

BUDGET MANAGEMENT 2019/20 – PROGRESS REPORT APRIL TO DECEMBER 2019

REPORT OF: Head of Corporate Resources
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Wards Affected: All
Key Decision: No
Report to: Cabinet
10th February 2020

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Purpose of Report

1. This report reviews the progress on the Revenue Budget, Capital Programme and Treasury Management for 2019/20.

Summary

2. The forecast revenue outturn position for 2019/20 at the end of December is showing a projected net underspend of £11,000 against the original estimate, after transfers totalling £457,000 to Specific Reserve, as approved by Council on 25 September 2019. This underspend mainly relates to additional income for Car park charges, Development Management Fees, Land Charges and Garden Waste as well as salary savings, mainly offset by pressures in Temporary Accommodation, Building Control fee income, Town Centre supplementary rents and staff restructure costs.

Recommendations

3. To recommend to Council for approval:

- (i) that £82,000 be transferred from General Reserve to Specific Reserve as detailed in paragraph 20;
- (ii) that £4,702 grant income relating to Local Authority Data Sharing Programme Grant be transferred to Specific Reserve as detailed in paragraph 21;
- (iii) that £1,779 grant income relating to External Wall System Data collection exercise be transferred to Specific Reserve as detailed in paragraph 22;
- (iv) that the commuted sum of £29,925 is released from General Reserve as detailed in paragraph 23;
- (v) the variations to the Capital Programme contained in paragraph 37 in accordance with the Council's Financial Procedure rule B3.

To note:

- (vi) the remainder of the report;

REVENUE SPENDING

Position to the end of December 2019

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 2019/20, 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.

INCOME	2019/20 Actual to December £'000	Profiled 2019/20 Budget £'000	2019/20 Original Budget £'000	Pressure/ (Saving) To end December £'000	Pressure/ (Saving) To end September £'000	Projected Year-end Variance £'000
Car Park Charges	(1,708)	(1,572)	(2,085)	(136)	(88)	(130)
Development Management Fees	(1,154)	(1,090)	(1,454)	(64)	(157)	(64)
Building Control Fees	(330)	(426)	(549)	96	75	96
Land Charges	(153)	(116)	(153)	(37)	(12)	(43)
Licensing Act Fees	(129)	(132)	(144)	3	(26)	0
Hackney Carriage Fees	(101)	(97)	(129)	(4)	(0)	(10)
Outdoor Facilities Income	(227)	(243)	(280)	16	79	0
Garden Waste	(1,133)	(1,089)	(1,281)	(44)	(89)	(45)
Leisure Contract Income	(711)	(1,075)	(1,433)	364	6	0
Industrial Estates Rents/ Depot Rents	(1,201)	(872)	(1,050)	(329)	(293)	(381)
Town Centre Rents	(1,846)	(1,885)	(2,540)	39	(16)	64
General/Miscellaneous Property	(287)	(160)	(210)	(127)	(58)	(98)
Total Income	(8,980)	(8,757)	(11,308)	(223)	(579)	(611)
EXPENDITURE						
Staffing costs	9,378	8,901	11,868		477	(39)

6. Car parking income is above budget by £136,000 in the first nine months operation of the service. This is detailed in Table 2 below. This includes variations in respect of higher than budgeted Season Tickets (£6,000), as well as additional Pay and Display Income (£130,000). By year end the forecast is now predicted to be £130,000 and so the forecast has been amended to reflect this.

	<i>Actual April to December</i>	<i>Outturn 2018/19</i>	<i>Forecast 2019/20</i>
	<i>(Over)/ under target £'000</i>	<i>(Over)/ under target £'000</i>	<i>(Over)/ under target £'000</i>
Pay & Display tickets	(130)	(133)	(130)
Season Tickets	(6)	2	0
Total additional income	(136)	(131)	(130)

7. At the end of December, there has been additional Planning Application fee income of £64,000. In the first half of the year there was £157,000 additional Planning Fee Income against the profiled position. However, since then, there has been a downturn in income by £93,000 in Quarter 3. No further downturn is predicted for Quarter 4, therefore, the forecast has only been amended to reflect the recent downturn of £93,000 and this is included in Appendix A of this report.
8. At the end of December, Building Control Income is under target by £96,000. Whilst Approved Inspectors providing Building control services have reduced in the Market as a result of a change in insurance practices, this additional work is only just coming through and income for the remainder of the year is expected to be on target. However, it is not expected that the shortfall to date can be recovered and the projection has therefore been amended by £27,000 to reflect the further downturn since previously reporting £69,000. The £27,000 is showing in Appendix A of this report.
9. At the end of December Land Charges income is above budget by £37,000. A variation of £43,000 is projected for the full year. The full year projection has been amended to reflect this. £13,000 has been previously reported and a further £30,000 is showing 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. Therefore, the forecast remains unchanged.
11. At the end of December additional Hackney Carriage fee income of £4,000 Hackney Carriage Fees is showing. The forecast was previously amended to reflect additional income identified at outturn 2018/19 of £10,000, resulting from an increase in the number of Taxi licence applications. No change to the full year forecast is anticipated at this stage.

12. Outdoor facilities income is £16,000 below budget after the first nine months of the year. This is mainly due to income being invoiced later than profile. However, no variation to the full year projection is anticipated at this stage.
13. Based on the current budget profile, Garden Waste income is £44,000 above target at the end of December. As additional income of £45,000 was previously reported due to the Garden Waste Service customer base expanding beyond budgeted targets, no further change to the full year forecast is anticipated at this stage.
14. The value of the Leisure Contract income this year has been agreed with Places for People Leisure, and there is no forecast change to the full year budget. Quarter 3 Invoice will be raised later than expected in January, explaining the shortfall against profiled Quarter 3 target.
15. Industrial Estates rent / Depot Rents are £329,000 above the target at the end of December. As reported in May this includes unbudgeted rental income of £317,000 following the acquisition of 208-216 London Road, Burgess Hill. Additional rental income of £64,000 is also due to be received and the full year projection has been amended to include this. This is reflected in Appendix A of the report.
16. Town Centre rent is £39,000 below the target at the end of December. However, it is anticipated that the full year forecast is a pressure of £64,000 for the supplementary rent at the Martlets Shopping Centre which has been previously reported.
17. General/miscellaneous property income is £127,000 above the target at the end of December. It has previously been reported that there is additional turnover rent of £25,000 for the Basepoint Business Centre which is proving to be very successful. Further turnover rent of £42,000 for the Basepoint Business Centre has now been received and the full year projection, shown in Appendix A, has been increased to reflect this. In addition, it has previously been reported that there is rent income which has been received for The Redwood Centre totalling £31,000.
18. The salaries expenditure to the end of December is showing a pressure of £477,000 against the profiled budget, which is mainly due to agency, consultant, redundancy and recruitment costs across the Council, which will be met from Specific Reserves, compensating vacancy savings or additional forecast income by year-end. Therefore, by year-end there is a forecast saving of £39,000 as detailed in the Appendix at the end of this and the previous Budget Management reports for 2019/20. This position will continue to be monitored closely as we progress through the year.
19. In summary, based on current information available and as outlined in Appendix A, the current forecast year-end position (at the end of December 2019), is a small underspend of £11,000.

Miscellaneous

20. In 2018/19 £120,000 was earmarked to create a Parks Improvements specific reserve to cover the 2019/20 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. The year 2 costs can now be confirmed which include Parks Asset Management Plan (£50k), Recycling Bins in key parks (£16k) as well as Master Planning costs of £16k. Therefore, Members are requested to approve the transfer of a further £82,000 from General Reserve to Specific Reserve for this purpose.

21. In November 2019, grant totalling £4,702 was received from Department for Work and Pensions in respect of Local Authority Data Sharing (LADS) IT Programme costs. Members are requested to approve the transfer of this sum to Specific reserves to meet the costs arising.
22. On 29 October 2019, grant totalling £1,779 was received from MHCLG to assist Local Authorities with the costs of completing a data collection exercise to identify external wall materials and insulation on all high-rise residential buildings 18 metres and over within their area. Members are requested to approve the transfer of this sum to Specific reserves to meet the costs arising.
23. In 2015/16, we originally received the sum of £76,011 pursuant to the terms of a S106 Agreement from BDW Trading Limited as a commuted sum to meet the ongoing costs of maintenance of land in respect of acquiring Wilderness Field. Lindfield Parish Council has approached the District seeking the transfer of The Wilderness Field to the Parish Council. BDW Trading Limited have given consent for the disposal of the land along with the remaining commuted sum. Authorisation under Cabinet Member delegated powers was granted on 27th November as detailed in MIS 48, and Council are now requested to release the commuted sum balance of £29,925 from General reserves.

CAPITAL SPENDING

Position to the end of December 2019

24. The Capital Programme for 2019/20 now stands at £5,068,000. This includes slippage from the 2018/19 Capital Programme and current year capital project variations, as reported to Cabinet 8 July 2019, 16 September and 18 November. The actual and commitments to the end December 2019 total £5,898,000 (to the nearest £,000)

Variances to the 2019/20 Capital Programme

25. At this stage in the year the major variances are set out in table 3 below, the remainder being a number of smaller variations totalling less than £100,000.
- 26.

	<i>Variances</i> £'000 (Unbudgeted /overspends)	<i>Variances</i> £'000 (underspends)	<i>Notes</i>
Temporary Accommodation	272		1
Disabled Facility Grants		(499)	2
Flat 16, St Wilfred's Way, Acquisition	176		3
Council Chamber Modernisation		(290)	4
Goddards green Sewage Treatment Works	1,117		5
Total	1,565	(789)	

Notes:

Housing

- (1) Housing purchases to be funded from the Temporary Accommodation Reserve created at Outturn 2017/18 Refer paragraph 32 in this report for further detail.

Environmental Health

(2) Demand-led Housing adaptations service for which a further £549,019 has been committed as at end of December. No forecast variation is anticipated at this stage.

Corporate Estates & Facilities

(3) Flat 16, St Wilfred's Way, Acquisition – refer paragraph 27 below.

(4) Council Chamber Modernisation Works – Further value engineering and focus on works to install lift, upgrade fire protection and basic refurbishment of Council Chamber to comply with Building Regulations resulted in reduced cost tender. Cost is still over budget however in the sum of £203,000. Start put back to late 2020 subject to approval at Council.

Planning Policy

(5) Goddards green Sewage Treatment Works - Mid Sussex acts as Accountable body for a Grant from the C2C Local Enterprise Partnership. Any works completed are funded from a grant claim in 2019/20.

Proposed Variations to the Capital Programme

27. The Deputy Leader and Cabinet Member for Corporate Estates and Facilities authorised the acquisition of the tenant's leasehold interest in investment property: Flat 16, St. Wilfred's Way, the Orchards, Haywards Heath as detailed in MIS Bulletin 41 on 9 October 2019. This was financed from the Orchards Reserve, and the Capital Programme total has been amended by £176,000 to include this project.
28. Expansion of the Green Bin service planned for rollout in 2020/21 will require the purchase of an additional 1,500 bins at a cost of £30,000. It is requested that this project is funded from General Reserve. The Capital Programme has been amended accordingly and further detail on this project has been included in the Capital Justification shown in Appendix B of this report.
29. The Current Capital Programme includes £200,000 for the Playground Improvements for Bolney Recreation Ground (Batchelor's Field) (£80k), John Pears Recreation Ground (£80k) and Twineham Playground Improvements (£40k). Following the allocation of capital funding in September, good progress has been made with public consultation on the design of the three playgrounds. Invitations to tender have now been issued and the aim is to complete the project by June 2020. Therefore, these projects will now slip to 2020/21 and the Capital Programme has been amended accordingly.
30. A new project for Pavilion Improvements at St. John's Park, Burgess Hill, totalling £180,000, has come forward for approval. The works are due to take eight to ten weeks commencing in March 2020 and this project will be funded from S106s. Further information is detailed in the Capital Justification in Appendix B.
31. The Cabinet Member for Environment and Service Delivery authorised the release of £17,828 under delegated authority to fund a piece of play equipment for Hickman's Lane Recreation Ground play area which will be funded by a third party contribution from Lindfield Parish Council, as detailed in MIS Bulletin 46 on 13 November 2019. The Capital Programme total has been amended to reflect this.

32. At Outturn 2017/18 Members agreed to earmark £4m in a Temporary Accommodation Reserve to provide up to 20 units of accommodation and 10 leased properties in order to secure better, more flexible, housing for vulnerable families and to invest in assets with long term value whilst reducing the revenue strain for the Council and improving the service. Thirteen properties were purchased during last year as reported at Outturn 2018/19. As at the end of December 2019, additional costs have been incurred on these properties reflecting refurbishment works required to bring each property up to the agreed standard. In addition, since the last Budget Management Report, the Council has also purchased an additional property as detailed in Table 4. All these costs are funded from the Temporary Accommodation Reserve. The current Capital Programme has been amended to reflect these changes.
33. The Cabinet Member for Environment and Service Delivery authorised the release of £17,000 under delegated authority towards the cost of construction of a petanque court at Marle Place Recreation Ground, Burgess Hill, as detailed in MIS Bulletin 40 on 2 October 2019. The total cost of the project is £30,000. The balance of £13,000 will be funded from a third-party contribution from Sport England. The Capital Programme total has been amended to reflect this.
34. The current Capital programme includes a project for Oaklands Windows Replacement. The original proposal was to fund the project over 3 phases between 2019/20 and 2021/22 with £183,000 budgeted in 2019/20. To gain economies of scale the work for all three phases was tendered and as this tender provided significant savings against the original estimate it was approved that Phases 1 and 2 would be funded and delivered in 2019/20 with a revised budget of £192,000. The project is funded from General Reserve and further details for Phase 3 will form part of the Budget process for 20/21. The current Capital Programme has been amended to reflect this current year change of £9,000.
35. The security systems at Oaklands have to date received either no or piecemeal upgrading which results in frequent failure/poor coverage and compatibility issues resulting in poor quality imaging. An initial budget of £30,000 was allocated this project in 2019/20 but a recent comprehensive survey of the security equipment at Oaklands revealed an urgent need to upgrade not only CCTV and Door Access equipment, but also the Council's Intruder Alarm. The extent of works required across all systems is greater than originally envisaged and an additional £21,000 will be required which can be met through utilisation of the current MCR balance unallocated. The Capital Programme has been amended accordingly.
36. Cabinet on 8th July 2019 approved the procurement process for the projects within the Place and Connectivity Programme and recommended to agree to add the Mid Sussex led Place and Connectivity Programme projects to the Council's Capital Programme. Since July, further detail on the individual projects has now been worked up resulting in the addition of the project total of £394,000 for 2019/20. This is due to be funded from monies received through WSCC from LGF Funding. The whole project, totalling £6,839m, will span a five-year period. Further details relating to the future year costs will be reported as part of the 20/21 budget process.
37. Proposed capital variations are summarised in table 4 below:

Table 4: Capital Project Variations April to end December 2019

	<i>Apr to Dec</i>	<i>Ref</i>
	<i>£'000</i>	
Flat 16, St Wilfred's Way, Acquisition	176	<i>Para 27</i>
Purchase of Green Bins	30	<i>Para 28</i>
<u>Playground Improvements:</u>		
Twineham Playground Improvements	(40)	<i>Para 29</i>
Bolney Recreation Ground (Batchelor's Field) Playground Improvements:	(80)	<i>Para 29</i>
John Pears Playground – AshurstWood, Playground Improvements	(80)	<i>Para 29</i>
St John's Park -Burgess Hill, Pavilion Improvements	180	<i>Para 30</i>
Playground Equipment at Hickmans Lane Recreation Ground	18	<i>Para 31</i>
Temporary Accommodation	272	<i>Para 32</i>
Temporary Accommodation	7	<i>Para 32</i>
Temporary Accommodation	4	<i>Para 32</i>
Temporary Accommodation	24	<i>Para 32</i>
Temporary Accommodation	26	<i>Para 32</i>
Temporary Accommodation	10	<i>Para 32</i>
Temporary Accommodation	2	<i>Para 32</i>
Petanque Rink construction, Marle Place Recreation Gd, BHill	30	<i>Para 33</i>
Oaklands Windows Replacement	9	<i>Para 34</i>
Oaklands Security Intruder Alarms	21	<i>Para 35</i>
Balance Unallocated	(21)	<i>Para 35</i>
Burgess Hill Place and Connectivity Programme	394	<i>Para 36</i>
Total	982	

38. Taking into account the changes detailed above, the overall effect is an increase to the current capital programme for 2019/20 of £982,000 and slippage into 20/21 totalling £200,000. Therefore, the revised programme total for 2019/20 now stands at £6,050,000.

Capital receipts and contributions received to the end of December 2019

39. S106s and grant contributions of £2,022,482 have been received in the period April to December 2019.

S106 contributions committed/utilised to the end of December 2019

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

	<i>Apr to Dec</i>	
	<i>£'000</i>	<i>Note</i>
Ardingly Parish Council	3	1
West Sussex County Council	157	2
East Grinstead Town Council	18	3
Guinness Housing Association	400	4
Slaugham Parish Council	175	5
East Grinstead Rugby Football Club	50	6
Crawley Down Community Centre Association	25	7
Hassocks Community Association	9	8
Haywards Heath Rugby Club	150	9
West Sussex County Council	486	10
West Sussex County Council	101	11
Lindfield Rural Parish Council	7	12
Lindfield Rural Parish Council	2	13
Burgess Hill Town Council	17	14
Hassocks Parish Council	33	15
Worth Parish Council	8	16
Hurstpierpoint Parish Council	10	17
Total	1,651	

Notes

- 1 Utilisation of Local Community Infrastructure contribution (PL13-000981) S106 monies to enhance the car park provision at Ardingly Recreation Ground, as agreed by the Cabinet Member for Planning on 26 March 2019 MIS 13 27 March 2019.
- 2 Utilisation of Sustainable Transport (TAD) contributions (P35/559a £43,833, P35/559b £57,190, P35/650 £8,687, P35/698 £349, P35/756 £43,893 & PL13-000368 £3,313) S106 monies to carry out various traffic management schemes in Handcross, Pease Pottage and Warninglid, as agreed by the Cabinet Member for Planning on 4 April 2019 MIS 14a 5 April 2019.
- 3 Utilisation of Community Buildings contributions (P35/620a £1200, P35/633b £6,775, P35/671 £2,311 & P35/709 £3,545) and Local Community Infrastructure contributions (P35/667 £4,595) S106 monies to refurbish the gents toilets at East Court Mansion, as agreed by the Cabinet Member for Planning on 4 April 2019 MIS 14a 5 April 2019.
- 4 Utilisation of Affordable Housing contributions (P35/323 £3,390, P35/563 £200,662, P35/523b £5,000, P35/694 £38,663 & PL12-000929 £152,285) S106 monies to enable delivery of affordable housing at Blackwell Farm Road, East Grinstead, as agreed by the Cabinet Member for Housing & Planning on 11 April 2019 MIS 16 17 April 2019.
- 5 Utilisation of Formal Sport contributions (P35/698a £3,565, PL13-000368 £9,695, PL13-001524 £9,166, PL12-001742 £20,256, PL12-002157 £6,630 & PL3-000303 £688), Community Buildings contributions (P35/745 £4,704, PL13-000368 £4,211, PL13-001524 £3,982, PL12-001742 £8,799 & PL3-000303 £58,304) and Playspace contributions (PL13-000368 £8,050, PL13-001524 £7,611 & PL3-000303 £29,339) S106 monies to upgrade the pavilion and playground at Handcross Recreation Ground, as agreed by the Cabinet Grants Panel on 16 April 2019 MIS 16 17 April 2019.
- 6 Utilisation of Formal Sport contributions (P35/501c £18,284.92, P35/602e £4,012.30, P35/632b £3,335.04, P35/633b £6,204.65 & P35/694 £18,163.09) S106 monies to enable the refit of the junior clubhouse roof and terrace, reconfigure the changing rooms and refurbish the outdoor tennis courts to create a 5-a-side football area, as agreed by the Cabinet Grants Panel on 18 June 2019 MIS 25 21 June 2019.
- 7 Utilisation of Community Buildings contributions (P35/717 £2.41, P35/ 728 £0.71, PL12-000170 £1,172, PL12-000367 £10,198.71, PL12-000620 £9,440 & PL12-000562 £4,358) S106 monies for improvements to the Café Bar, outdoor paving & meeting rooms at the Haven Centre, as agreed by the Cabinet Grants Panel on 18 June 2019 MIS 25 21 June 2019.
- 8 Utilisation of Community Building contribution (P35/681 £8,650) S106 monies to improve disabled access at Adastra Hall, as agreed by the Cabinet Grants Panel on 18 June 2019 MIS 25 21 June 2019.
- 9 Utilisation of Formal Sport contributions (P35/688 £37,982.47, P35/ 708 £12,017.53, P35/754 £3,665.61 & PL3-001439 £96,334.39) S106 monies for a new clubhouse at Whitemans Green, Cuckfield, as agreed by the Cabinet Grants Panel on 18 June 2019 MIS 25 21 June 2019.

- 10 Utilisation of Sustainable Transport (TAD) contributions (P35/625a £1,289.30, P35/711 £13,346, P35/781 £140.04, PL12-000331 £4,528, PL13-Kings Head £7,400, PL13-000560 £3,483, PL13-000869 £20,240, PL13-001075 £8,727.35, PL13-000948 £25,223) and Local Community Infrastructure contributions (P35/491 £32,584.11, P35/658 £52,425.56, P35/658b £9,173.43, P35/710 £44,915.36, P35/716 £36,505.15, P35/732 £5,949.02, P35/769 £50,202.11 & £53,560.37, P35/781 £3,545.69, PL12-000331 £4,325, PL12-000682 £8,075, PL13-Kings Head £7,675, PL13-000386 £6,975, PL13-000560 £4,311.67, P35/711 £4,661, P35/727 £4,811.58, PL12-001772 £29,854.45, PL13-000621 £10,107.76, PL13-000869 £6722.03, PL13-001075 £8,806.50, PL13-001294 £8,100 &, PL13-000948 £8,105.82) S106 monies to facilitate the delivery of projects within the Place & Connectivity Programme, as agreed by the Cabinet Grants Panel on 18 June 2019 MIS 25 21 June 2019.
- 11 Utilisation of Sustainable Transport (TAD) contributions (P35/554 £40,950, P35/581 £0.79, P35/602e £2,450, P35/617 £649, P35/623b £13,802, P35/628b £3,026, P35/637 £10,169, P35/642b £18,251.01, P35/664 £2,880, P35/709 £4,912 & PL13-000677 £3,524.20) S106 monies for the installation of a pedestrian crossing at Sackville School, East Grinstead, as agreed by the Cabinet Member for Planning in July 2019 MIS 28 10 July 2019.
- 12 Utilisation of Local Community Infrastructure contribution (PL3-000199 £7,145.56) S106 monies for the extension and enhancement of the footpath on Scaynes Hill Common, as agreed by the Cabinet Member for Planning on 15 August 2019 MIS 34a 23 August 2019.
- 13 Utilisation of Local Community Infrastructure contribution (PL3-000199 £2,225.67) S106 monies to purchase an additional Speed Indication Device (SID), as agreed by the Cabinet Member for Planning in September 2019 MIS 37 11 September 2019.
- 14 Utilisation of Formal Sport contribution (P35/716 £17,000) S106 monies to construct a petanque terrain at Marle Place Recreation Ground, as agreed by the Cabinet Member for Planning on 27 September 2019 MIS 40 2 October 2019.
- 15 Utilisation of Play Space and Kickabout contributions (P35/750 £14,503.52 & PL13-001074 £18,495.10) S106 monies to upgrade the play provision in Adastra Park, as agreed by the Cabinet Member for Environment and Service Delivery in December 2019 MIS 49 4 December 2019.
- 16 Utilisation of Formal Sport contributions (P35/728 £7,463.75 & PL12-000910 £51.25) S106 monies towards cricket square renovation and rainwater harvesting system at King George Playing Field, Copthorne, as agreed by the Cabinet Member for Environment and Service Delivery in December 2019 MIS 49 4 December 2019.
- 17 Utilisation of Local Community Infrastructure contributions (PL12-000366 £9,955) S106 monies to install a bus shelter in Sayers Common, as agreed by the Cabinet Member for Planning on 16 December 2019 MIS 51 19 December 2019.

TREASURY MANAGEMENT INTEREST

42. Treasury Management interest for this financial year was projected in the Budget Report to be £357,230 at an average rate of 1.15%. The Budget Report is prepared well before many of the cash flow items are known.
43. As at the end of December 2019, actual Treasury Management interest earnings were £248,402 at an average rate of 1.062%. The estimated year-end projection for Treasury Management to be earned in the year is £328,382 being £29,000 under target, due to a lower than forecast average balance and lower than forecast interest rates. This position will continue to be monitored closely as we progress through the year.

Local Authority Property Fund Dividends

44. For CCLA we have received £129,731 against a budget of £240,000 for the first half of the year. Due to the timing of this report we are still awaiting notification of the third quarter dividend. However, based on the income to date it looks likely that the full year budget will be exceeded by at least £10,000. Members will receive an update on the final two quarters at Outturn when the full year position is known.

POLICY CONTEXT

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

FINANCIAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

47. 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 2019/20.

EQUALITY AND CUSTOMER SERVICE IMPLICATIONS

48. There are none.

OTHER MATERIAL IMPLICATIONS

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

Background Papers

Revenue Budget 2019/20

Appendix A

Forecast Budget Variations for 2019/20 at the end of December 2019

	<i>Pressures in 2019/20</i>	<i>Notes</i>
	<i>£'000</i>	
April to September pressures Cabinet 18 November 2019	1,172	
Building Control Income	27	1
Parking Cashless Transaction processing	10	2
Temporary Accommodation	61	3
Development Management Consultants	50	4
ICT staffing	46	5
Corporate Estates – legal costs	35	6
HR & Payroll consultancy	10	7
Corporate Estates & Facilities – Lease renewal legal costs	7	8
208-216 London Road – NNDR, insurance and legal costs	96	9
	1,514	

Notes:

- (1) Refer Paragraph 8 above.
- (2) An estimate of the likely take up for cashless Parking was included in the budget of 20% of transactions. However, take is estimated to be 37%, increasing transaction processing costs as a result.
- (3) Temporary Accommodation pressure due to the increased use of guest houses despite the increased availability of accommodation through the purchase of Mid Sussex stock with the purpose of reducing costs. The number of Households in all forms of Temporary Accommodation has increased by 80% from 40 to 72 since December 2018, reflecting the increase in homelessness for which the Council has a statutory responsibility.
- (4) Additional forecast cost of Counsels fees and Consultants in respect of upcoming Planning appeals by Public Inquiry.
- (5) This pressure has resulted from the departmental restructure of Digital Services and ICT into the Digital and Technology Department. The increase in salaries reflects MSDC's continued commitment to reaching efficiency savings across the business by investing in capable and knowledgeable staff to help business units take full advantage of modern technology and working practices.
- (6) Legal costs relating to a property managed by Corporate Estates & Facilities.
- (7) Consultancy support on HR initiatives and projects. The Council will benefit from the work that has been carried out in a couple of key areas in 2020/21.
- (8) Legal costs relating to the lease renewal for an investment property within Corporate Estates & Facilities.
- (9) NNDR, insurance and legal costs relating to a vacant unit at 208-216 London Road, Burgess Hill which is now occupied. This is partly offset by a saving of £64,000 for rent.

Appendix A

Forecast Budget Variations for 2019/20 at the end of December 2019

	<i>Savings in 2019/20</i>	<i>Notes</i>
	<i>£'000</i>	
April to September savings Cabinet 18 November 2019	(1,215)	
Pay and Display Income	(55)	10
Planning Fee Income (Reversal of Income reported)	93	11
Car Parks cash collection	(15)	12
Building Control staffing	(19)	13
Refuse Contract Indexation	(19)	14
Bulky Waste Income	(6)	15
Outdoor Facilities insourcing	(10)	16
Development Management outside printing	(17)	17
Planning Policy Staffing	(30)	18
Planning Policy and Economic Development minor variations	(10)	19
Economic Development Marketing and Promotion	(11)	20
ICT maintenance	(50)	21
Corporate repairs and maintenance	(25)	22
Local Land Charges income	(30)	23
208-216 London Road – rental income	(64)	24
Basepoint Business Centre supplementary rent	(42)	25
	(1,525)	

Notes:

- (10) Refer paragraph 6 above. The forecast was previously amended to recognise the over achievement of income at outturn 2018/19, whilst at the same time including a conservative forecast of increased income for the current year of £75,000. The forecast has now been amended to reflect an additional income to date of £55,000, which is also consistent with the level of income achieved in the previous year.
- (11) Refer paragraph 7 above.
- (12) Cash collection costs in 2019/20 show a saving due to the an accounting adjustment accrual relating to 2018/19.
- (13) Staff savings resulting from vacant posts and staff on lower than budgeted grades.
- (14) Saving in respect of the recently confirmed Indexation for the Refuse Contract of 2.88%, which was lower than the budgeted estimate of 3.33%, where budgets are set contractually prior to confirmation of relevant indices.
- (15) Additional Bulky waste income due to increased demand.
- (16) Saving due to a terminated Rural Management Agreement with Burgess Hill Town Council in May 2019, whereby income will now pass directly to Mid Sussex, prior to which Burgess Hill Town Council would have received a commission of 50% Income received from the site.
- (17) As part of the 2019/20 budget process an amount of £17K was allowed for the production of a design guide. This cost has been funded from another source and a saving has been identified as a result.
- (18) Staff savings resulting from vacant posts.
- (19) Saving resulting from a number of minor variations below £10K.

- (20) Saving in addition to £49K previously reported. Economic Development Marketing and Promotion activities have been reviewed for their impact and this will inform the next targeted phase of this work.
- (21) This saving has been achieved following the restructure of the Digital and ICT departments where staff have been working to remove outdated and costly items of infrastructure and support technology and replacing them with more effective and usually cheaper solutions. Also using new technology to remove the need for certain solutions entirely and/or allowing the consolidation of solutions which were once separate, and therefore had separate licencing and support needs.
- (22) Savings to the corporate repairs and maintenance budget as a result of lower than budgeted spend.
- (23) It is considered that the over recovery of Local Land Charges income is due to a combination of positive marketing of the excellent Local Authority Official Search service, together with the new build housing developments in Mid Sussex. These factors have resulted in an increase of Official Search requests.
- (24) See paragraph 15.
- (25) See paragraph 17.

Project justification details

Garden Waste Subscription Growth

Purpose of project :

During 2018/19 and 2019/20 the Council sought to grow the garden waste subscription service to 20,000 subscribers.

Following an unprecedented spike in new subscribers during August this year (when the Council took on an additional 561 subscriptions) and a similar number for the first part of September, compared to 85 on an average month, this target has now been met.

There is continued demand for this service and officers are confident that there is scope to expand it further.

Serco have confirmed that realigning the collections made by the current garden waste vehicle fleet has the potential to offer additional capacity; and could enable approximately a further 1,000 - 1,500 subscriptions to be serviced. At the current rate of growth, it is estimated that this would provide sufficient capacity for approximately a further 10-12 months; and allow a longer-term proposal for continued growth to be brought forward. Realignment will likely lead to day changes for some existing customers. A proposal will be ready for implementation in the New Year.

In order to provide a service to these additional customers, it will of course be necessary to provide them with garden waste bins.

Total Amount : £30,000

Capitalised Salaries included in the project total: None

Other sources of funding: (ie s106/ big lottery etc) This project is fully funded by subscription costs.

Revenue Implications: The contract cost of servicing additional customers is £39 per bin. At the current subscription rate of £65 per bin per year, an additional 1,500 customers will result in a net income of £39kpa.

Value For Money Assessment:

Current practice / doing nothing:

The Council has achieved its target of 20,000 customers by the end of 2019. Doing nothing will require the Council to turn away potential customers and will mean that the full recycling/composting potential of the service is not achieved; and that potential revenue is foregone.

Other alternative approaches:

None

Business Unit/Service : Commercial Services and Contracts

Head of Service : Judy holmes

Project Manager: Jo Reid

Cabinet Members : Cllr John Belsey

Ward Members : N/A

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

- Protecting & enhancing the environment (by improving the Council's recycling and composting performance).
- Providing effective & responsive services (by meeting unmet demand for the garden waste service)
- Achieving Financial Independence (by providing the service on a cost-recovery basis)

The Cabinet Member has been fully involved in the formulation of this project.

Risk Analysis :

The main risks for this project are:

There is a risk that the additional service will not be fully taken up. (Low)

Some round changes may be required to facilitate the proposed growth and this may cause some confusion for customers. (Low)

Mitigating Actions:

Garden Waste Marketing campaign forms part of the ongoing business activity of the Business Unit.

Project justification details

St Johns Park – Burgess Hill, Pavilion Improvements

Purpose of project:

The pavilion in St Johns Park consists of five public toilets (including one disabled), three internal toilets (including one disabled), storage, a refreshment kiosk, a bar, kitchen, social area and sports changing rooms. The building is hired daily by the Cricket Playgroup and used regularly by Burgess Hill Cricket Club who hire the pitch and changing rooms between April – September and are responsible for maintaining the cricket square, store and nets. The kiosk is hired out on an hourly rate to provide seasonal refreshments and the facility is available for hire to occasional activities i.e. athletics club, children's parties

The building is in a low lying area and is subject to occasional flooding following heavy rain. This can be resolved by creating a swale and redirecting the foul drainage. There is also a requirement to upgrade the changing rooms to provide facilities for two teams and officials changing. Two of the existing changing rooms are currently unusable because the showers have been removed and one has been turned into a store for the nursery so this space needs to be re-provided elsewhere in the building. Additional outdoor storage is also needed for equipment to enable the cricket club to take on more responsibility for grounds maintenance. The main hall will be improved with the addition of bi-fold doors opening onto the courtyard / children's play area.

The works are due to take eight-ten weeks, commencing in March 2020.

Costs:

Maximum Amount : £180,000

The following s106 funds are locally available to support this project:

Formal Sports

Folders Meadow, Folders Lane (10/02315/FUL) (P35/491) - £65,707.00

Land North of Maltings Park (09/00602/FUL) (P35/658)- £25,354.70

Land on the Eastern Side of Manor Road (10/01898/FUL) (P35/716) - £15,916.87

Land known at The Brow (11/0258/FUL) (P35/727)- £12,455.98

Land at Westhill (11/01525/OUT) (P35/732)- £10,565.45

Land at 86 Junction Road (12/02873/FUL) (P35/711) - £6,689.59

Land at Dairycrest, 10 Mill Road (12/02959/FUL) (P35/781)- £8,166.71

Land at 88 Junction Road (13/03302/COU) (PL12-000331)- £7,602.00

Land at Kings Head Public House (12/04048/FUL)(PL13/Kings Head) - £7,767.00

Land North of Maltings Park (Phase 2) (10/00107/FUL) (P35/6586) - £16,204.41

Osborne House, Station Road (14/03006/FUL) (PL12-000682)- £3,570.29

Total s106 funding - £180,000

Balance required from capital reserves - £0

Capitalised Salaries included in the project total : N/A

Other sources of funding :(i.e. big lottery etc.) N/A

Revenue implications:

Improvements to the facilities will ensure the site requires less on-going maintenance in the medium term and continues to be suitable for public hire and regular community use which generates an annual income of approximately £12k pa.

Value for money assessment:

A do nothing approach will result in a decrease in usage and a deterioration in the condition of the pavilion which will increase the annual maintenance costs. There would also be a risk that the facility could become derelict and unused if it is not fit for purpose.

Business Unit/Service: Corporate Estates & Facilities

Head of Service: Peter Stuart

Business Unit Leader: Simon Moore

Project Manager: Tony Johnson

Cabinet Member: Cllr Judy Llewellyn-Burke

Ward Members: Cllr Robert Eggleston, Cllr Tofojjul Hussain

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

The Corporate Plan priority 'Strong and Resilient Communities'. The Plan sets out proposals to invest in the Council's parks and open spaces and to support the health and wellbeing of residents.

Summary of discussions with Cabinet Member:

The Cabinet Member is supportive of the scheme, stating that it is a good investment that will benefit local residents.

Risk Analysis:

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

Risk	Likelihood	Severity	Financial impact
1. Incidents during construction	low	low	low
2. Severe weather impacting on construction	medium	low	low
3. Incident following construction	low	low	low

Mitigation actions: Use of qualified contractors, Risk Assessments, Method Statements, thorough project planning (including contingency planning).