project total: n/a

Other sources of funding: n/a

Revenue Implications:

The direct revenue implications will come from contractual costs for lighting, cash collections and pay and display machine air time and other costs such as NNDR. However these will be offset by income generated by pay and display tariffs.

Value For Money Assessment:*Current practice / doing nothing:*

Without these capital works, this land remains unusable.

The proposed car park extension could generate an additional revenue income of £26,112 per annum, producing a 14.5% return on the total capital expenditure of the land purchase (£140,000) plus the £40,000 capital costs to bring the land back into use

Other alternative approaches:

There are no alternative locations owned by the Council which could provide additional parking.

Business Unit/Service: Parking Services

Head of Service : Judy Holmes

Project Manager: Claire Onslow

Cabinet Members : Cllr Gary Marsh, Cabinet Member for Service Delivery

Ward Members : Cllr Ash-Edwards & Cllr Ellis – Heath ward

This project contributes to achieving the Corporate Plan in the following ways :

- Supports the Council's aspiration to become financially independent
- Additional town centre parking spaces in Haywards Heath will contribute towards supporting sustainable economic growth.

Summary of discussions with Cabinet Member:

Cllr Gary Marsh, Cabinet Member for Service Delivery fully supports bringing this land into use as a car park, providing additional facilities to the town.

Risk Analysis :

The main risks for this project are:

1. Completion of works exceeding budget

The likelihood, severity, financial impact (rated low, medium, high) of each of these risks are:

Low

Mitigation actions:

1. Careful project management, carried out by the Corporate Estates & Facilities team experienced in delivering car park maintenance works.

PROJECT JUSTIFICATION DETAILS

Replacement of Victoria Park Skate Park

Purpose of project :

Replacement of the existing wooden skate park which is reaching the end of its serviceable life.

Total Amount : To be advised

The project will require extensive consultation with skate park users and other stakeholders, including ward Members and Haywards Heath Town Council. The design and project cost will be finalised following this consultation.

Capitalised Salaries included in the project total: N/A

Other sources of funding: Section 106 Formal Sport contributions.

Revenue Implications: N/A

Value For Money Assessment:

Current practice / doing nothing:

The existing wooden skate park has deteriorated badly due to its popularity and location, which suffers from standing water during the winter months. Major repairs were carried out during 2016/17 however the structure remains in poor condition and is continuing to deteriorate. The skate park will ultimately become unsafe, necessitating closure.

Other alternative approaches:

It would be possible to maintain the facility in the short term, however repairs will become increasingly costly and the point will soon be reached when repairs are no longer viable.

Business Unit/Service:

Head of Service : Peter Stuart

Project Manager: Lance Kester

Cabinet Members : Jonathan Ash-Edwards

Continued..

Replacement of Victoria Park Skate Park

Ward Members : Cllr A Boutrup, Cllr H Munding

This project contributes to achieving the Corporate Plan in the following ways :

Strong and resilient communities – the new skate park will help to encourage young people to be more physically active, and will offer a more attractive environment;

Effective and responsive services – the project will deliver an improved facility which will have been designed in consultation with users.

Summary of discussions with Cabinet Member:

The Cabinet Member has been notified of the proposed project. Further consultation is being arranged with Ward Members and Haywards Heath Town Council.

Risk Analysis :

The main risks for this project are:

Risk	Likelihood	Severity	Financial impact	Mitigation action
Over-design resulting in unacceptably high cost	Medium	High	High	<ol style="list-style-type: none"> 1. Management of stakeholders' expectations. 2. Effective cost scrutiny and value engineering. 3. Early identification and approval of project budget. 4. Cost benchmarking against similar projects.
Failure to secure funding	Low	High	High	Early identification of project cost and funding approval.
Cost over-run due to variations and/or delays	Medium	Low	Low	<ol style="list-style-type: none"> 1. Thorough investigation and design. 2. Comprehensive specification and contract documents. 3. Effective project management.
New facility less popular with users than the current one	Low	Medium	Low	Extensive consultation with users and engagement of specialist designer.
Complaints from local residents	Medium	Medium	Low	Consult with local residents to identify and mitigate concerns.
Delay in delivery	Medium	Low	Low	<ol style="list-style-type: none"> 1. Clear contractual requirements for delivery, with consequences for delays. 2. Effective project management.

PROJECT JUSTIFICATION DETAILS

The Orchards Shopping Centre – renewal of flat roofs
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Purpose of project :

Renewal of life-expired flat roofs and deck access walkways.

Total Amount :

To be determined.

Capitalised Salaries included in the project total :N/A

Other sources of funding: The Council expects to recover a proportion of the project costs from its commercial and residential leaseholders over the next three years.

Revenue Implications: N/A

Value For Money Assessment:*Current practice / doing nothing:*

The existing flat roofs, which date back to the original construction of The Orchards Centre in 1983, have reached the end of their service life. The waterproofing has failed in a number of areas resulting in leaks into the retail units below. The problem is exacerbated by repeated thefts of leadwork over the years and under-sized paving slabs. Several localised repair and renewals have been carried out, however these have not been successful as the rainwater entry points cannot always be identified. If a complete renewal if not carried out, leaks will continue and worsen as the roof coverings deteriorate further.

Failure to find an effective and lasting solution to the water ingress carries a risk of disrepair claims from the Council's retail tenants with associated financial and reputational risks.

Other alternative approaches:

The only other practicable option would have been to remove the slabs, over-lay a sheet or liquid waterproofing membrane onto the existing surface, and then re-lay the slabs. However this is not an option in this instance as the underlying insulation has become saturated in many places. Over-laying would trap the moisture into the structure – this would damage the new membrane and also migrate downwards into the retail units.

Business Unit/Service: Corporate Estates and Facilities

Head of Service : Peter Stuart

Project Manager : Lance Kester

Cabinet Members : Cllr Jonathan Ash-Edwards

Ward Members : Haywards Heath (Heath): Cllr J Ash-Edwards, Cllr S Ellis

Continued..

This project contributes to achieving the Corporate Plan in the following ways :

1. Providing an effective, responsive and value for money service to the leaseholders of The Orchards.
2. Maintaining and improving The Orchards as a property asset will help to encourage business tenants and increase footfall, contributing towards the corporate priority of promoting sustainable economic growth.

Summary of discussions with Cabinet Member:

These proposals have been discussed with Cllr Ash-Edwards who is supportive of the project.

Risk Analysis :

The main risks for this project are:

The likelihood, severity, financial impact (rated low, medium, high) of each of these risks are:

Risk	Likelihood	Severity	Financial impact
1. Delay in delivery	Low	Low	Low
2. Cost over-run	Medium	Low	Medium
3. Negative publicity resulting from cost, consultation or operational issues	Medium	High	Low
4. Failure to observe correct leaseholder consultation process and/or legal challenge	Medium	High	High
5. Subsequent premature failure of new roof	Low	High	High

Mitigation actions:

1. **Delay in delivery:** Develop realistic project programme, allowing for factors such as maintaining access to flats, leaseholder consultation and weather. Appoint specialist contractor with proven track record.
2. **Cost over-run:** Establish a realistic project budget, including suitable contingency sums. Carry out detailed surveys to identify scope of works as fully as possible. Produce detailed specifications. Careful examination of tenderers' costs and proposals, and appointment of specialist contractor with proven track record. Effective project management.
3. **Negative publicity:** Ensure that commercial and residential tenants and leaseholders are consulted as fully as possible, and that their observations are taken into account. Advance publicity of the project, explaining why we are doing the work and the benefits. Provide transparent cost information. Operational planning to minimise inconvenience to residents, businesses and the public.
4. **Failure to observe correct leaseholder consultation process:** Agree consultation strategy at outset of the project. Ensure that responsibilities for undertaking consultation are clearly defined and that parties carrying out consultation understand the legal process. Build sufficient time for consultation into the project programme.
5. **Subsequent premature failure of new roof:** Materials to comply with relevant British and European standards. Use manufacturer's accredited installer with proven track record. Manufacturer to provide insurance-backed warranty