

## **BUDGET MANAGEMENT 2018/19 – PROGRESS REPORT APRIL TO DECEMBER 2018**

REPORT OF: Head of Corporate Resources  
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Wards Affected: All  
Key Decision: No  
Report to: Cabinet  
11th February 2019

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### **EXECUTIVE SUMMARY AND RECOMMENDATIONS**

#### **Purpose of Report**

1. This report reviews the progress on the Revenue Budget, Capital Programme and Treasury Management for 2018/19.

#### **Summary**

2. The forecast revenue outturn position for 2018/19 at the end of December is showing a projected net underspend of £396,000 against the original estimate, which relates mainly to forecast additional income totalling £279,000. This includes additional Planning Fees (£156,000), Pay and Display Car Parking income (£52,000) and property rents (£40,000). In addition, £110,000 relates to staff vacancy savings across a number of Business Units, two thirds of which relates to Community Services, Policy and Planning, Planning Policy and Building Control. However, this saving now gives us the opportunity to consider using part of this underspend for a limited range of discrete purposes totalling £340,000, which, if approved will reduce the net underspend to £56,000.

#### **Recommendations**

##### **3. To recommend to Council for approval:**

- (i) that £16,684 be transferred to Specific Reserve as detailed in paragraph 21;
- (ii) that £2,786 be transferred to Specific Reserve as detailed in paragraph 22;
- (iii) that £90,000 be transferred to Specific Reserve as detailed in paragraph 23;
- (iv) that £18,873 be transferred to Housing Needs Survey specific reserve as detailed in paragraph 24;
- (v) that £15,830 be transferred to Specific Reserve as detailed in paragraph 25;
- (vi) that £340,000 of the revenue underspend be transferred to Specific Reserves as detailed in paragraph 26
- (vii) the variations to the Capital Programme contained in paragraph 46 in accordance with the Council's Financial Procedure rule B4.

##### **To note:**

- (viii) the remainder of the report;

## REVENUE SPENDING

### Position to the end of December 2018

4. This is the fourth 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 three quarters of 2018/19, and to give an indication of the likely position at the end of the year.

### Expenditure and Income to date

5. Table 1 details 'actuals' to date for the key income categories and salaries expenditure, compared to their profiled budgets. It gives a snapshot position on performance to the end of December 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.

<b>INCOME</b>	2018/19 Actual to December £'000	Profiled 2018/19 Budget £'000	2018/19 Original Budget £'000	Pressure/ (Saving) To end December £'000	Pressure/ (Saving) To end September £'000	Projected Year-end Variance £'000
Car Park Charges	(1,641)	(1,562)	(2,072)	<b>(79)</b>	<b>(21)</b>	<b>(88)</b>
Development Management Fees	(1,257)	(1,090)	(1,454)	<b>(167)</b>	<b>41</b>	<b>(156)</b>
Building Control Fees	(383)	(448)	(578)	<b>65</b>	<b>67</b>	<b>65</b>
Land Charges	(137)	(116)	(153)	<b>(21)</b>	<b>(7)</b>	<b>(16)</b>
Licensing Act Fees	(125)	(128)	(138)	<b>3</b>	<b>(18)</b>	<b>(5)</b>
Hackney Carriage Fees	(116)	(97)	(129)	<b>(19)</b>	<b>13</b>	<b>(9)</b>
Outdoor Facilities Income	(206)	(263)	(295)	<b>57</b>	<b>93</b>	<b>46</b>
Garden Waste	(1,015)	(1,037)	(1,281)	<b>22</b>	<b>40</b>	<b>46</b>
Leisure Contract Income	(659)	(1,010)	(1,346)	<b>351</b>	<b>673</b>	<b>(35)</b>
Industrial Estates Rents	(632)	(537)	(647)	<b>(95)</b>	<b>0</b>	<b>(135)</b>
Town Centre Rents	(1,904)	(1,906)	(2,491)	<b>2</b>	<b>25</b>	<b>0</b>
Depots Rents	(58)	(54)	(72)	<b>(4)</b>	<b>(4)</b>	<b>(4)</b>
General/Miscellaneous Property	(244)	(196)	(233)	<b>(48)</b>	<b>1</b>	<b>(40)</b>
<b>Total Income</b>	<b>(8,377)</b>	<b>(8,444)</b>	<b>(10,889)</b>	<b>67</b>	<b>903</b>	<b>(331)</b>
<b>EXPENDITURE</b>						
Staffing costs	8,777	8,540	11,386	<b>237</b>	<b>224</b>	<b>(241)</b>

6. Car parking income is above budget by £79,000 in the first nine months operation of the service. This is detailed in Table 2 below. This includes variations in respect of lower than budgeted Season Tickets £9,000, which is due to the profiling of income which can fluctuate, and additional Pay and Display (£88,000), of which £36,000 was previously reported. The forecast has been amended to reflect the upturn in Pay and Display income since the last report by £52,000 and this is reflected in Appendix A of this report.

	<i>Actual April to Dec</i>	<i>Outturn 2017/18</i>	<i>Forecast 2018/19</i>
	<i>(Over)/ under target £'000</i>	<i>(Over)/ under target £'000</i>	<i>(Over)/ under target £'000</i>
Pay & Display tickets	(88)	12	(88)
Season Tickets	9	(13)	0
Total additional income	(79)	(1)	(88)

7. Development management income is £167,000 above target for April to December. This is due to the receipt of two large Planning Applications in December in respect of the Northern Arc £150,000 and for Clayton Mills, Hassocks £50,000. Excluding these large applications, Planning income is below budget by £33,000 due to there being fewer speculative housing applications following the adoption of the District Plan and projecting this to year end would result in a revised forecast shortfall of £44,000. Therefore, the full year forecast has been amended to include £200,000 exceptional planning fees, less the forecast shortfall of £44,000, resulting in £156,000 net additional income, which is identified in Appendix A of this report.
8. At the end of December, Building Control Income is under target by £65,000. This is a £2,000 improvement on the previously reported position to the end of September. The Head of Service for Building Control has confirmed that targets are expected to be reached for the remainder of the year, but this is unlikely to recover the shortfall to date. Very severe weather could also affect income for this service. Therefore, the forecast has been amended to reflect the shortfall to date, an improvement of £2,000 since previously reporting, which is identified in Appendix A of this report.
9. At the end of December Land Charges income is above budget by £21,000. The service has seen an increase in the volume of Official Searches following a successful marketing campaign carried out by the Local Land Charges Team highlighting the speed and quality of the service. A full year surplus of £16,000 is anticipated, which is identified in Appendix A of this report.
10. Licencing income is £3,000 below target for April to December. This is mainly due to the profiling of income, which can fluctuate. The forecast was previously amended to reflect additional income of £5,000 received at outturn 2017/18 compared to 2018/19 budget, and this forecast remains unchanged.

11. Hackney Carriage Fees are above target by £19,000 for the first nine months of this financial year. This is partly due to the profiling of income, which can fluctuate. However, the forecast has been amended to reflect the same level of income received in 2017/18, an additional £9,000, which is identified in Appendix A of this report.
12. Outdoor facilities income is £57,000 below budget after the first nine months of the year. This is partly due to the profiling of income which can fluctuate, but this is not expected to affect the total income due for the year. Pressures of £46,000 were previously reported and this projection remains unchanged.
13. Based on the current budget profile, Garden Waste income is £22,000 below target at the end of December. Garden Waste growth was budgeted to achieve an additional 1,800 customers in 2018/19 to bring the Customer base to 20,000. However, an incredibly dry summer has had an adverse impact on growth despite a concerted communications and promotion campaign. The waste team previously reported a revised forecast of 19,300 customers by year end, which would result in a £46,000 shortfall by year end and no further change is anticipated at this stage.
14. The value of the Leisure Contract is subject to annual review. A number of contract variations were due to take effect, delaying confirmation of the 2018/19 contract price which is then subject to quarterly billing. These issues have recently been resolved and an invoice can now be issued for the Quarters 3 and 4.
15. Industrial Estates rent are £95,000 above the target at the end of December. This is due to the additional rental income received from the purchase of 255-269 London Road (Wickes). The year end forecast of £135,000 additional rental income was reported in the September budget management report to Cabinet.
16. Town Centre rent is £2,000 below the target at the end of December. No change to the full year projection is anticipated.
17. Depot rent is £4,000 above the target to the end of December. The year end forecast has been amended to reflect this additional rental income as detailed in Appendix A.
18. General/miscellaneous property income is £48,000 above the target at the end of December. The year-end forecast has been amended to reflect £40,000 additional rental income as detailed in Appendix A.
19. The salaries expenditure to the end of December is showing a pressure of £237,000 against the profiled budget, which is mainly due to the Revenues and Benefits restructure that has resulted in unbudgeted agency staff costs and Redundancy costs. However, these costs will be managed by vacant posts and also met from the Redundancy Reserve thus mitigating the pressure by year end. In response to the new requirements of the Homelessness Reduction Act, additional staff have been taken on to address these new responsibilities. The additional staff will be funded from Government funding which has been provided for this purpose. Despite the year- to-date pressure detailed above, we are forecasting a year-end saving of £241,000 due to salary savings across a number of Business Units as detailed in Appendix A of this report and previous Budget Management reports this year. This position will continue to be monitored closely for the remainder of the year.
20. In summary, based on current information available and as outlined in Appendix A, the current forecast year-end position (at the end of December 2018), is an underspend of £396,000.

## Miscellaneous

21. In December we received grant payments of £16,864 from the Department for Work and Pensions, in respect of New Burdens relating to Construction Industry Scheme Interest Automation (£4,115); Application Programming Interface Development (3,660); Pension Strategy Computer System Uprating (£302); and Self Employed Earnings Review (£8,787). Members are requested to approve the transfer of this sum to specific reserve to meet this additional cost.
22. In December we also received grant payments of £2,786 from the Department for Work and Pensions, in respect of New Burdens relating to Universal Credits: Universal Credit Full Service Transition to Housing Benefit payments (£2,690) and Universal Credit Local Authority Universal Support grant 2018/19 Quarter 1 (£96). Members are requested to approve the transfer of this sum to specific reserve to meet this additional cost.
23. In October, we received a payment from Homes England of £90,000 in respect of a Planning Performance Agreement to support the preparation and submission of a planning application at Northern Arc. Members are requested to approve the transfer of this sum to the Burgess Hill Growth reserve to fund associated costs.

### Housing Reserves

24. In 2009/10 we received government grant of £47,500 in respect of Repossession and Eviction prevention Fund, to enable Local Authorities to assist families at risk of homelessness through repossession or eviction. Only £28,627 has been required for this purpose and Members are requested to approve the remaining funds to be reallocated to top up the Housing Needs Survey specific reserve. This will be used to support delivery of rural exception sites and affordable housing through Community Land Trusts.
25. In 2010/11 a specific reserve was created to meet the costs of default works to help bring empty properties back into use. Only £4,170 has been required for this purpose and Members are requested to approve the remaining funds of £15,830 be reallocated for consultancy work such as feasibility studies to support delivery of housing schemes to meet housing needs in the District, including Gypsy and Traveller needs.

### Use of Underspend

26. This latest report shows that income levels, in particular, in respect of Planning Fees, Car Parking and property rents, continue to be well above target, which together with staff vacancy savings now allows Members to consider the allocation of monies totalling £340,000 as detailed below:
  - (a) £150,000 for Burgess Hill Fibre Exchange: Work to stimulate the roll out of full fibre in Burgess Hill, as part of the Government's Local Full Fibre Networks Programme (LFFN), is now nearing the procurement and civil contract phase. Some funding, prior to receipt of the £2.2m grant funding from the Government, is required to procure legal, procurement and commercial advice. Therefore, Members are requested to approve the transfer of £150,000 to this Specific Reserve
  - (b) £120,000 to create a Parks Improvements Specific Reserve to cover the costs of the Parks Asset Management Plan, Recycling Bins in key parks as well as master planning costs on a number of sites, prior to bringing forward Capital projects on these sites in 2020/21. Therefore, Members are requested to approve the transfer of £120,000 to Specific Reserve for this purpose.

- (c) £70,000 to support the Car Park Strategy. The Car Parking Strategy requires refreshing in 2020/21. It is proposed that the new Strategy supports sustainable growth and economic development and is therefore aligned to the same timeframe as the District Plan and the Economic Development Strategy. Therefore, Members are requested to approve the transfer of £70,000 to this Specific Reserve.

## CAPITAL SPENDING

### Position to the end of December 2018

27. The Capital Programme for 2018/19, now stands at £5,726,000. This includes slippage from the 2017/18 Capital Programme and current year capital project variations, as reported to Cabinet 9 July, 24 September and 12 November 2018. The actual and commitments to the end of December 2018 total £12,115,000 (to nearest £'000).

### Variances to the 2018/19 Capital Programme

28. At this stage in the year the major variances are set out in table 3 below, the remainder being a number of smaller variations of less than £100,000.

	<i>Variances</i> £'000 (overspend)	<i>Variances</i> £'000 (underspends)	<i>Notes</i>
Temporary Accommodation – Burgess Hill		284	1
Temporary Accommodation – Haywards Heath		300	1
Temporary Accommodation – Haywards Heath		322	1
Temporary Accommodation – Haywards Heath		295	1
Oaklands Replacement heating distribution system		(148)	2
Flat 10, St Joseph's Way Acquisition		180	3
255-269 London Rd BHill (Wickes) Land Acquisition		6,605	4
Flat 7, St Joseph's Way Acquisition		170	5
Refurbishment works at Court Bushes Pavilion		(367)	6
Martlets Hall Demolition and Car Park extension		(180)	7
Council Chamber Modernisation		(300)	8
Disabled Facility Grants		(356)	9
Provision of Padel Tennis Court		(110)	10
<b>Total</b>	<b>0</b>	<b>(6,695)</b>	

Notes:

#### *Housing*

- (1) Housing purchases to be funded from the Temporary Accommodation Reserve created at Outturn 2017/18 Refer paragraph 29.

#### *Corporate Estates & Facilities*

- (2) Oaklands Replacement heating distribution system – First phase of works complete - further phases will progress following completion of in-depth feasibility and design work.
- (3) Flat 10, St Joseph's Way Acquisition – refer paragraph 30 below.
- (4) 255-269 London Rd BHill (Wickes) Land Acquisition – refer paragraph 31 below.
- (5) Flat 7, St Joseph's Way Acquisition – refer paragraph 32 below.
- (6) Refurbishment works at Court Bushes Pavilion – refer paragraph 33 below.
- (7) Martlets Hall Demolition and Car Park extension - works to commence imminently.
- (8) Council Chamber Modernisation Works – refer paragraph 40 below.

*Environmental Health*

(9) Demand-led Housing adaptations service for which a further £616,393 has been committed as at end of December. An additional grant of £114,000 (to nearest £'000) was recently notified to increase the budget for 2018/19 to £1,388,000 – refer paragraph 41 below.

*Landscapes and Leisure*

(10) Provision of Padel Tennis Court - Delays in the tendering process will mean this scheme will be re-phased to 2019/20 – refer paragraph 42 below.

## **Proposed Variations to the Capital Programme**

29. At Outturn 2017/18 Members agreed to earmark £4m in a Temporary Accommodation Reserve in order to secure better, more flexible, accommodation for vulnerable families and to invest in assets with long term value whilst reducing the revenue strain for the Council. As at the end of December, the Council has purchased a number of properties as detailed in Table 4 below, all funded from the Temporary Accommodation Reserve. The current Capital Programme has been amended to reflect this.
30. The Cabinet Member for Economic Growth authorised the acquisition of the tenant's leasehold interest in investment property: Flat 10 St Joseph's Way, Haywards Heath, as detailed in MIS Bulletin 29 on 18 July 2018. This was financed from the Land and Property Reserve, and the Capital Programme total has been amended by £180,000 to include this project.
31. As reported in the last Budget Management Report, in early November the Council, completed on a commercial property in Burgess Hill costing £6.605m, which will generate an annual rental of £325,000 for the Council. The cost of the project will be financed partly from the Land and Property Reserve (£4m), partly from Capital Receipts Reserve (£1.1m) with the balance funded from General Reserve (£1.505m). The Capital Programme has now been increased to reflect this.
32. The Cabinet Member for Economic Growth authorised the acquisition of the tenant's leasehold interest in investment property: Flat 7 St Joseph's Way, Haywards Heath, as detailed in MIS Bulletin 02 on 09 January 2019. This was financed from the Land and Property Reserve, and the Capital Programme total has been amended by £170,000 to include this project.
33. The current Capital Programme includes a project for the refurbishment works and alteration works on Court Bushes Pavilion totalling £367,000 (to the nearest £'000). This project was to be funded from an insurance claim. However, the loss adjuster has adjusted the claim down resulting in a shortfall in funding. In addition, the cost of the works now stands at £410,000 to be funded by the reduced insurance claim total of £259,000 and available S106s totalling £54,000. The balance of £97,000 is proposed to be met from General Reserve. The Capital Programme has been updated accordingly to reflect an increase in the project total by £43,000 from £367,000 to £410,000. (Refer separate report on this Cabinet agenda).

34. The current Capital Programme for 2018/19 includes a project for Finches Field Community Pavilion and Car Park totalling £639,000. This amount represents the grant payment to Slaugham Parish Council for the construction of this community building and car park. Of this total £589,000 is funded from S106s (rounded to the nearest £'000) and £50,000 is funded from General Reserve (Major Capital Renewals allocation). Further S106 funding has now been approved totalling £54,000 (to nearest £) to facilitate the implementation of car parking and hard landscaping around the new community building and sports pavilion as reported in Cabinet Grants Panel 16 October 18. The new project total stands at £693,000 and the Capital Programme for 2018/19 needs to be increased to reflect this. In addition, there is now a further request to increase the funding for this project by £66,000 to fund additional design fees and external landscaping costs, of which £5,000 can be met from S106 contributions and the balance to be funded from General Reserve. The Capital Programme has been amended to reflect an increase in the project total by £120,000 from £639,000 to £759,000. (Refer separate report on this Cabinet agenda).
35. Under Delegated Member authority, the Cabinet Member for Service Delivery authorised the release of £24,000 (to the nearest £) from S106s Formal Sport contributions to provide vertical drainage on a section of the football pitch and a section of the cricket square at the Fairfield Recreation ground, Hurstpierpoint. This was reported in MIS40 on 3 October 2018. The Capital Programme has been updated accordingly.
36. The MSDC Protective Monitoring Software project totalling £20,000 was slipped from 2017/18. However, this was a Census project that never started and is no longer needed. Therefore this project has been removed from the Current Capital Programme to reflect this position.
37. The Storage Area Network (SAN) Replacement project totalling £65,000 is currently delayed as migration of data to the Cloud should reduce SAN requirements. However, migration is not due to start until August 2019 resulting in slippage of this project to 2019/20. The Capital Programme has been re-phased accordingly.
38. The Upgrade of the Pay and Display machines project, totalling £179,000, to purchase and install contactless parking machines has been completed with a saving of £10,000, as the cost of the machines was lower than budgeted. The project total has been revised to £169,000 to reflect this saving.
39. St Johns Park, Burgess Hill Playground improvements project totalling £30,000 is now not due to start until July 2019, resulting in slippage of this project to 2019/20. The Capital Programme has been re-phased accordingly.
40. The current Capital Programme for 2018/19 includes a project for Council Chamber Modernisation totalling £300,000, and a separate project for the Upgrade of the Council Chamber Toilets & Reception area, Oaklands totalling £81,000. Whilst the preliminary design has been undertaken and agreed in principle after consultation with Councillors and Management Team, work will now not commence until next financial year, resulting in slippage of these projects to 2019/20.
41. We received notification of increased funding for Disabled Facility Grants in 2018/19 from Ministry of Housing, Communities & Local Government of £114,000. The Disabled Facility Grants Budget for 2018/19 has therefore been increased to £1,388,000.



42. Padel Tennis Court to the rear of Triangle Leisure was approved by the Cabinet Member in September 2018 and included in the 2018/19 Capital Programme as reported to Cabinet in the last Budget Management report in November. The Council hopes to secure planning permission for this facility by the end of February 2019, with the aim of completing the works by Summer 2019. The Capital Programme has been updated to reflect this.
43. The project to Resurface Queensway Car Park, East Grinstead totalling £41,000 is currently on hold pending confirmation of the car park's future, resulting in slippage of this project to 2019/20. The Capital Programme has been re-phased accordingly.
44. The budget for the Orchards Roof Works project currently totals £312,000, but it has now been identified that additional funding of £28,000 is required for this project for the following reasons. Firstly new slabs are required throughout, rather than the original plan to mainly reuse existing slabs, as these were found to be in poor condition. In addition, additional areas of roofing require renewal due to leaks and its poor condition. This additional work will reduce future revenue expenditure in repairing roof. This additional cost will be met from the Orchards Specific Reserve.
45. The project for Playground Improvements at the Dolphin Haywards Heath totalling £21,000 is currently delayed as the design and consultation work needs to be completed which will push construction into next year. This will result in slippage of this project to 2019/20. The Capital Programme has been re-phased accordingly.
46. Proposed capital variations are summarised in table 4 below:

<b>Table 4: Capital Project Variations April to end December 2018</b>		
	<i>Apr to Dec</i>	
	<i>£'000</i>	<i>Ref</i>
Temporary Accommodation – Burgess Hill	284	<i>Para 29</i>
Temporary Accommodation – Haywards Heath	300	<i>Para 29</i>
Temporary Accommodation – Haywards Heath	322	<i>Para 29</i>
Temporary Accommodation – Haywards Heath	295	<i>Para 29</i>
Flat 10, St Joseph's Way, Haywards Heath	180	<i>Para 30</i>
Investment Property Acquisition, 255-269 London Rd (Wickes), Burgess Hill	6,605	<i>Para 31</i>
Flat 7, St Joseph's Way, Haywards Heath	170	<i>Para 32</i>
Refurbishment works at Court Bushes Pavilion	43	<i>Para 33</i>
Finches Field Community Pavilion and Car Park	120	<i>Para 34</i>
Installation of vertical drainage system Fairfield Rec Ground, Hurstpierpoint	24	<i>Para 35</i>
MSDC Protective Monitoring Software	(20)	<i>Para 36</i>
Storage Area Network (SAN) Replacement	(65)	<i>Para 37</i>
Upgrade pay and display machines	(10)	<i>Para 38</i>
St Johns Park BH Playground Imps	(30)	<i>Para 39</i>
Council Chamber Modernisation	(300)	<i>Para 40</i>
Upgrade of the Council Chamber Toilets & Reception area, Oaklands	(81)	<i>Para 40</i>
Disabled Facilities Grant	114	<i>Para 41</i>
Padel Tennis Court	(110)	<i>Para 42</i>
Resurface Queensway car park East Grinstead	(41)	<i>Para 43</i>
The Orchards - roof works	28	<i>Para 44</i>
Imps to Playground at the Dolphin HH	(21)	<i>Para 45</i>
<b>Total</b>	<b>7,807</b>	

47. Taking into account all of the changes detailed above, the overall effect is an increase to the current capital programme for 2018/19 of £7,807,000, and an increase in the Capital Programme 19/20 by £648,000. Therefore, the revised programme total for 2018/19 now stands at £13,533,000.

### Capital receipts and contributions received to the end of December 2018

48. S106s and grant contributions of £3,077,141 and Capital Receipts for sale of land totalling £85,500 have been received in the period April to December 2018.

### S106 contributions committed/utilised to the end of December 2018

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

<b>Table 5 S106 utilisation 2018/19</b>		
	<i>Apr to Dec</i> £'000	<i>Note</i>
Haywards Heath Town Council	5	1
Crawley Down Community Centre Association (Haven Centre)	24	2
Hassocks Parish Council	75	3
Lindfield Cricket Club	55	4
Haywards Heath Town Council	12	5
Lindfield Rural Parish Council	2	6
West Sussex County Council	33	7
East Grinstead Town Council	50	8
Slaugham Parish Council	55	9
Ardingly Parish Council	1	10
Raven Housing Association	180	11
<b>Total</b>	<b>492</b>	

#### Notes

- 1 Utilisation of Local Community Infrastructure contribution (PL13-001412) S106 monies to carry out works at the Muster Green War Memorial, as agreed by the Cabinet Member for Planning on 28 March 2018 MIS 14 4 April 2018.
- 2 Utilisation of Community Building contributions (P35/759 £5,828, P35/679 £6,109 & PL12-000367 £12,442) S106 monies for CCTV and hall refurbishments, as agreed by the Cabinet Grants Panel on 19 June 2018 MIS 25 20 June 2018.
- 3 Utilisation of Formal Sport contributions (P35/503 £185, P35/638b £7,971 & P35/609b £62,734) and Playspace contribution (P35/750 £4,110) S106 monies to replace and upgrade the skate park in Adastra Park, as agreed by the Cabinet Grants Panel on 19 June 2018 MIS 25 20 June 2018.
- 4 Utilisation of Formal Sport contribution (P35/662 £55,000) S016 monies for a Pavilion extension, as agreed by the Cabinet Grants Panel on 19 June 2018 MIS 25 20 June 2018.
- 5 Utilisation of Local Community Infrastructure contributions (PL13-001412 £11,203 & P35/641 £696) S106 monies for a hard-standing area, bench and memorial stone at Muster Green War memorial, as agreed by the Cabinet Member for Planning on 17 July 2018 MIS 29 18 July 2018.
- 6 Utilisation of Local Community Infrastructure contribution (PL3-000199 £2,339.30) S106 monies for a portable Speed Indicator Device, as agreed by the Cabinet Member for Planning on 9 August 2018 MIS 33 15 August 2018.
- 7 Utilisation of Sustainable Transport contribution (PL12-000981 £32,838.68) S106 monies for the Ardingly Traffic Management Scheme, as agreed by the Cabinet Member for Planning on 18 September 2018 MIS 38 19 September 2018.
- 8 Utilisation of Community Buildings contributions (PL12-001864 £46,963, P35/617 £0.43, & P35/620a £3,035.57) S106 monies to upgrade East Court Public toilets, as agreed by the Cabinet Member for Planning on 25 September 2018 MIS 39 26 September 2018.

- 9 Utilisation of Local Community Infrastructure contribution (PL12-000635 £54,603) S106 monies to facilitate the implementation of a car park and hard landscaping at the Finches Field new pavilion, as agreed by the Cabinet Grants Panel on 16 October 2018 MIS 42 17 October 2018.
- 10 Utilisation of Sustainable Transport (TAD) contribution (PL12-000981 £507.50) S106 monies to purchase Speed Indicator Device brackets, as agreed by the Cabinet Member for Planning on 12 November 2018 MIS 46 14 November 2018.
- 11 Utilisation of Affordable Housing contributions (P35/523a £161,497 & P35/563 £18,503) S106 monies to enable delivery of affordable rented housing at Rocky Lane, Haywards Heath, as agreed by the Cabinet Member for Housing and Planning MIS 49 5 December 2018 & MIS 17 25 April 2018.

## **TREASURY MANAGEMENT INTEREST**

50. Treasury Management interest for the financial year 2018/19 was projected in the Budget Report to be £262,693 at an average rate of 0.95%. The Budget Report is prepared well before many of the cash flow items are known.
51. As at the end of December 2018, actual Treasury Management interest earnings were £292,697 at an average rate of 0.968%. The estimated year-end projection for Treasury Management to be earned in the year is £353,917 being £91,000 over target. This is mainly due to the higher interest rates that have been achieved on short term investments together with an increase in the number of short term investments, following a reduction in the funds required for proposed capital spending to date. This position will continue to be monitored closely for the remainder of the year.

### *Local Authority Property Fund Dividends*

52. Members will recall that £6m is invested in the Local Authorities' Property Fund administered by the CCLA. Dividends on these investments are paid to the Council on a quarterly basis being due for the quarters ending 30 June; 30 September; 31 December and 31 March. We previously reported a net income of £126,899 as at the end of September 2018. Dividends received for the third quarter ending 31 December are £74,470 less management expenses of £9,163, giving a net income to the Council of £65,307. Therefore, in total, we have received a net income of £192,206 in the first three quarters of the year. £240,000 is budgeted to finance the Revenue Budget in the current year. However, based on the three dividends received to date, this is likely to be exceeded by year-end. Members will receive an update on the final quarter at Outturn when the full year position is known.

## **POLICY CONTEXT**

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

## **FINANCIAL IMPLICATIONS**

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

## **RISK MANAGEMENT IMPLICATIONS**

55. There are no risk management implications. Financial risks have been seen as a strategic risk in the past but the Council has a proven track record in Budget Management and this is not seen as a strategic risk for 2018/19.

## **EQUALITY AND CUSTOMER SERVICE IMPLICATIONS**

56. There are none.

## **OTHER MATERIAL IMPLICATIONS**

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

## **Background Papers**

Revenue Budget 2018/19

## Forecast Budget Variations for 2018/19 at the end of December 2018

	<i>Pressures in 2018/19</i>	<i>Notes</i>
	<i>£'000</i>	
April to Sept pressures Cabinet 12 November 2018	438	
Martlets Hall – residual costs	20	1
Corporate Estates & Facilities – minor variations	10	2
Legal and valuation fees relating to purchase of 255-269 London Road, (Wickes), Burgess Hill	67	3
St. Alban's Hall – rental income	8	4
Property licences	6	5
Development Management minor variations	11	6
Provision of Bins to New Developments	13	7
Landscapes and Leisure minor variations	3	8
Building Control Income –reversal of pressure	(2)	9
	<hr/> 574 <hr/> <hr/>	

## Notes:

- (1) The Martlets Hall was surrendered by the tenant to MSDC in June 2018. It is due to be demolished in the near future as part of the Martlets redevelopment works. All costs such as utilities, security and business rates are being borne by MSDC
- (2) Minor variation relating to cost of furniture and water.
- (3) Legal and valuation fees payable to external agent acting on behalf of MSDC in the purchase of this property.
- (4) Rent reduction resulting in lower than budgeted rental income.
- (5) Reduced income for property licences granted to property developers.
- (6) Pressure resulting from a number of minor variations below £10K.
- (7) Reduction in the number of new flatted developments requiring communal recycling bins for which a recharge would be due.
- (8) Pressure resulting from a number of minor variations below £10K.
- (9) See paragraph 8 of this report.

## Forecast Budget Variations for 2018/19 at the end of December 2018

	(Savings) in 2018/19	Notes
	£'000	
April to Sept savings Cabinet 12 November 2018	(437)	
Balance Unallocated	(27)	10
NNDR – Oaklands	(11)	11
External audit fees	(20)	12
Land Charges income	(16)	13
Legal staff saving	(10)	14
General/miscellaneous – rental income	(40)	15
Community Services, Policy & Performance staff saving	(25)	16
Development Management staff saving	(8)	17
Development Management Counsels Fees	(19)	18
Development Management – Planning Fees	(156)	19
Planning Policy staff saving	(24)	20
Temporary Accommodation saving	(15)	21
Pay and Display Income	(52)	22
Contactless Parking Transaction processing	(20)	23
Parking minor variations	(5)	24
Refuse Contract	(26)	25
Cleansing Services staff saving	(9)	26
Cleansing minor variations	(3)	27
Landscapes and Leisure staff saving	(14)	28
Taxi Licence Income	(9)	29
Building Control Staff saving	(20)	30
Building Control minor variations	(9)	31
Bridge Road Depot – rental income	(4)	32
Section 106 Monitoring Income – reversal of saving	9	33
	<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (970) <hr style="width: 100%; border: 0.5px solid black; margin-top: 5px;"/>	

## Notes:

- (10) Balance unallocated has an unutilised balance of £27,000.
- (11) Lower than budgeted cost of NNDR at Oaklands.
- (12) Lower than budgeted cost of external audit fees.
- (13) Over achievement of income due to an increase in the volume of Official Searches following a successful marketing campaign.
- (14) Staff saving due to vacant posts.
- (15) Additional rental income for general/miscellaneous properties.
- (16) Staff saving due to vacant posts.
- (17) Staff saving due to vacant posts.
- (18) Saving in Barristers due to a lower number of Planning Appeals.
- (19) See paragraph 7 of this report.

- (20) Staff saving due to vacant posts.
- (21) Savings due to a combination of a number of factors including: a change in the way that Housing Benefit is claimed and assessed; an increase in new build properties available through the housing register enabling more tenants to move out of Temporary Accommodation; and the employment of a support officer which has enabled the Housing team to transfer tenants more efficiently.
- (22) See paragraph 6 of this report.
- (23) Saving in Financial processing charges in respect of Contactless Parking charges, due to lower initial usage of the facility than planned.
- (24) Saving due to a number of minor variations below £10K.
- (25) Saving due to the recent agreement of a variation to the Waste Contract for Garden Waste growth, where the uplift has not been backdated (as had previously been anticipated).
- (26) Staff saving due to vacant posts.
- (27) Saving due to a number of minor variations below £10K.
- (28) Staff saving due to vacant posts.
- (29) Additional Income in respect of Taxi licencing due to increased demand.
- (30) Staff saving due to vacant posts.
- (31) Saving due to a number of variations below £10K.
- (32) Additional rental income for Bridge Road Depot.
- (33) A reduction in speculative planning applications following adoption of the District Plan has led to a significant reduction in S106 agreements for which we receive a monitoring fee. Therefore a previously reported saving identified from 2017/18 outturn has now been reversed.