
3 November 2023

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Dear Councillor,

A meeting of **CABINET** will be held in the **COUNCIL CHAMBER** at these offices on **MONDAY, 13TH NOVEMBER, 2023 at 1.00 pm** when your attendance is requested.

Yours sincerely,
KATHRYN HALL
Chief Executive

A G E N D A

	Pages
1. To receive Declarations of Interest from Members in respect of any matter on the Agenda.	
2. To receive apologies for absence.	
3. To be agreed by general affirmation the Minutes and Exempt Minutes of the previous meeting held on 11 September 2023.	3 - 12
4. To consider any items that the Chairman agrees to take as urgent business.	
5. Budget Management 2023/24 - Progress Report April To June 2023.	13 - 18
6. Budget Management 2023/24 - Progress Report July to September 2023.	19 - 24
7. Procurement of Cleaning Contract.	25 - 26
8. To consider whether to exclude the Press and Public from the meeting during consideration of the following items in accordance with Section	

100A of the Local Government Act 1972 on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the said Act.

9. Exempt Annexe - Procurement of Cleaning Contract. **27 - 28**
10. Revenues and Benefits Enforcement Agent Procurement. **29 - 32**
11. To consider whether to exclude the Press and Public from the meeting during consideration of the following items in accordance with Section 100A of the Local Government Act 1972 on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the said Act.
12. Exempt Annexe - Revenues and Benefits Enforcement Agent Procurement. **33 - 34**

To: **Members of Cabinet:** Councillors R Eggleston (Chairman), A Bennett (Vice-Chair), AM Cooke, I Gibson and C Hobbs

Minutes of a meeting of Cabinet held on 11 September 2023 from 1.00 pm

Present: R Eggleston (Chairman)
A Bennett (Vice-Chair)

AM Cooke

I Gibson

C Hobbs

Also Present: Councillors R Bates, A Eves and M Kennedy

The Chairman welcomed Cllrs Bates, Eves, and Kenny to the meeting.

1. TO RECEIVE DECLARATIONS OF INTEREST FROM MEMBERS IN RESPECT OF ANY MATTER ON THE AGENDA.

None.

2. TO RECEIVE APOLOGIES FOR ABSENCE.

No apologies were received as all Members were present.

3. TO BE AGREED BY GENERAL AFFIRMATION THE MINUTES OF THE PREVIOUS MEETING HELD ON 26 JUNE 2023.

The Cabinet agreed the minutes and they were signed by the Chairman.

4. TO CONSIDER ANY ITEMS THAT THE CHAIRMAN AGREES TO TAKE AS URGENT BUSINESS.

None.

5. TEMPORARY ACCOMMODATION (LOCAL AUTHORITY HOUSING FUND).

Simon Hughes, Director People and Commercial Services introduced the report. He highlighted that temporary accommodation reduces the cost of nightly paid accommodation and enables vulnerable people to remain in their existing communities while more permanent housing is found.

The Cabinet Member for Leisure and Customer Services proposed the recommendations, noted the challenges for Local Authorities in providing temporary accommodation and the additional pressures on families when accommodation is provided outside the district.

The Cabinet Member for Sustainable Economy and Housing seconded the recommendations and highlighted the importance of having the right balance of temporary accommodation.

The Cabinet Member for Finance, Revenues and Benefits advised the purchases would provide assets of value and an income stream.

The Leader noted that supporting the homeless is a key statutory responsibility for the Council. He thanked the housing team for their work which is often challenging. As there were no further comments, he took the Members to a vote on the recommendations which were agreed unanimously.

RESOLVED

That Cabinet agreed to:

- i) The further purchase of property for Temporary Accommodation following the award of Local Authority Housing Fund 1 by allocating a £2.08m to the Temporary Accommodation Capital Reserve.
- ii) In accordance with the Constitution, use of the reserve will be delegated to the Director of People and Commercial Services to operate, reflecting the principles in this report.
- iii) In order to enable Officers to progress with further work, in principle LAHF 2 is to be funded with an expected cost of circa £1m. The final amount will be formally approved in the next appropriate Cabinet Budget Management report.

6. FINANCIAL OUTTURN 2022/23.

Before the report was presented to Cabinet for debate, Councillors attending the meeting (not being members of Cabinet) were asked for their contributions. Cllr Eves expressed concern over the costs of using agency staff and the outsourcing of services. She queried the expenditure on Ukrainian refugees and requested an update on the St John's Park Masterplan.

Louise Duffield, Director of Resources and Organisational Development introduced the report and advised agency staff were used in the legal department to cover interim positions but that permanent recruitment was underway. The balance of the budget for the Ukrainian refugees was £51,000 and the officers were awaiting costs for St John's Park Masterplan. She confirmed that due to officers taking advantage of changing interest rates through the Treasury Management Strategy the predicted overspend had changed to an underspend of £715,000.

Judy Holmes, Deputy Chief Executive confirmed funds were passported to the Council by WSCC for the Ukrainian refugees and have been used to provide local services, such as language classes, transport, and cafes.

The Cabinet Member for Finance, Revenues and Benefits proposed the recommendations, noting the underspend was due to the excellent treasury management, but advised inflation would continue to add to costs.

The recommendations were seconded by the Leader. He noted that the outturn was better than expected and had laid good groundwork for the upcoming year's work. There would still be some inflationary pressures this year and the exceptional income from the treasury management may not continue to support the budget.

As there were no further comments, the Leader took the Members to a vote on the recommendations which were agreed unanimously.

RESOLVED

That Cabinet noted the contents of the report and agreed to:

- i) The update to Specific Reserves in Appendix C;
- ii) The updated phasing of the approved capital programme as detailed in Appendix E;
- (i) That the overall position for 2022/23 is a surplus of £715,000; and
- (iv) Recommend to Council that balance of interest (including additional Dividend income) totalling £715,000 is transferred to the General Reserve and set aside to support the forecast budget gap in 2024/25.

7. SERVICE AND FINANCIAL PLANNING - BUDGET GUIDELINES FOR 2024/25.

Louise Duffield, Director of Resources and Organisational Development introduced the report explaining that it contained high level observations at the start of the budget setting process, and that government settlements are often specified at short notice.

The Cabinet Member for Finance, Revenues and Benefits proposed the recommendations, noting that the budget would be finalised by the Council at its meeting in February. She advised that a cross party working group would also be convened as part of the budget setting process and noted the continuing challenging economic circumstances.

The Leader seconded the recommendations, noting good engagement by all political parties would result in a set of proposals that all parties could agree to. As there were no further comments, the Leader took the Members to a vote on the recommendations which were agreed unanimously.

RESOLVED

That Cabinet agreed to:

- i) Endorse the guidelines set out within this report and
- ii) Use these principles in preparing the 2024/25 Corporate Plan and Budget.

8. CLAIR HALL: UPDATE.

Before the report was presented to Cabinet for debate, Councillors attending the meeting (not being members of Cabinet) were asked for their contributions. Cllr Kenny confirmed his support for the recommendations, noting the openness of the process and urged the Cabinet and officers to look at all proposals for the benefit of the town.

On behalf of Cllr Chapman, Cllr Eves asked how and when the decision would be taken on the choice of model one or three.

The Leader advised that model three involved the redevelopment of the site and more work was required before the final informed decision could be made. Noting in an ideal situation the Council would work with adjacent landowners.

Louise Duffield, Director of Resources and Organisational Development then introduced the report noting the importance of evidence-based decision-making and the inclusion of the local community's ideas following recent engagement.

The Leader proposed an amendment to the recommendations, amending the recommendations to read:

- i) Subject to iv) and v) below, recommends to Council, in principle, the regeneration of Clair Hall by way of a mixed-use development to provide a new cultural facility, funded through then land value. This agreement is subject to due diligence, a clear evidence base and further work and governance, as set out in the body of this report.
- ii) Asks Officers to report to Cabinet, (and to Council as appropriate) in a timely manner, as proposals mature. The next milestone is likely to be formal recommendations for the procurement of a cultural operator and partner.
- iii) Agree that a cross-party, politically balanced, Executive Steering Group is established, to enable Member input and consensus building, whilst also progressing at pace. The terms of reference are set out at Appendix A.
- iv) Agree that Officers should request, and assess the viability, of any alternative community proposals in presenting their conclusions to the Cabinet and Executive Steering Group for consideration. Cabinet and the Executive Steering Group may request that any community bidders give a formal presentation to them so that their plan can be tested.
- i) Agrees to wait until Cabinet and the Executive Steering Group has duly and properly considered over a reasonably prompt timescale any community proposals before proceeding with any procurement.

He advised the amended recommendations would give the local community an opportunity to propose an alternative scheme.

The Cabinet Member for Finance, Revenues and Benefits proposed the revised recommendation, thanking the officers for their engagement with the local community, and she welcomed a cross party steering group.

The Cabinet Member for Leisure and Customer Services seconded the amended recommendations and thanked the public who attended the recent engagement sessions and confirmed alternative viable proposals would be investigated.

The Deputy Leader, as the portfolio holder for Communities and Communications supported Cabinet's commitment to transparency and the set up a politically balanced steering group.

The Cabinet Member for Sustainable Economy and Housing noted the attendance of the recent engagement sessions at Clair Hall.

As there were no further comments, the Leader took the Members to a vote on the recommendations which were agreed unanimously.

RESOLVED

That Cabinet approved the recommendations as amended.

- 9. TO CONSIDER WHETHER TO EXCLUDE THE PRESS AND PUBLIC FROM THE MEETING DURING CONSIDERATION OF THE FOLLOWING ITEMS IN ACCORDANCE WITH SECTION 100A OF THE LOCAL GOVERNMENT ACT 1972 ON THE GROUNDS THAT IT INVOLVES THE LIKELY DISCLOSURE OF EXEMPT INFORMATION AS DEFINED IN PARAGRAPH 3 OF PART 1 OF SCHEDULE 12A OF THE SAID ACT.**

Cabinet agreed unanimously to move to a closed session at 1.39pm and upon completion of the exempt business, it returned to the open session at 1.55pm.

10. REVENUES AND BENEFITS LINE OF BUSINESS CLOUD PROCUREMENT.

The exempt annexe contained project costings. These costings are commercially sensitive and exempt from publication under paragraph 3 of Part 1, Schedule 12A of the Local Government Act 1972.

The Leader took the Members to a vote on the recommendations which were agreed unanimously.

RESOLVED

That Cabinet:

- i) Agreed the proposal to procure the Capita One Revenues and Benefits cloud system.
- (ii) Agreed that the award of the contract be delegated to the Director of People and Commercial Services once a suitable procurement route is identified.

11. REVENUES AND BENEFITS PRINTING AND MAILING SOLUTION PROCUREMENT.

The exempt annexe contained project costings. These costings are commercially sensitive and exempt from publication under paragraph 3 of Part 1, Schedule 12A of the Local Government Act 1972.

The Leader took the Members to a vote on the recommendations which were agreed unanimously.

RESOLVED

That Cabinet:

- i) Approved the procurement of a new printing contract for the Revenues and Benefits department, and;
- ii) Agreed that the award of the contract be delegated to the Director of People and Commercial Services.

12. ELECTORAL PRINT AND MAIL PROCUREMENT – INTENTION TO TENDER.

The exempt annexe contained project costings. These costings are commercially sensitive and exempt from publication under paragraph 3 of Part 1, Schedule 12A of the Local Government Act 1972.

The Leader took the Members to a vote on the recommendations which were agreed unanimously.

RESOLVED

That Cabinet:

- (i) Agreed that the Council participates in a collaborative Electoral Print and Mail procurement exercise with the other Councils participating in the Shared Procurement Service;

- (ii) Agreed the Council go out to open market for the purpose of awarding a six-year Electoral Print and Mail Contract;
- (iii) Agreed that the authority to award the Council's Contract be delegated to the Director of Resources and Organisational Development, following a legally compliant procurement process.

The meeting finished at 1.56 pm

Chairman

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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BUDGET MANAGEMENT 2023/24 – PROGRESS REPORT APRIL TO JUNE 2023

REPORT OF: DIRECTOR OF RESOURCES AND ORGANISATIONAL DEVELOPMENT
Contact Officer: Rachel Jarvis, Assistant Director Corporate Resources (and S151 Officer)
Email: Rachel.Jarvis@midsussex.gov.uk Tel: 01444 477064
Wards Affected: All
Key Decision: No
Report to: Cabinet
13 November 2023

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Purpose of Report

1. This report provides an update on the forecast financial position at quarter one (Q1) against the approved Revenue Budget for 2023/24 and the current Capital Programme.

Summary

2. The forecast revenue outturn position for 2023/24 at the end of June is a net overspend of £442,000 against the current budget. It should, however, be noted that quarter one projections are prepared early in the year and thus external trends are still emerging.
3. As was the case in 2022/23, the continued impact of rising interest rates and effective investment decision-making is also achieving a positive movement on the Council's Treasury Management income. This continues to be used to offset service pressures.
4. A number of fully funded Capital variations have come forward in the first quarter of the year totalling £635,000 which are detailed in table 3 of this report. The Capital Programme remains on target at this stage in the year.

Recommendations

5. To recommend that Council:

- (i) **Note the current forecast outturn;**
 - (ii) **Endorse the variations to the Capital Programme contained in Table 3 in accordance with the Council's Financial Procedure rule B3 and the Capital Strategy**
 - (iii) **Approve the formal creation of the Specific Reserves as identified in Table 2, funded from external grant funding as detailed in paragraphs 19-21.**
-

REVENUE SPENDING

Q1 Position to the end of June 2023

6. Table 1 below provides a summary of the estimated forecast outturn as at the end of the first quarter (Q1) of 2023/24. A more detailed breakdown is shown in Appendix A of this report. The main reasons for any movements are then outlined in the following paragraphs.

Table 1 – Overview of forecast movement April to June 2023/24

	Current budget 2023/24 Current Budget £'000	Forecast Outturn 2023/24 Forecast Outturn £'000	Forecast Variation as at June 2023/24 (surplus) /deficit £'000
<i>Council Net Expenditure</i>	18,926	19,368	442
Contribution to reserves	894	894	0
Use of Windfall Treasury Management Income	0	(233)	(233)
<i>Total Revenue Spending</i>	19,820	19,862	209

Director People & Commercial Services

7. **Cleansing Services** have a net £86,000 pressure emerging, where £85,000 additional costs have been incurred for the Waste Contract in respect of bank holidays, which are subject to additional 'pass through' charges by the contractor. Modelling has been updated for future years' budget setting. Further Waste contract pressures have also resulted from higher than forecast property growth resulting in additional costs of £125,000 and also due to further contractual inflation applied after the pay award was confirmed for 2022/23 of £130,000, which was too late for inclusion in 2023/24 budget. The additional costs are being partially managed in this financial year due to the late mobilisation of the new garden waste vehicle expected to grow the service, resulting in a part-year saving of £96,000. Additionally, a budgeted allowance for the repayment of interest for the old stock of Garden waste bins is no longer required due to the new stock being financed from reserves rather than borrowing, resulting in a saving of £158,000.
8. **Landscapes** are projecting a net saving of £35,000. This is due to projected staff savings resulting from vacant posts and staff working fewer hours than budgeted. Additionally, car mileage savings are emerging due to having fewer staff and staff making fewer journeys. A further £29,000 additional Outdoor Leisure income is also forecast to recognise the recovery of income since the pandemic, to a level achieved in the most recent financial year. These savings are partially offset by a pressure of £49,000 for National Non-Domestic Rates (NNDR) for the year, where backdated charges have resulted from a 2023 revaluation whereby pavilions have now become rateable.
9. **Parking Services** are projecting a £152,000 saving by year-end. This is mainly due to recovery since the pandemic of car parking income to a level achieved in the most recent financial year, by £118,000. Additionally, £34,000 savings in NNDR costs have been achieved due to a revaluation downwards of some car parks and transitional relief in the current year for those car parks revalued upwards.
10. **Leisure Services** have a £212,000 pressure emerging. This is mainly due to the slower than anticipated recovery of the Leisure contractor post-pandemic in terms of income generation, resulting in a lower Management fee to the Council for the year of £200,000. Additionally, the service has employed the use of consultants to assist with the additional contract monitoring requirements to ensure that management fee income is maximised, while still not returning to pre-pandemic levels.

11. **Estates** have a net pressure of £5,000 emerging. This is due to a 2023 NNDR revaluation of properties. However, this is likely to be offset by increased income from ongoing rent reviews.
12. **Housing Options** are projecting a £10,000 underspend, due to the expiry of a cross-council agreement requiring contribution to a refugee settlement scheme.
13. **Digital and Technology** are projecting a £47,000 underspend by year end. This is a result of a £30,000 reduction in expenditure on printers and copiers, due to less usage and £17,000 on Telephones since the migration to Microsoft Teams.

Director Resources and Organisational Development

14. **Legal Services** are projecting an overspend of circa £200,000 which has been the trend for a number of years. This is due to circa £40,000 anticipated underachievement of income (which will be subject to review during the budget setting process for 2024/25) and overspend on staffing due to reliance on agency and locum staff. The service is looking to manage this overspend down, through the ongoing successful recruitment of permanent staff.
15. **Human Resources and Organisational Development** – Transitional pressures with the HR system have resulted a one-off pressure anticipated to be in the region of £55,000.
16. **Corporate Resources** has an anticipated £133,000 overspend. The result of Insurance premium increases as excess inflation has impacted on the cost of potential reinstatement. Combined with potential further pressures on the audit budgets for additional work.

Treasury Management

17. Treasury Management continues to show a steady improvement as the year progresses due to the improved interest rates available and effective investment decision-making. After planned use in the base budget for 2023/24 there is a £233,000 windfall in interest earned to the end of June 2023. It is anticipated that we will continue to see improved returns and it is proposed that this windfall is used to fund (currently in part) the inflationary pressures impacting on the forecast outturn.
18. It is then proposed that any further improved receipts are used to, firstly, offset the remaining revenue overspend and, secondly, be transferred to the general reserve to manage future financial risk on the capital and revenue budgets.

Revenue one off projects

19. As well as day-to-day operational activity, services also deliver additional externally funded revenue projects. Where there are multiple years reserves are set up at the end of the year when this position crystallises. These come about as a result of successful bids for funding, Government specific initiatives or essential reactive work. Where specific funding is received, and work completed over multiple years the funding is held in our reserves and balances. At Q1 new reserves, that were not reported at outturn, are listed below: -

Table 2 – Specific Revenue Funding

Martlets' Temporary Urban Park (UKSPF 22/23))	90	<i>Para 20</i>
Stone Quarry (UKSPF 22/23)	30	<i>Para 21</i>
 Total Revenue Specific Funding	 120	

20. Revenue UKSPF grant of £90,000 has been received to date to provide for activities within the urban park.
21. Stone Quarry received UKSPF grant funding approval of £35,000 for 2022/23 but £30,367 needs to be carried forward to 2023/24. This was revenue funding toward the relocation of community hub activities to the Old Post Office. This project started late due to the delay in confirmation from the Government regarding the award. Therefore, this project now needs to be added to the 2023/24 programme totalling £30,000.

Summary of Revenue Position

22. In summary, the net revenue position is an overspend of £209,000 after applying the windfall income to date from Treasury Management.

CAPITAL PROGRAMME AND REVENUE PROJECTS

Position to the end of June 2023

23. The Council has a 4-year rolling Capital Programme. While it is managed across multiple years this report provides an update at Q1 for 2023/24. The actual spend and purchase orders raised to the end of June 2023 total £1,693,036. The 2023/24 Capital Programme totalling, £5,735,000, was adjusted to reflect rephasing at outturn 2022/23 totalling £3,297,000, resulting in a revised 2023/24 programme of £9,032,000. A review of the profiling of this across future years to reflect more realistic forecasts for delivery is ongoing.
24. Since outturn there have been a number of fully funded variations to the programme shown in Table 3 below: -

Table 3 - Capital Programme Variations April to end June 2023

	<i>Apr to June</i> £'000	<i>Ref</i>
Disabled Facility Grant	220	<i>Para 26</i>
Urban Park Burgess Hill (UKSPF 22/23)	45	
Victoria Park Haywards Heath (UKSPF 23/24)	30	<i>Para 27</i>
Mount Noddy, East Grinstead (UKSPF 23/24)	30	
Cherry Tree Burgess Hill (UKSPF 23/24)	100	
Connected Kerb	210	<i>Para 28</i>
 Total Capital Projects Variations	 <hr style="width: 100%; border: 0.5px solid black;"/> 635 <hr style="width: 100%; border: 0.5px solid black;"/>	

25. Variations to the Capital Programme totalling £635,000 result in a revised 2023/24 programme of £9,667,000.
26. We have received notification of increased funding for Disabled Facility Grants in 2023/24, through the Better Care Fund which is passported onto MSDC from West Sussex County Council. The allocation this year is now £1,120,000 (to the nearest £'000). This allows additional funding of £220,000 compared to the original budget of £900,000.

27. UKSPF funding has been received in support of a number of projects as listed in the table above.

28. Connected kerb grant funding of £210,190 has been secured from the Office for Zero Emission Vehicles (OZEV), Department for Transport for the delivery of 31 double-headed charge points (with a total of 62 sockets). The charge points to be delivered are on MSDC owned land in car parks across the district.

Policy Context

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

Financial Implications

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

Risk Management Implications

31. There are no risk management implications.

Equality and Customer Service Implications

32. There are no Equality and Customer Service implications.

Other Material Implications

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

Sustainability Implications

34. There are no sustainability implications as a direct consequence of this report.

Appendices

Appendix A - Forecast outturn at Q1 2023/24

Background Papers

None

Appendix A Forecast outturn at Q1 2023/24

	Original budget	Current budget (Ex.recharges)	Forecast Outturn	Variation
	2023/24 £'000	2023/24 £'000	2023/24 £'000	2023 £'000
<i>AD Planning & Sustainable Economy</i>				
Development Management	1,210	277	277	0
Planning Policy	736	511	511	0
Housing Enabling	242	149	149	0
Economic Development & Sustainability	694	585	585	0
	2,882	1,522	1,522	0
<i>AD Communities</i>				
Environmental Health	1,335	844	844	0
Community Services	380	236	236	0
Partnerships	390	240	240	0
	2,105	1,320	1,320	0
<i>AD Commercial Services & Contracts</i>				
Cleansing Services	4,902	4,531	4,617	86
Landscapes	2,762	2,175	2,140	(35)
Parking Services	(820)	(1,156)	(1,308)	(152)
Leisure	(629)	(917)	(705)	212
Facilities	429	1,776	1,776	0
Estates	(2,955)	(3,096)	(3,096)	0
Building Control	490	143	143	0
	4,179	3,456	3,567	111
<i>AD Digital & People Services</i>				
Revenues & Benefits	2,786	1,822	1,822	0
Housing Options	1,871	1,557	1,547	(10)
Customer Services	0	367	367	0
Digital and Technology Services	(177)	1,691	1,644	(47)
	4,480	5,437	5,380	(57)
<i>AD Legal & Democratic Services</i>				
Democratic Services	1,035	1,005	1,005	0
Legal	0	306	506	200
	1,035	1,311	1,511	200
<i>AD Organisational Development</i>				
Human Resources & Organisational Development	0	584	639	55
Communications, PR & Community Engagement	517	727	727	0
	517	1,311	1,366	55
<i>AD Corporate Resources</i>				
Land Charges	176	33	33	0
Finance	0	750	750	0
Planning & Building Control Support	0	310	310	0
PMO & Service Redesign	277	189	189	0
Corporate Resources	1,476	1,782	1,915	133
Strategic Core	1,897	1,603	1,603	0
	3,826	4,667	4,800	133
<i>Centrally held budgets</i>				
Benefits	(119)	(119)	(119)	0
Drainage Levies	1	1	1	0
Balance Unallocated	20	20	20	0
Contribution to the Development Plan reserve	300	300	300	0
Contribution to the Job Evaluation reserve	594	594	594	0
Total Centrally Held Budgets	796	796	796	0
Total	19,820	19,820	20,262	442

BUDGET MANAGEMENT 2023/24 – PROGRESS REPORT JULY TO SEPTEMBER 2023

REPORT OF: DIRECTOR OF RESOURCES AND ORGNISATIONAL DEVELOPMENT
Contact Officer: Rachel Jarvis, Assistant Director Corporate Resources (and S151 Officer)
Email: Rachel.Jarvis@midsussex.gov.uk Tel: 01444 477064
Wards Affected: All
Key Decision: No
Report to: Cabinet
13 November 2023

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Purpose of Report

1. This report provides an update on the forecast financial position at quarter two (Q2) against the approved Revenue Budget for 2023/24 and the current Capital Programme.

Summary

2. The forecast revenue outturn position for 2023/24 at the end of September is an overspend of £654,000.
3. As was the case in 2022/23, the continued impact of rising interest rates and effective investment decision making is also achieving a windfall income on the Council's Treasury Management income. This has continued to be used to offset pressures on services that continue to be impacted by excess inflation.
4. A number of fully funded Capital variations have also come forward in the second quarter of the year totalling £5,385,000 which are detailed at Table 3. These pertain to the investment in Temporary accommodation allowing the authority to access the Local Authority Housing Funding, as agreed at Cabinet on 11th September, and now proposed for formal recommendation to Council.

Recommendations

5. To recommend that Council:

- (i) **Note the current forecast outturn;**
 - (ii) **Endorse the variations to the Capital Programme contained at Table 3 in accordance with the Council's Financial Procedure rule B3 and the Capital Strategy;**
 - (iii) **Approve the use of £2,080m for LAHF Tranche 1 and £1,252m for LAHF Tranche 2, as detailed in paragraphs 23 and 24.**
-

REVENUE SPENDING

Q1 Position to the end of September 2023

Table 1 below provides a summary of the estimated forecast outturn as at the end of the second quarter of 2023/24. A more detailed breakdown is at Appendix A of this report. The main reasons for any movements are then provided in the subsequent paragraphs.

Table 1 – Overview of forecast movement

	Current budget 2023/24 £'000	Forecast Outturn 2023/24 £'000	Forecast Variation as at June 2023 £'000
<i>Council Net Expenditure</i>	19,820	20,474	654
Use of Treasury Management Income	0	(654)	(654)
<i>Total Revenue Spending</i>	19,820	19,820	0

Deputy Chief Executive

6. **Development Management** is forecasting a pressure of £52,000 for the year. This is a result of the adverse impact of construction inflation on the market and subsequently on income.

Director People & Commercial Services

7. **Cleansing Services** have a net £86,000 pressure emerging, where £85,000 additional costs have been incurred for the Waste Contract in respect of bank holidays, which are subject to additional 'pass through' charges by the contractor. Further contract pressures have also resulted from higher than forecast property growth of £125,000 and also due to further contractual inflation applied after the pay award was confirmed for 2022/23 of £130,000, which was too late for inclusion in 2023/24 budget. The additional costs are being partially managed in this financial year due to the late mobilisation of the new garden waste vehicle expected to grow the service, resulting in a part year saving of £96,000. Additionally, a budgeted allowance for the repayment of interest for the old stock of Garden waste bins is no longer required.
8. **Landscapes** are projecting a net saving of £35,000. This is due to projected staff savings resulting from vacant posts and staff working fewer hours than budgeted. Additionally, car mileage savings are emerging due to having fewer staff and staff making fewer journeys. A further £29,000 additional Outdoor Leisure income is also forecast to recognise recovery of income since the pandemic, to a level achieved in the most recent financial year. These savings are partially offset by a pressure of £49,000 for NNDR for the year, where backdated charges have resulted from a 2023 revaluation whereby pavilions have now become rateable.
9. Additionally, there is a part year pressure for green spaces management in the region £100,000 pressure.
10. **Building Control** have a net £60,000 pressure emerging. This is due to a projected income shortfall of circa £110,000 at year end, which can be partially offset by; underspends in staffing due to vacant posts, reductions in consultants and scanning costs.

11. **Parking Services** are projecting a £152,000 saving by year-end. This is mainly due to recovery since the pandemic of car parking income to a level achieved in the most recent financial year, by £118,000. Additionally, £34,000 savings in NNDR costs have been achieved due to a revaluation downwards of some car parks and transitional relief in the current year for those car parks revalued upwards.
12. **Leisure Services** have a £212,000 pressure emerging. This is mainly due to the slower than anticipated recovery of the Leisure contractor post-pandemic in terms of income generation, resulting in a lower Management fee to the council for the year of £200,000. Additionally, the service has employed the use of consultants to assist with the additional contract monitoring requirements to ensure that management fee income is maximised, while still not returning to pre-pandemic levels.
13. **Estates** have a net pressure of £5,000 emerging. This is due to a 2023 NNDR revaluation of properties. However, this is likely to be offset by increased income from ongoing rent reviews.
14. **Housing Options** are projecting a £10,000 underspend, due to the expiry of a cross council agreement requiring contribution to a refugee settlement scheme.
15. **Digital and Technology** are projecting a £47,000 underspend by year end. This is a result of a £30,000 reduction in expenditure on printers and copiers, due to less usage and £17,000 on Telephones since the migration to Microsoft Teams.

Director Resources and Organisational Development

16. **Legal Services** are projecting an overspend of circa £200k, which has been the trend for a number of years. This is due to circa £40k anticipated underachievement of income (which will be subject to review during the budget setting process for 2024/25) and overspend on staffing due to reliance on agency and locum staff. The service is looking to manage this overspend down by the ongoing successful recruitment of permanent staff.
17. **Human Resources and Organisational Development** – Transitional pressures with the HR system have resulted a one -off pressure anticipated to be in the region of £55,000.
18. **Corporate Resources** - has an anticipated £133,000 overspend. The result of Insurance premium increases as excess inflation has impacted on the cost of potential reinstatement. Combined with potential further pressures on the audit budgets for additional work.

Treasury Management

19. Treasury Management continues to show a steady improvement as the year progresses due to the improved interest rates available and effective investment decision making. After planned income use in the base budget for 2023/24 there is £1,202,000 windfall in interest earned to the end of September 2023. It is anticipated that we will continue to see improved returns as we reach the end of investments that were placed when rates were low.
20. It is proposed that this windfall is used to fund the inflationary pressures that are impacting on the forecast outturn. It is then proposed that any further improved receipts are used to, firstly, offset the remaining revenue overspend, secondly, be held to manage future financial risk on the capital and revenue budgets.

CAPITAL PROGRAMME AND REVENUE PROJECTS

Position to the end of September 2023

21. The Council has a 4-year rolling Capital Programme. While it is managed across multiple years this report provides an update in year. Work has been undertaken during September to review the phasing of the programme to better reflect the delivery of the projects. Therefore, there are a number of variations to the programme for phasing in year, but no change to the programme overall. These variations are set out below and reduce the 2023/24 programmed work by a net £2,710,000 in 2023/24 but increase subsequent years by the same amount.
22. There have also been a number of additions to the programme totalling £5,385,000. Details of which are provided in the paragraphs below.

Table 2: Capital Programme and Revenue Project Variations July to end September 2023

	£'000	Ref
<u>Additions</u>		
Temporary Accommodation (LAHF) – tranche 1	3,365	Para 23
Temporary Accommodation (LAHF) – tranche 2	2,020	Para 24
Total Additions	5,385	
<u>Budget reprofiled to reflect delivery</u>		
Hemsleys Meadow and Finches Field	(884)	
Mount Noddy	(395)	
Victoria Park	(343)	
Hickman's Lane Pavilion	(195)	
Bedelands Gypsy and Traveller site	(489)	
Burgess Hill Place and Connectivity Programme	(492)	
Total Reprofiled	(2,798)	
Total Variations	2,587	

23. As recommended by Cabinet on 11th September, Local Authority Housing Fund – Tranche 1 – provides for 8 homes to provide accommodation to families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes, funded by a grant of £1,280,000 from DHULC along with £2,080,000 of New Homes Bonus allocated to the Council in 2022/23.
24. As recommended by Cabinet 11th September, Local Authority Housing Fund – Tranche 2 – provides for 4 homes to provide accommodation to families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes, funded by a grant of £768,000 from DHULC along with an estimated £1,252,000 of New Homes Bonus allocated to the Council in 2023/24. Although this is scheduled for 2023/24 some of the properties may not be purchased until 2024/25, depending on the property market.
25. The current approved programme continues to be reviewed to ensure that it reflects the best estimated delivery of project.

Policy Context

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

Financial Implications

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

Risk Management Implications

28. There are no risk management implications.

Equality and Customer Service Implications

29. There are no Equality and Customer Service implications.

Other Material Implications

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

Sustainability Implications

31. There are no sustainability implications as a direct consequence of this report.

Background Papers

N/A

Appendix A Forecast outturn at Q2

	Original budget	Current budget (Excl recharges)	Forecast Outturn	Variation (Surplus Deficit)
	2023/24 £'000	2023/24 £'000	2023/24 £'000	2023 £'000
AD Planning & Sustainable Economy				
Development Management	1,210	277	329	52
Planning Policy	736	511	511	0
Housing Enabling	242	149	149	0
Economic Development & Sustainability	694	585	585	0
	2,882	1,522	1,574	52
AD Communities				
Environmental Health	1,335	844	844	0
Community Services	380	236	236	0
Partnerships	390	240	240	0
	2,105	1,320	1,320	0
AD Commercial Services & Contracts				
Cleansing Services	4,902	4,531	4,617	86
Landscapes	2,762	2,175	2,240	65
Parking Services	(820)	(1,156)	(1,308)	(152)
Leisure	(629)	(917)	(705)	212
Facilities	429	1,776	1,776	0
Estates	(2,955)	(3,096)	(3,096)	0
Building Control	490	143	203	60
	4,179	3,456	3,727	271
AD Digital & People Services				
Revenues & Benefits	2,786	1,822	1,822	0
Housing Options	1,871	1,557	1,547	(10)
Customer Services	0	367	367	0
Digital and Technology Services	(177)	1,691	1,644	(47)
	4,480	5,437	5,380	(57)
AD Legal & Democratic Services				
Democratic Services	1,035	1,005	1,005	0
Legal	0	306	506	200
	1,035	1,311	1,511	200
AD Organisational Development				
Human Resources & Organisational Development	0	584	639	55
Communications, PR & Community Engagement	517	727	727	0
	517	1,311	1,366	55
AD Corporate Resources				
Land Charges	176	33	33	0
Finance	0	750	750	0
Planning & Building Control Support	0	310	310	0
PMO & Service Redesign	277	189	189	0
Corporate Resources	1,476	1,782	1,915	133
Strategic Core	1,897	1,603	1,603	0
	3,826	4,667	4,800	133
Centrally held budgets				
Benefits	(119)	(119)	(119)	0
Drainage Levies	1	1	1	0
Balance Unallocated	20	20	20	0
Development Plan reserve	300	300	300	0
Organisational Development & Efficiency Reserve	594	594	594	0
Total Centrally Held Budgets	796	796	796	0
Total	19,820	19,820	20,474	654

PROCUREMENT OF CLEANING CONTRACT

REPORT OF: DIRECTOR OF PEOPLE AND COMMERCIAL SERVICES
Contact Officer: Tony Johnson, Facilities Team Leader
tony.johnson@midsussex.gov.uk
Wards Affected: All
Key Decision: No
Report to: Cabinet
13 November 2023

Purpose of Report

1. To obtain authority to procure a new cleaning contract for the Council when the existing contract ends in June 2024. The contract will cover Council buildings including the Oaklands Offices, Pavilions and Public Toilets.

Recommendations

2. Cabinet is recommended to:
 - (i) Delegate authority to the Director of People and Commercial Services to procure the new cleaning contract to ensure continuity of service from 1 June 2024.
 - (ii) Delegate authority to the Director of People and Commercial Services to award the new cleaning contract to the preferred bidder following the evaluation of tenders.
-

Background

3. The current contract dated June 2018 will come to an end on 1 June 2024. This contract was procured jointly with Horsham District and Crawley Borough Councils with the aim of securing value for money through pricing economies of scale.
4. In order to ensure continuity of this service from next year onwards procurement now needs to start on a replacement contract.
5. The current plan is to procure jointly across Councils again and it is anticipated that the new contract will be for a similar term (up to 6 years) as the current contract, with a 'no fault' break clause after a minimum of 12 months; but discussions are at an early stage.

Policy Context

6. The Council's Constitution contains a set of Contract Procedure Rules. These establish the legal framework applicable to the purchase of all goods and services or the procurement of construction works by the Council. For contracts of above £200,000 in value (but within the budget and policy framework), they stipulate that:

"Cabinet has authority to conduct the relevant competitive process or give authority to officers to conduct that exercise."
7. Separately, the Council's Procurement Code delegates authority to the Service Director, in consultation with the Cabinet Member to award any contracts for goods/services above the threshold of £177,989.00.

Other Options Considered

8. None.

Financial Implications

9. Detailed in the Exempt Annex

Risk Management Implications

10. The main risks associated with this decision are related to cost and time/resources. Against a background of high inflation, there is a risk that the tender prices for this new contract may be higher than existing. This will be mitigated through economies of scale gained via joint procurement across Councils and ensuring an appropriate procurement model is utilised. Time and resource risks can be mitigated by ensuring sufficient time is allowed for re-procurement and a timetable is agreed by all stakeholders.

Equality and Customer Service Implications

11. No impact assessment has been undertaken.

Other Material Implications

13. None

Sustainability Implications

14. None

Background Papers

15. None

Agenda Item 9

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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REVENUES AND BENEFITS ENFORCEMENT AGENT PROCUREMENT

REPORT OF: DIRECTOR OF PEOPLE AND COMMERCIAL SERVICES
Contact Officer: Simon Jones, Assistant Director of People and Digital Services
simon.jones@midsussex.gov.uk
Wards Affected: All
Key Decision: Yes
Report to: Cabinet
13 November 2023

Purpose of Report

1. The purpose of this report is to seek authority to procure new contracts for two enforcement agents for Revenues and Benefits and award the contract through a framework.

Summary

2. The current enforcement agent contracts for Revenues and Benefits are due to expire at the end of this fiscal year. Approval is sought to procure a new contract. There is no direct cost to the Council for this contract. The enforcement agents obtain their income from fees added to debts. These fees are set in legislation to standardise the amounts throughout the industry. Further details are available in the exempt annexe.

Recommendations

3. **Cabinet is recommended to agree to:**
 - (i) **Approve the procurement of two enforcement agent contracts for the Revenues and Benefits department, and;**
 - (ii) **Note that the award of the contract is delegated to the Director of People and Commercial Services.**
-

Background

4. In 2023/24 the total collectable amount of Council Tax and Business Rates combined exceeds £195 million. This contributes to up a significant income for County, District and Parish Councils.
5. While most residents and businesses make payments in accordance with their bills, there is a proportion of residents who cannot or will not pay. Where payment is not received, we work proactively with residents (especially those experiencing hardship) to assist them. In some cases where residents are unwilling to engage with our team, or in situations where we cannot find a current address for a debtor; we, like all councils, will pass the debt to an enforcement agent.
6. Mid Sussex currently has 69,149 dwellings liable for Council Tax and 4593 hereditaments liable for Business Rates.
7. Further background details are available in the exempt annexe.

Procurement

8. Agents will be procured through a mini competition via an approved framework. An element of the specification will include awarding to suppliers that have a proven welfare team, focused on assisting those who are struggling financially to get out of and stay out of debt while maximising their income through benefits and support.
9. This is important as it reflects the support already provided by the revenues and benefits service, and it supports the Council's approach to hardship support and intervention across all services and ensures that whilst the Council focuses on maximising income, this is done in sympathy to residents and business needs within the context of a challenging financial climate.
10. In addition to this we will also be looking to award to those who deliver relevant elements of the council's sustainable economic strategy. This may include promoting the benefits of sustainability practices, reduction in carbon emissions and action to support the achievement of Carbon Net Zero, combat climate change, sustain and increase biodiversity and promote health and well-being through a range of mechanisms including service level agreements.
11. It should be noted that the actual removal of goods is always considered a poor way to recover debt and that we look to our enforcement agents to work with debtors to make sensible and sustainable arrangements to pay, whilst also supporting vulnerable people and doing their best to account for residents' other needs. It should be remembered that Council Tax is a priority debt, and that successful collection has significant implications for the provision of critical services affecting all residents across the whole county.

Policy Context

12. These recovery processes are governed by and supported by national legislation and contribute to the Council's strategic aims of financial independence.

Other Options Considered

13. The current contracts are due to end in March 2024 with no option to extend. The alternative to procuring a new contract is that we bring the service in-house. It is not considered financially viable to recruit, train, certify and manage agents. An in-house service also introduces some liability risk considerations that have further financial implications. It would also be difficult for an internally recruited and managed team to match the flexibility of an external enforcement agent when it comes to physically covering the entire district.

Financial Implications

14. There is no cost to the Council for this contract. The enforcement agents obtain their income from fees added to debts. These fees are set in legislation to standardise the amounts throughout the industry.

Stage of process	Fixed fee	Percentage extra charged for debts over £1,500
Writing to resident or business about their debt	£75	None
Visiting the home or business address	£235	7.5%
Taking control of goods for sale	£110	7.5%

Equality and Customer Service Implications

15. As part of our specification, we will be seeking to award the contracts to agents that show the greatest commitment to social inclusion, ethical collection, and a compassionate attitude towards educating residents in debt, in the solutions available to get out and stay out of debt. Equalities and customer service considerations are already reviewed continually within the context of service provision.
16. An EIA may be required prior to awarding if the previous EIA is out of date in no longer applicable.

Other Material Implications

17. None.

Risk Management Implications

18. Enforcement agents carry out risk assessments before visiting properties to ensure their safety and as far as possible to ensure that vulnerable residents are protected, they are all equipped with body-worn cameras to ensure accountability, and to protect themselves and the reputation of Mid Sussex.
19. Should we not engage the use of Enforcement agents there is a significant risk to the Council finances firstly in the amount of revenue they collect on our behalf, but additionally by the perceived implications of residents or businesses that if there is no consequence to withholding payment, debtors may be less inclined to make payments or engage with the teams to repay their debts or get any additional assistance that they may require following engagement with either the Council directly or the welfare teams of the Enforcement agents.

Sustainability Implications

20. As part of our specification will be looking to award the contract to a supplier that holds the same values as Mid Sussex District Council as outlined in our sustainable economic strategy, by promoting the benefits of sustainability practices, reduction in carbon emissions and action to support achievement of Carbon Net Zero, combat climate change, sustain and increase biodiversity and promote health and well-being through a range of mechanisms including service level agreements.

Background Papers

- None.

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