

BUDGET MANAGEMENT 2021/22 – PROGRESS REPORT APRIL TO MAY 2021

REPORT OF: Head of Corporate Resources
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Wards Affected: All
Key Decision: No
Report to: Cabinet
26th July 2021

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Purpose of Report

1. This report reviews the progress on the Revenue Budget, Capital Programme and Revenue Projects and Treasury Management for 2021/22.

Summary

2. The forecast revenue outturn position for 2021/22 at the end of May is showing a projected net overspend of £468,000 against the original budget. This mainly relates to the cost of the pending unbudgeted pay award (£141,000) and the continued impact of Covid19 that has resulted in further unbudgeted Leisure centre re-opening costs (£308,000). However, all Leisure costs set out in Appendix A of this report will be met from the Leisure Covid Support Specific Reserve created in 2020/21 which will reduce the forecast overspend to £143,000.
3. Whilst the MHCLG Income Compensation scheme will also continue for the first quarter of the year and help mitigate lost income, Members are warned that, unless income levels recover as the year progresses, some draw on reserves may again be required to balance the budget by year end,. However, this should not lead to concerns over the viability of the authority in the short term, although, as mentioned before, evidently the budget over the medium term will need to be brought into a position where expenditure is not in excess of income from all sources.

Recommendations

4. **To recommend to Council for approval:**
 - (i) that £432,728 grant income relating to Homelessness Prevention be transferred to Specific Reserves as detailed in paragraphs 26;
 - (ii) that £6,400 grant income relating to the Cold Weather Fund be transferred to Specific Reserve as detailed in paragraph 27;
 - (iii) that £563,194 grant income relating to the Covid-19 Test and Trace Contain Management Outbreak Fund (COMF) be transferred to Specific Reserve as detailed in paragraph 28;
 - (iv) that £21,215 grant income relating to Implementing Welfare Reform be transferred to Specific Reserve as detailed in paragraph 29;
 - (v) that £27,618 grant income for new burdens relating to Verify Earnings & Pensions be transferred to Specific Reserve as detailed in paragraph 30;
 - (vi) that £5,000 grant income in respect of a payment for Rough Sleepers be transferred to Specific Reserve as detailed in paragraph 31;

- (vii) that £2,973 grant income relating to Revenues and Benefits New Burdens be transferred to Specific Reserves as detailed in paragraph 32;
- (viii) that £166,800 grant income in respect of New Burdens Local Authority Discretionary funding be transferred to Specific Reserve as detailed in paragraph 33;
- (ix) that £33,632 grant income relating to Domestic Abuse Safe Accommodation funding be transferred to Specific Reserves as detailed in paragraphs 34;
- (x) that £25,000 grant income relating to Additional Emergency Accommodation funding be transferred to Specific Reserves as detailed in paragraphs 35;
- (xi) that £107,395 grant income relating to Admin Subsidy be transferred to Specific Reserves as detailed in paragraphs 36;
- (xii) the variations to the Capital Programme contained in paragraph 50 in accordance with the Council's Financial Procedure rule B3.

To note:

- (xiii) the remainder of the report.
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REVENUE SPENDING

Position to the end of May 2021

- 5. 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 2021/22 and thereby establish a position over the summer.

Expenditure and Income to date

- 6. 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.

Table 1: Key income/expenditure to the end of May 2021						
INCOME	2021/22 Actual to May £'000	Profiled 2021/22 Budget £'000	2021/22 Original Budget £'000	Pressure/ (Saving) To end May £'000	Projected Year-end Variance £'000	To Note: 2021/22 Budget Unadjusted For Covid-19* £'000
Car Park Charges	(209)	(259)	(1,481)	50	48	(2,151)
Development						
Management Fees	(207)	(202)	(1,209)	(5)	0	(1,494)
Building Control Fees	(104)	(95)	(446)	(9)	0	(446)
Land Charges	(31)	(30)	(153)	(1)	0	(153)
Licensing Act Fees	(14)	(8)	(145)	(6)	0	(145)
Hackney Carriage Fees	(6)	(23)	(139)	17	0	(139)
Outdoor Facilities Income	(8)	(3)	(35)	(5)	0	(35)
Garden Waste	(185)	(200)	(1,638)	15	0	(1,638)
Leisure Contract Income	0	0	0	0	0	(1,444)
Industrial Estates Rents	(278)	(277)	(1,340)	(1)	0	(1,340)
Town Centre Rents	(386)	(453)	(2,063)	67	0	(2,063)
Depot Rent	(25)	(20)	(77)	(5)	0	(77)
General/Miscellaneous Property	(80)	(77)	(293)	(3)	0	(293)
Total Income	(1,533)	(1,647)	(9,019)	114	48	(11,418)
EXPENDITURE						
Salaries	2,203	2,143	12,857	60	132	12,857

*For information only - It shows the 21/22 budgets without the income reductions built in. (i.e. Before budgets were reduced to take account of the income decreases where demand has been affected by the pandemic).

7. Car parking income is below budget by £50,000 in the first two months of the financial year. This is detailed in Table 2 below. This is made up of lower than budgeted Season Ticket income, £37,000 and Pay and Display £13,000.
8. A pressure for Season ticket income was included in 2021/22 budget of £87,000 representing an expected 45% continued annual loss in income resulting from the pandemic, and season ticket holders not renewing. By outturn 2020/21 the shortfall was an 85% loss. The forecast has therefore been revised to reflect a 70% loss for this year, with some recovery anticipated as travel picks up, but this is not expected to return to pre pandemic levels. This will result in a further £48,000 forecast shortfall for the year as shown in Appendix A of this report.
9. For Pay and Display, there was a pressure of £583,000 included in 2021/22 budget, which represented a 30% annual shortfall on 2020/21 pre pandemic budget. Although the first two months have recorded a further shortfall, it is expected that this be recovered over the remainder of the year as restrictions are lifted and therefore no further change to the budgeted 30% shortfall for the year is expected at this stage. These forecasts will be kept under review for the remainder of the year.

Table 2: Car Parks Income					
	2021/22 Actual to May (Over)under target £'000	2021/22 Original Budget £'000	2021/22 Unadjusted For Covid-19 £'000	Outturn 2020/21 (Over)under target £'000	Forecast 2021/22 (Over)under target £'000
Pay and Display	13	(1,375)	(1,958)	1,065	0
Season Tickets	37	(106)	(193)	163	48
Total	50	(1,481)	(2,151)	1,228	48

10. At the end of May planning application fee income is above target by £5,000. A pressure of £285,000 was included in 2021/22 budget, representing an anticipated 20% continued loss of Planning Fee income as a result of the pandemic, where a reduction in larger applications resulted following the uncertainty and loss of confidence in the Economy. This uncertainty is expected to continue for the foreseeable future and recovery of income to levels pre-pandemic levels are not anticipated for this financial year.
11. At the end of May, Building Control Income is over target by £9,000. This is mainly due to the profiling of income, which can fluctuate. Therefore, no full year variation is anticipated at this stage.
12. At the end of May Land Charges income is over target by £1,000. However, as the Stamp Duty holiday is due to reduce at the end of June and the Corona Virus Job Retention scheme contributions also decrease it is expected that the housing market will slow down. Therefore, no variation to the full year projection is anticipated at this stage.
13. Licencing income is £6,000 above target for April to May. This is mainly due to the profiling of income, which can fluctuate. Therefore, the forecast remains unchanged.
14. Hackney Carriage Fees are below target by £17,000 for the first two months of this financial year. This is mainly due to the profiling of income, which can fluctuate.
15. Outdoor facilities income is £5,000 above budget after the first two months of the year. This is partly due to income being profiled for when cash is collected, but this can vary from the income due for specific periods. No full year variation is anticipated at this stage.
16. Based on the current budget profile, Garden Waste income is £15,000 below target at the end of May. The budget allows for further expansion of the service to 23,000 customers by the end of the year. Any shortfall to date is therefore expected to recover as the year progresses and no variation is forecast at this stage.

17. The target for Management Fee income from the leisure centre contractor was removed for 2021/22 budget. This is subject to ongoing negotiations due to the forecast operational losses, which will include the loss of the management fee income for the remainder of the financial year and possibly for future years.
18. The actual to May for the four income areas below in paras 19 to 22 relates to income where an invoice has been raised rather than actual income received. There may be a downturn in income received for these income streams because of the impact of Covid 19 which will be reported as necessary as the year progresses.
19. Industrial Estates rent is showing a minor variation at the end of May. The full year projection is expected to be unchanged.
20. Town Centre rent is £67,000 below the target at the end of May. This shortfall is mainly due to the Covid-19 rent concessions for the Orchards Shopping Centre. No change to the full year projection is anticipated at this stage.
21. Depot rent is showing as £5,000 above budget for April to May. This is due to a balance of rent payment relating to the last financial year. No change to the full year projection is anticipated at this stage.
22. General/miscellaneous property income is showing a minor variation at the end of May. No change to the full year projection is anticipated at this stage.
23. The salaries expenditure to the end of May is a small pressure of £60,000 against the profiled budget. However, the forecast year-end variance currently stands at a pressure of £132,000, which is mainly due to the estimate of the 1.5% pay award for 2021/22 following the National Employer's pay offer to the NJC unions. This was not included in the 2021/22 budget and is subject to change as it has not been formally agreed to date. Appendix A of this report provides further detail on the forecast variance. This position will continue to be monitored closely as we progress through the year.
24. In summary, based on current information available and as outlined in Appendix A, the current forecast year-end position (at the end of May 2021), is an overspend of £468,000 before the use of the Leisure Covid Support Specific Reserve.

Miscellaneous

25. The total remaining in Balance Unallocated is unchanged at £20,000 as there has been no utilisation to date.
26. In May, we received a grant from Ministry of Housing Communities and Local Government relating to homelessness support of £432,728 in respect of Homelessness Prevention Grant. Members are requested to approve the transfer of this sum to Specific Reserves for this purpose.
27. In May the Council received £6,400 from MHCLG in respect of a payment for the Cold Weather Fund. The purpose of this Section 31 grant is to provide additional services for rough sleepers in the cold weather period. Members are requested to approve that this sum be earmarked in Specific Reserve for additional costs incurred by Housing Services.

28. In May, the Council also received two grant payments of £138,433 and £424,761 from the Department for Health and Social Care and West Sussex County Council respectively, for Covid-19 Test and Trace Contain Management Outbreak Fund (COMF). The purpose of this grant is to provide support for councils incurring expenditure in relation to the mitigation against and management of local outbreaks of COVID-19. Members are requested to approve the transfer of these sums, totalling £563,194, to Specific Reserves to meet these additional costs.
29. In April, we received a grant payment of £21,215 from the DWP in respect of Implementing Welfare Reform. Members are requested to approve the transfer of this sum to specific reserves to meet this additional cost.
30. In April grant totalling £27,618 was received from the DWP to meet the costs of new burdens relating to Verify Earnings & Pensions grant. Members are requested to approve the transfer of this sum to specific reserves to meet this additional cost.
31. In May, the Council received £5,000 from MHCLG in respect of a payment for Rough Sleepers. Members are requested to approve that this sum be earmarked in Specific Reserve for additional costs incurred by Housing Services.
32. In April and May, the Council also received three grant payments from Department for Work and Pensions (DWP) of £948 in respect of New Burdens Savings Credit Uplift, £542 for Single Persons Discount Gateway and £1,483 for Housing Benefit Matching Service. Members are requested to approve the transfer of these sums to Revenues and Benefits New Burdens specific reserves to meet these additional costs.
33. In May, grant of £166,800 was received from Department for Work and Pension (DWP) in respect of New Burdens Funding for additional costs associated with the administration of grant schemes by Local Authorities during the pandemic. Members are requested to approve the transfer of this sum to the Revenues and Benefits New Burdens specific reserves to meet these additional costs.
34. In May, the Council received £33,632 from MHCLG in respect of Domestic Abuse Safe Accommodation Funding to provide specialist support within sufficient safe accommodation to ensure those fleeing domestic abuse, have somewhere safe to go. Members are therefore requested to approve the transfer of this sum to specific reserves to meet this additional cost.
35. In May, grant of £25,000 was received from MHCLG in respect of Additional Emergency Accommodation grant as a one-off payment to contribute to additional emergency accommodation, support and move on costs which have been funded through other MHCLG rough sleeping delivery programmes, including the Next Steps Accommodation Programme. Members are therefore requested to approve the transfer of this sum to specific reserves to meet this additional cost.
36. In May 2021, the Council received £107,395 in respect of Admin Subsidy grant from the MHCLG. We are extending last year's Local Council Tax support Scheme of £150 per recipient and Members are requested to approve the transfer of this sum to specific reserves to meet this cost.

CAPITAL SPENDING ON CAPITAL PROGRAMME AND REVENUE PROJECTS

Position to the end of May 2021

37. The Capital Programme and Revenue Projects for 2021/22, as approved at Council on the 3 March 2021, amounted to £5,558,000. Following the 2020/21 Outturn, this has been increased by £1,556,000, being the slippage of some 2020/21 projects. Therefore, the revised Capital Programme and Revenue Projects totals £7,114,000.
38. Further details relating to these changes are contained in the Outturn 2020/21 report to Cabinet on 7 June 2021. The actual and commitments to the end of May 2021 total £1,418,640.

Variances to the 2021/22 Capital Programme and Revenue Projects

39. At this early stage in the year all projects are progressing as expected, other than those identified in Table 4 under "Proposed variations to the Capital Programme" below.

Proposed Variations to the Capital Programme and Revenue Projects

40. The Council has been successful in securing £3,181,890 from the Coast to Capital LEP for the delivery of a Rural Connectivity Fibre network project (RCP). The project is aimed at supporting digital infrastructure and full fibre roll-out within Mid Sussex building on projects already underway such as the LFFN and CFCP projects. Further details are shown in the Capital Justification in Appendix B of this report. The programme has been amended accordingly.
41. Since the Corporate Plan and Budget 2021/22 report was approved at Council on 3 March 2021, we have received notification of increased funding for Disabled Facility Grants in 2021/22, through the Better Care Fund which is passported onto MSDC from West Sussex County Council. The allocation this year is £1,109,000. This allows additional funding of £209,000 compared to the original budget of £900,000. Also, a further £165,000 unused additional funding received at year-end is available in 2021/22 resulting in a total increase in the DFG budget of £374,000. However, the revised budget for 2021/22 also includes last year's unutilised allocation of £135,000 that was built into the 2021/22 budget following Outturn 2020/21, so the Disabled Facilities Budget total now stands at £1,409,000, of which approximately £352,000 has been committed to date.
42. Purchase of Green Bins in 20/21 was £10k overspent. This overspend related to the early delivery of part of the 2021/22 Garden Waste Bin project financed from capital receipts. Therefore the 2021/22 project totalling £30,000 has been adjusted to £20,000 to account for this.
43. The Council is required to install an air quality monitoring station on the kerbside at 170 London Road East Grinstead. This is to provide accurate and detailed data to inform our assessment as to whether an air quality management area must be declared as the data from the air quality station can be used for detailed dispersion modelling. The cost of this project is £18,190 and will need to be funded from General Reserve. Further details are shown in the Capital Justification in Appendix B of this report. The programme has been amended accordingly.

44. The current programme includes slippage from 2020/21 of £408,000 for the Burgess Hill Place and Connectivity Programme. The next phase of this project now needs to be included in the Capital Programme which is outlined in detail in the Project Justification in Appendix B of this report. £122,000 of this was previously approved for walking and cycling improvements at Fairfield Recreation Ground, Burgess Hill by the Deputy Leader under delegated Cabinet Member decision as detailed in MIS 14 on 7 April 2021. The project total therefore now been increased by £1,684,000 (including the £122k mentioned above) to £2,092,000 and will be funded from LGF grant.
45. The current programme includes £145,000 for the Oaklands Windows Replacement Phase IV project. This project now needs to be increased by £30,000 due to addition of windows to the Council Chamber area which were previously omitted from the refurbishment scheme. Further detail is contained in the MIS 17 report on 28 April 2021. This additional cost will be funded from General Reserve. The project total now stands at £175,000.
46. Due to estimated increased costs of £33,000, the Heating works Phase 3 project needs to be increased from £106,000 to £139,000. This is mainly due to a slight amendment to the original scope of works and a significant increase in the cost of materials, such as copper for the pipework, between budget setting and tender returns. This additional cost will need to be financed from General Reserve. The programme has been amended accordingly.
47. The current programme includes £23,000 for the Burgess Hill Station Revenue Project. In May, a further £50,000 'One Estate' Funding Grant from Brighton & Hove City Council was received for this project. The project total has been increased to £73,000 to reflect this additional funding.
48. The Cabinet Member for Community used his delegated authority to approve the implementation of CCTV at both East Court and Mount Noddy in East Grinstead as detailed in MIS19 on 12 May 2021. The full CCTV system for both sites, including groundworks, is £42,800 partly funded from S106 released via MIS by the Leader, with on-going maintenance costs of £2,400 per annum. The remaining cost of the project will be funded partly from a Proceeds of Crime Act contribution totalling £4,172, leaving £17,370 which will be met from the Community Safety – 'Funding for all' Specific Reserve. The current programme has been updated accordingly.
49. The Programme includes two separate Revenue projects. These are the Refurbishment of Committee Room (£68,000) and Refurbishment of Oaklands Room (£30,000). Since they were approved, the works are being completed under one contract at an increased total cost of £105,000 compared to the original combined cost of £98,000. This relates to the additional asbestos removal costs of this project. Therefore, these projects will now be reported as one. The additional £7,000 needed to finance these costs will be met from General Reserve. The current programme has been amended accordingly.
50. Proposed capital variations are summarised in table 3 below:

Table 3: Capital Programme and Revenue Project Variations April to end May 2021		
	<i>Apr to May</i>	
	<i>£'000</i>	<i>Ref</i>
<u>Capital Projects</u>		
Rural Connectivity Programme	3,182	<i>Para 40</i>
Disabled Facilities Grants.	374	<i>Para 41</i>
Garden Waste Bins	(10)	<i>Para 42</i>
Air Quality Monitoring station	18	<i>Para 43</i>
Burgess Hill Place & Connectivity Programme	1,684	<i>Para 44</i>
Oaklands Windows Replacement Phase IV	30	<i>Para 45</i>
Heating Works Phase 3	33	<i>Para 46</i>
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Total Capital Projects Variations	5,311	
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<u>Revenue Projects</u>		
Burgess Hill Station	50	<i>Para 47</i>
CCTV at East Court and Mount Noddy Recreation Grounds	43	<i>Para 48</i>
Refurbishment of Committee Room	(68)	<i>Para 49</i>
Refurbishment of Oaklands Meeting Room	(30)	<i>Para 49</i>
Refurbishment of Committee Room & Oaklands Meeting Room	105	<i>Para 49</i>
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Total Revenue Projects Variations	100	
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51. Taking into account the change detailed above, the overall effect is an increase to the current programme of Capital and Revenue Projects for 2021/22 of £5,411,000. Therefore, the revised programme total for 2021/22 now stands at £12,525,000.

TREASURY MANAGEMENT INTEREST

52. Treasury Management interest for this financial year was projected in the Budget Report to be £171,830 at an average rate of 0.4%. The Budget Report is prepared well before many of the cash flow items are known.
53. The interest receivable forecast is currently below the budget due to the lower than anticipated interest rates available. This is partly caused by the large balances of grant funding held by Local Authorities, so that there is excess cash in the market. Whilst Mid Sussex's average balance is higher than forecast, a large proportion needs to be liquid to be distributed to local businesses and the money market funds rates are barely above zero. Therefore, a very cautious estimated year-end projection for Treasury Management to be earned in the year is £133,606 being £38,224 under target. This position will continue to be monitored closely as we progress through the year.

POLICY CONTEXT

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

FINANCIAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

56. There are no risk management implications.

EQUALITY AND CUSTOMER SERVICE IMPLICATIONS

57. There are none.

OTHER MATERIAL IMPLICATIONS

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

SUSTAINABILITY IMPLICATIONS

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

Background Papers

Revenue Budget 2021/22

Appendix A

Forecast Budget Variations for 2021/22 at the end of May 2021

	<i>Pressures in 2021/22</i>	<i>Notes</i>
	<i>£'000</i>	
Season Ticket Income	48	1
Leisure centre re-opening costs	308	2
Sports Consultancy - (Covid)	17	3
1.5% Pay Award for 2021/22	141	4
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Notes:

- (1) See paragraph 8.
- (2) Following ongoing negotiations with the Leisure contractor, additional costs of reopening the Leisure Centres at reduced capacity are expected in 2021/22, subject to monthly open book reconciliations.
- (3) Additional Leisure consultancy providing advisory support on open book reconciliations in order to identify Leisure Centre re-opening costs during the pandemic.
- (4) Estimate of 1.5% pay award for 2021/22 following the National Employers pay offer to the NJC unions. This was not included in the 2021/22 budget.

Forecast Budget Variations for 2021/22 at the end of May 2021

	<i>Savings in 2021/22</i>	<i>Notes</i>
	<i>£'000</i>	
On-going saving from 2020/21 – Waste Contract Indexation	(37)	5
Building Control Salaries	(9)	6
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	(46)	
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Notes:

- (5) On-going savings identified in budget management 2020/21 but too late for inclusion in the 2021/22 budget.
- (6) Salary savings due to a member of staff working at a lower grade than budget.

Capital Project Justification Form

Rural Connectivity Project (Fibre): Programme & Contract Management Services

Purpose of project:

The Council has been successful in securing £3,181,890 from the Coast to Capital LEP for the delivery of a Rural Connectivity Fibre network project (RCP). The project is aimed at supporting digital infrastructure and full fibre roll-out within Mid Sussex building on projects already underway such as the LFFN and CFCP projects.

The Government has classified telecommunications as critical infrastructure and are therefore seeking to both ensure delivery of projects, and where possible, accelerate and/or expand delivery.

The Mid Sussex Rural Connectivity Project (RCP) consists of several projects intended to stimulate economic development through the delivery of open access fibre spines. The project deploys several approaches to deliver duct and fibre:

- Dig Once –duct for full fibre is installed as groundwork is underway on developments and other infrastructure improvements, for example roads. This means duct installation costs are reduced and therefore the cost of fibre roll-out is also reduced;
- Construction of duct and fibre of some 30km, that cannot be built with Dig Once. This will bring the network within 300m of at least 6,000 business that will be able to benefit from full fibre connectivity;
- Connections to existing fibre projects via spurs from villages and rural hotspots; and
- Construction of chambers and cabinets to facilitate fibre to the premise.

The Council has previously agreed this programme to accelerate the deployment of full fibre across the District and it is a Corporate Priority Project. This project will help us achieve our socio-economic objectives via the social value delivered through:

- the procurement route which requires the civils work to be substantively delivered by local firms, with some 85% of local SME spend;
- 9 additional jobs created and over 384 jobs directly safeguarded;
- Over 600 local businesses benefitting from additional productivity;
- Open access commercialisation model delivered through the Cooperative National Infrastructure (CNI) which enables local Alternative Network Providers to commercialise the asset in a state aid neutral way;
- Commercialisation that offers a range of services and technologies to meet business and public sector needs; and
- Open access dark fibre offers for business and public sector to innovate and capture more of the value chain.

The project is overseen within the governance of council's Growth Programme and Digital Connectivity Programme Board, with linked projects (Converged Fibre Connectivity Project or North South link) within the governance of the West Sussex Full Fibre Programme Board.

The programme is now moving into its delivery phase and Balfour Beatty Civil Engineering has been appointed through the SCAPE Civil Engineering Construction Framework (GEN2) to undertake the works. This contractor has also been appointed to undertake

works on the delivery of a related fibre implementation, the Converged Fibre Connectivity Project, which is funded through the Business Rates Retention Scheme, and walking and cycling projects which are part of the Place & Connectivity Programme.

There is a good alignment in the projects in terms of the nature of the works and the selected contractor. This project is commencing in the March 2021 and works are expected to complete 2022.

Since the contractor has been appointed using the SCAPE NEC4 framework, there is an expectation that the client will have in place a suitably qualified and resourced team to manage the programme and contract management. Having a joint approach to this management arrangement would enable schemes to be better coordinated, objectives and outcomes to be better aligned and better value for money to be achieved, as has been demonstrated on the current projects that are being delivered under this framework.

Both WSCC and MSDC have limited available capacity or skills to undertake this activity. Nor is it likely that such skills could be appointed in the timescales necessary for the work to progress according to timetables agreed with funding bodies.

Given the Council's lack of skills, experience and capacity to manage a contract of this complexity and scale, it is proposed to commission the services from an external provider. The cost has been estimated based on soft market testing received from suppliers. This approach to the programme management arrangements for a SCAPE framework contract of this kind is regarded as expected practice and has been discussed with the Business Unit Leader for Corporate Estates, who supports this method of supervising SCAPE works contracts. The council will therefore continue to procure CJ Founds Associates Ltd as specialist project and programme managers who are delivering the other fibre projects. They will undertake the programme and contract management function for this work, as well as facilitating and managing the collaboration across the team, including design and technical partners, sub-contractors and stakeholders. This will enable:

- Strong and consistent management of the contractor which meets best practice standards;
- Expert advice in SCAPE programme management;
- Efficiency in delivery, supporting the Dig Once approach, enabling overall savings; and
- Speedy mobilisation and delivery management to timetable.

The key resources required are Programme Manager, NEC Project Manager /Supervisor, Cost Manager and Project Controls Engineer. Additionally, this team will also integrate statutory functions required from within the Council such as Legal, Estates and Public Realm.

The expected cost of such support for the Burgess Hill fibre programme is approximately £150,000 and is qualifying capital expenditure under the Grant Funding provided by the LEP. Additional design and management support will be provided for the construction activities directly by Balfour Beatty under the SCAPE Framework.

The expected Capital build cost will be c£2.9M and will be subject to review and refinement under each stage of the SCAPE Framework – with a delivery agreement only signed once cost plans have been agreed within budget.

Total Amount of Grant: £3.182m

Capitalised Salaries included in the project total: N/A

Other sources of funding: N/A

Revenue Implications: None as commercialised via CNI post build

Value For Money Assessment: As above, the funding will enable the provision of programme and contract management arrangements which are good practice in the operation of SCAPE NEC4 construction contracts and likely to result in better value and minimise the risk of the LEP grant not being spent. The above approach will assure delivery in a timely and efficient manner. The industry benchmark is 6% - 10% of the build costs and this been market tested at 4.5% of project budget.

Business Unit/Service: Digital Services

Head of Service (SRO): Simon Hughes

Programme Manager: Marius Kynaston (MSDC Capital Programmes Manager)

Project Manager: Chris Founds (CJFA Ltd - Programme and Projects Manager)

Cabinet Members: Cllr Stephen Hillier

Ward Members: Not Applicable

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

The Rural Fibre Project supports the Council's priorities of sustainable economic growth and resilient communities. The roll-out of full fibre will help to support existing business and encourage new economic activity.

Summary of discussions with Cabinet Member:

The proposal is supported by the cabinet member.

Access to full fibre broadband will advance equality of opportunity through better and faster access to public services, support services, information, cheaper goods and services, learning opportunities, means of communication and job opportunities. Full fibre connectivity can encourage people who share a relevant protected characteristic to participate in public life or in any other activity in which participation of people with protected characteristics is disproportionately low. For example, for children, access to learning opportunities to support them in their education. For the elderly, access to alternative means of communication, such as video conferencing, to keep in better contact with friends and family, tackling issues of rural isolation. For people suffering with a serious illness, or for people wishing to live independently for as long as possible fibre broadband could offer access to supportive technologies such as telehealth and telemedicine. Another positive impact is likely to be reduced need to travel, reducing car and van usage both locally and across the national network, reducing risk of road traffic collisions and reducing air pollution.

Risk Analysis:

Risk for the project is managed through the programme arrangements for the overall fibre programme as documented above.

The proposal is prepared to mitigate the risk of ineffective management of suppliers delivering technical services with which we have little experience. There is a risk that the contracted provider will fail to deliver this service effectively and this will be mitigated by

the governance specifically to be established for this work alongside the existing governance within the Growth Programme; the work will be subject to routine periodic review in the life of the contract.

The workstream leads (Legal, Procurement, Technical) are responsible for providing input to the project plan – updating their elements of the plan but with an awareness of the impact of any changes within their workstream on other workstreams. If any changes to the plan result in the overall project tolerance being exceeded (defined parameters such as time and cost), then the workstream leads meet with the Programme Manager to mitigate the effects on the project as a whole and if necessary, feed into an exception report to be delivered to the Programme Board.

A cost tracker is being used to monitor the costs of carrying out the project and this will be reported to the Project Managers Group on a monthly basis. Any potential deviation from the budget will result in an exception report being presented to the Project Board.

A risks and issues log is maintained throughout the duration of the project and a specific log is linked to procurement. Major risks and issues are elevated on a monthly basis.

Project justification details

Air Quality Monitoring Station

Purpose of project :

To install an air quality monitoring station on the kerbside at 170 London Road East Grinstead to provide accurate and detailed data to inform our assessment as to whether an air quality management area must be declared as the data from the air quality station can be used for detailed dispersion modelling. The air quality station can house more than one analyser and the plan is to install an analyser for nitrogen dioxide as well as an analyser for particulate matter (PM).

Total Amount : £18,190

Value For Money Assessment:

Statutory responsibility for monitoring and assessing air quality sits with the Council under Part IV of the Environment Act 1995. Areas where pollutants exceed, or are likely to exceed, Government health based air quality objectives are declared as Air Quality Management Areas (AQMAs) and we are required to produce an air quality Action plan (AQAP) to demonstrate how we will improve air quality in the AQMA. Councils are also required to produce an Annual Status Report (ASR) for the Department of Environment, Food and Rural Affairs (Defra) for their approval.

There are different ways to monitor air pollutant levels in the District. Currently, the Council uses a network of passive monitors called diffusion tubes. These measure nitrogen dioxide which is predominantly caused by local road traffic. The Council also uses data from other local authorities monitoring sites for the transboundary pollutants ozone and particulate matter <2.5microns in size (PM_{2.5}).

Diffusion tubes provide a low-cost monitoring option that is best used as a screening tool. Mid Sussex has 33 diffusion tubes located throughout the District. The monitoring sites are reviewed annually and the locations are generally chosen where there is relevant exposure, that is, in locations where there are high traffic volumes and houses close to the road, as concentrations of pollutants drop off rapidly with increasing distance from the source. The Council has been monitoring air quality at sites across the district since 1996. Long term monitoring in specific locations provides continuity of data and enables us to identify air quality trends.

Diffusion tube monitoring of nitrogen dioxide at London Road, East Grinstead has indicated a possible exceedance of the air quality objective and this needs further investigation.

An air quality monitoring station at this location will provide accurate and detailed data to inform our assessment as to whether an air quality management area must be declared as the data from the air quality station can be used for detailed dispersion modelling. The air quality station can house more than one analyser and the plan is to install an analyser for nitrogen dioxide as well as an analyser for particulate matter (PM).

An estimate for a new air quality monitoring station was sourced. This included the equipment and installation costs. The cost was £14,000. An opportunity also arose to purchase a second-hand unit from Wealden District Council.

The air quality station being offered by Wealden DC had other parties interested in purchasing it and the decision was made in November 2020 to purchase it for £1,400 as it represented excellent value for money.

Business Unit/Service : Environmental Health

Head of Service : Tom Clark

Project Manager: Yvonne Leddy

Cabinet Members : Cllr Norman Webster

Ward Members : N/A

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

The Environmental Health Service Delivery Plan 2020-21 includes an objective to install an air quality station (below is the relevant section of the plan). This work has been delayed due to the Covid 19 pandemic

Service Developments	SMART milestone	Milestone date	Support required from other Business Units	Additional Capital/ Revenue cost	Link to priority / outcomes
Identify a site to install an air quality real time monitor which will measure additional pollutants.	<ul style="list-style-type: none">• Identify a suitable site• Identify a supplier• Legal agreement with landowner• Secure capital funding	May 2020 June 2020 October 2020 October 2020	Corporate Estates & Facilities Business Unit Legal	£15K with an additional maintenance budget of £5K per year	Public Protection

Summary of discussions with Cabinet Member:

Cabinet Member for Community is supportive of our statutory duty to monitor and assess air quality as part of our local air quality management function and agrees with our recommendation to progress the project to install an air quality monitoring station on the kerbside at 170 London Road East Grinstead.

On 24th November 2020, the East Grinstead Town Councillors and Mid Sussex District Councillors for the East Grinstead area were invited to a briefing session to explain the Environmental Protection Team's role in managing air quality in general and the issue we are exploring in East Grinstead in particular.

Previous Consideration at Scrutiny Committee:

On the 3rd February 2021 the Scrutiny Committee for Community, Customer Services and Service Delivery discussed and endorsed a report on our Annual Status Report on air quality and highlight the air quality programme across the District. The Committee endorsed the Environmental Health's approach on air quality management which included this project

Risk Analysis:

None identified. Running costs of the equipment have been estimated to take into account potential price increases.

Project justification details

Burgess Hill Place and Connectivity Programme

Purpose of project:

The Burgess Hill Place and Connectivity Programme is a co-ordinated package of investment in public realm and sustainable transport infrastructure improvements. The Programme is part of and integral to the sustainable delivery of the Burgess Hill Growth Programme.

The strategic need for the Place and Connectivity Programme (PCP) is reflected by the approval of a full business case and award of £10.92m of Government Local Growth Fund (LGF) grant funding by the Coast to Capital Local Enterprise Partnership (LEP) in December 2018 (with a 50% match funding requirement). The total value of the funding package is £21.8m.

The Place and Connectivity Programme fulfils a requirement within the Growth Programme to address highway constraints and provide network capacity by improving connectivity between key transport hubs, employment, retail and leisure areas by ensuring that new development is sustainable, accessible and is supported by a high quality environment to ensure sustainable travel is attractive and convenient. Without these, there is a high risk that the existing Burgess Hill road network will experience increased congestion with deterioration of journey times and road safety conditions, resulting in proposed developments within the Growth Programme not being supported and therefore not progressing.

MSDC and WSCC are working in partnership to deliver the Programme following the completion of the Mid Sussex Growth Deal, signed by the Leaders of the District and County Councils in February 2017 to ensure the efficient delivery of projects. This is supported by a signed PCP Partnership Agreement and Financing Arrangement that sets out the parameters for project delivery and funding and confirms PCP governance arrangements, aligning it to the Growth Deal.

Programme Total Amount:

The LEP has approved £10.92m of Local Growth (grant) Fund (LGF) funding to support the Burgess Hill Place and Connectivity Programme. This includes a commitment of 50% match funding comprising £10.92m from private sector direct delivery and S106 financial contributions.

WSCC is the lead Delivery Body for the Place and Connectivity Programme and is responsible for the relationship with the LEP. An executed Funding Agreement between WSCC and the LEP sets out the obligations for overall delivery and financial management of the Programme.

The terms of the LGF grant required all the funding to be spent by March 2021. However, the LEP has provided flexibility given progress on project delivery. From start of financial year 2021/22, the remaining unspent LGF grant capital is held by WSCC and is ringfenced in full for the delivery of MSDC and WSCC schemes in the Place and Connectivity Programme. The overall implementation date for LGF funded projects remains unchanged at March 2025.

Where projects utilise LGF grant funding, for projects which they are contractual lead, MSDC will forward fund the cost of the works. MSDC will provide the evidence required by WSCC to support a quarterly claim process, to WSCC, to reimburse these costs in accordance with an agreed Financing Arrangement.

MSDC are contractual lead for projects within the PCP totalling up to £6.839m. In July 2019, Cabinet agreed to delegate responsibility to procure civil and associated works via the Scape Procure Civil Engineering Framework up to this value.

MSDC has signed a Main Delivery Agreement for the package of MSDC projects with contractors Balfour Beatty, via the SCAPE Civils Framework, under NEC Option C Target Cost approach up to the value of £5.87m. Individual projects are only proceeded with once individual project target costs are agreed through Project Delivery Agreements. This process has full Growth Programme governance oversight throughout.

Project delivery outside of the Scape Procure Civil Engineering Framework is procured accordingly with Growth Programme governance oversight and in accordance with the MSDC Procurement Code.

The MSDC contractual led projects within the Place and Connectivity Programme will deliver a total spend of up to £6.893m with the indicative costs of each element as summarised in the table below.

Project	MSDC contractual lead
Improvements at Burgess Hill and Wivelsfield Rail Stations	£1.64m
Town Centre Access and Public Realm	£0.86m
Northern Arc links	£2.486m
Town-wide Links to Key Destinations	£0.373m
Burgess Hill to Haywards Heath Cycle Links	£1.48m
Total cost	£6.839m

Project delivery will be flexible and there is flexibility in the Funding Agreement to move funds between each of the MSDC projects, and between projects where MSDC or WSCC is the contractual lead.

The base funding position for schemes where MSDC is the contractual lead is as per the executed Funding Agreement at 50% LGF grant and 50% s106 developer contributions/ direct developer delivery. Works to date and for 2021/22 are 100% funded from LGF grant.

Forecast programme spend 2021/22 ¹	£2,092,000
2020/21 underspend carried over to 2021/22	£407,574
Additional capital requirement 2021/22	£1,684,426

¹ Includes delivery of a mobility corridor by MSDC, including forward funding, on behalf of Homes England to the value of £122,000, agreed for inclusion in the Capital Works Programme 15/04/2021

Arrangements are in place to ensure that any on-going/ revenue costs are assessed, and funding identified prior to schemes progressing.

Value For Money Assessment:

An assessment of the package has been considered through a Gross Value Added (GVA) assessment undertaken by WSCC which presents a compelling case for public sector investment into the Growth Programme.

The Growth Programme is expected to significantly increase GVA across the local area. The Programme will create over 5,000 new jobs (15,000 new jobs including construction jobs) including high value jobs in technology-led industries within new business parks and a Science and Technology Park, upgrade infrastructure (road improvements, sustainable transport improvements including electric vehicle infrastructure and digital gigabit connectivity) as well as 5,000 new homes and education provision.

A total of £999.3m in private sector investment is anticipated against public sector investment of £64.6m, representing a private:public funding ratio of 15:1.

The increased number of high value jobs relating to planned commercial floorspace, including the Science and Technology Park, totals over 5,000 across Burgess Hill. The current package of measures would principally support connectivity with the town centre and train stations, The Hub and the Northern Arc employment area, which together will deliver up to 113,000sqm of commercial floor space and 3,184 jobs, and provide the supporting network to potentially support a further 100,000sqm of commercial floor space at the Science and Technology Park that will require an additional and bespoke package of measures. In addition, the Programme will improve conditions and connectivity to and within the existing Victoria Business Park.

Assuming that current average outputs per worker per annum (£52,573 as identified in the Mid Sussex Economic Profile 2018) are sustained (and an increase could reasonably be anticipated), this represents an increased economic output of approximately £167.4m per annum (3,184 x £52,573).

Business Unit/Service: Planning Policy and Economy

Head of Service: Judy Holmes

Project Manager:

MSDC have appointed a Strategic Development Project Manager to ensure the Programme is co-ordinated within MSDC and with partners. The person in post has obtained the MSDC corporately sponsored industry recognised APM Project Fundamentals Qualification.

Cabinet Members: Cllr Robert Salisbury (Housing and Planning) and Cllr Ruth de Mierre (Customer Services)

Ward Members : N/A

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

The Place and Connectivity Programme contributes to achieving the Corporate Plan Council Priorities, in particular sustainable economic growth and strong and resilient communities by delivering a key Council's flagship activity which is the successful delivery of the Burgess Hill Growth Programme. Delivery of the Place and Connectivity Programme is in the Planning and Economy Service Plan.

Summary of discussions with Cabinet Member :

Cabinet agreed on 8 July 2019 to procure civil and associated works via the Scape Procure Civil Engineering Framework, up to the value of £6.839m and to add the Mid Sussex led Place and Connectivity Programme projects to the Council's Capital Programme.

Previous Consideration at Scrutiny Committee : N/A

Risk Analysis :

A detailed risks and issues log is maintained and managed via Burgess Hill Growth Programme governance. In terms of an overview of key risks:

Ineffective governance caused by complications associated with the involvement of several project delivery partners:- This risk is mitigated by robust governance via well-established Growth Programme governance and ensuring clarity from early stages of programme development to delivery; and aligning the Programme with the Mid Sussex Growth Deal.

Delay/ overspend in PCP delivery with negative impact on funding profile e.g. the District Council (and partner organisations) cannot deliver the programme on time and within budget:- This risk is mitigated by procuring MSDC projects via the Scape Procure Civil Engineering Framework that significantly reduces this risk by ensuring that an efficient and effective means of procurement is adopted by the Council; robust Programme Governance and the use of a Quantity Surveyor to manage scheme costs.