

BUDGET MANAGEMENT 2020/21 – PROGRESS REPORT APRIL TO JULY 2020

REPORT OF: Head of Corporate Resources
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Wards Affected: All
Key Decision: No
Report to: Cabinet
14th September 2020

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 2020/21.

Summary

2. The forecast revenue outturn position for 2020/21 at the end of July is showing a projected net overspend of £4,241,000 against the original budget, after the use of Covid-19 Emergency Funding totalling £1,708,000, as outlined in paragraph 26 of this report.
3. As previously reported, this level of overspend is unprecedented for Mid Sussex, but is not uncommon for shire districts this year as a direct result of the Covid pandemic adversely affecting all sources of income. However, since the last Budget Management Report to Cabinet in July, the Government has announced the Local government income compensation scheme for lost sales, fees and charges to help fund these losses. Based on our latest forecast we estimate to receive £2,176,000 (to the nearest £'000) in Government funding in 2020/21, which will partly mitigate the net overspend highlighted in paragraph 2 above, reducing the net overspend for the year to £2,065,000. Further detail is set out in paragraph 30 below.
4. Lastly, following a review of the planned use of Specific Reserves it is proposed that a further £1,851,000 (to the nearest £'000) is transferred back to General Reserve to help mitigate the forecast overspend. Officers will continue to look at ways to mitigate the remaining forecast net overspend as the year progresses.

Recommendations

5. **To recommend to Council for approval:**
 - (i) **that £504 grant income relating to New Burdens funding to meet costs of implementing Local Allowance changes be transferred to General Reserve as detailed in paragraphs 33;**
 - (ii) **that £11,630 grant income relating to Rough Sleepers Initiative be transferred to Specific Reserve as detailed in paragraph 34;**
 - (iii) **that. £40,000 grant income relating to Neighbourhood Planning be transferred to Specific Reserve as detailed in paragraph 35;**
 - (iv) **that. £45,000 grant income from the Business Rates Pool received in respect of Journey to Work funding be transferred to Specific Reserve as detailed in paragraph 36;**

- (v) that £10,870 grant income relating to the costs of the move to Individual Electoral Registration be transferred to Specific Reserve as detailed in paragraph 37;
- (vi) that £46,230 grant income relating to the Planning Performance Agreement be transferred to Specific Reserve as detailed in paragraph 38;
- (vii) that Specific Reserves be re-designated as detailed in paragraphs 39 to 44;
- (viii) that Specific Reserves totalling £1,850,959 be transferred to General Reserve as detailed in paragraph 29 and Appendix B;
- (ix) the variations to the Capital Programme contained in paragraph 52 in accordance with the Council's Financial Procedure rule B3.

To note:

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

Position to the end of July 2020

6. This is the second 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 four months of 2020/21 and to give an indication of the likely position at the end of the year.

Expenditure and Income to date

7. 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 July 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 July 2020						
INCOME	2020/21 Actual to July £'000	Profiled 2020/21 Budget £'000	2020/21 Original Budget £'000	Pressure/ (Saving) To end July £'000	Pressure/ (Saving) To end May £'000	Projected Year-end Variance £'000
Car Park Charges Development	(165)	(727)	(2,151)	562	364	939
Management Fees	(427)	(498)	(1,494)	71	101	563
Building Control Fees	(124)	(215)	(549)	91	69	154
Land Charges	(50)	(57)	(153)	7	15	0
Licensing Act Fees	(25)	(16)	(145)	(9)	(2)	0
Hackney Carriage Fees	(39)	(46)	(139)	7	13	0
Outdoor Facilities Income	(34)	(101)	(279)	67	64	114
Garden Waste	(355)	(423)	(1,459)	68	14	113
Leisure Contract Income	(0)	(482)	(1,444)	482	241	1,564
Industrial Estates Rents	(509)	(549)	(1,344)	40	5	88
Town Centre Rents	(1,098)	(1,236)	(2,867)	138	66	284
Depot Rent	(38)	(38)	(80)	0	1	0
General/Miscellaneous Property	(156)	(148)	(291)	(8)	16	(15)
Total Income	(3,020)	(4,536)	(12,395)	1,516	967	3,804
EXPENDITURE						
Staffing costs	4,180	4,272	12,815	(92)	(45)	(276)

8. Car parking income is below budget by £562,000 in the first four months of the financial year. This is detailed in Table 2 below. This is made up of lower than budgeted Season Ticket income, £87,000 and Pay and Display income £475,000. The nine-week suspension of Car Park charges during the Covid19 lockdown, resulted in a total loss of Season Ticket income due in that period of £28,000. Although Car Parks charges recommenced from 8 June 2020, further losses are anticipated for the remainder of the year as ticket holders may not renew. This is however, difficult to predict. This is estimated to be a further loss of £41,000, which represents a 25% loss on budget for the remainder of the year.
9. With respect to Pay and Display income, there was also a total loss of income for the nine week period, when charges were suspended, with the exception of some receipts, where customers continued to pay despite the signage. Following this, a further 30% loss on budget was recorded for July and this is now forecast for the remainder of the year and potentially more permanently. It is obviously difficult to predict the long-term impact of Covid-19. The total projected shortfall for Pay and Display income has been amended to reflect actual income to the end of July, which recorded a betterment of £10,000 on the previous forecast, which is now revised to £870,000. This is shown in Appendix A of this report. These forecasts will be kept under review for the remainder of the year.

	<i>Actual April to July</i>	<i>Outturn 2019/20</i>	<i>Forecast 2020/21</i>
	<i>(Over)/ under target £'000</i>	<i>(Over)/ under target £'000</i>	<i>(Over)/ under target £'000</i>
Pay & Display tickets	475	(58)	870
Season Tickets	87	13	69
Total additional income	562	(45)	939

10. At the end of July, a shortfall in planning application fee income is showing of £71,000. We previously forecast a 40% shortfall in income compared to budget for the year based on the position at the end of May. The shortfall is thought to be entirely related to the effects of Covid-19, where a reduction in larger applications has been evident. This uncertainty is expected to continue for the foreseeable future and recovery of income to levels pre-Covid is not anticipated for this financial year. Although there has been some recovery on this position in July due to one large application, it is too early to revise the projection but this will be kept under review for the remainder of the year. The forecast has been amended to reflect the updated actual income to July, which revises the forecast to £563,000, a betterment of £35,000 since the last report and this is showing in Appendix A of this report.
11. At the end of July, Building Control Income is under target by £91,000. There was a shortfall of £103,000 at outturn 2019/20 compared to 2020/21 budget. This shortfall in income pre-Covid, is not expected to recover and was forecast as an ongoing 2019/20 pressure in the last report. After allowing for this forecast shortfall, it is expected that further losses of income in respect of Covid will be limited to the shortfall to date with recovery to pre-covid income levels for the remainder of the year. This is a revision to the previous projection where losses of 30% of budget are no longer forecast. The forecast has therefore been amended to show a revised projected shortfall of £154,000, a betterment of £110,000 since the last report and this is showing in appendix A of this report.
12. At the end of July Land Charges income is below budget by £7,000. However, the number of searches has increased again in June and July and no variation to the full year projection is anticipated at this stage.
13. Licencing income is £9,000 above target for April to July. 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 £7,000 for the first four months of this financial year. This is mainly due to the profiling of income, which can fluctuate.

15. Outdoor facilities income is £67,000 below budget after the first four months of the year. This is partly due to income profiles, but this can vary from the income due for specific periods. The service issued refunds in the early part of the year in respect of poor weather cancellations for 2019/20, and in the period to the end of May due to Covid-19 and these amounted to £17,000. The forecast previously reflected an expectation of a complete closure of facilities which generate sporting income to the end of June and the reopening of Playgroups from September onwards. No forecast loss in Ground rent income has been projected. No significant change to this projection is forecast at this stage, but this will be kept under review for the remainder of the year.
16. Based on the current budget profile, Garden Waste income is £68,000 below target at the end of July. The forecast was previously amended to reflect £113,000 shortfall for the year, which is due to the four-week suspension of Garden Waste collections at the start of the Government lockdown due to Covid-19. The month suspension is being addressed through an extension of customer's existing annual contracts by one month.
17. The Government instructed leisure facilities to close on 20 March 2020. This required the Council, in accordance with the contract, to negotiate with the contractors a sum to support the closure of the Leisure centres, which includes a requirement to forego income in respect of the Management Fee. The forecast previously allowed for an assumed credit of eleven days in March from when the Centres closed, of £43,000. However, it has since been agreed to credit the entire month of March, a further £77,000 loss of income. This is showing in Appendix A of this report. Due to the ongoing government restrictions the centres are not expected to reopen at normal capacity for the remainder of the year and these costs relating to forecast operational losses, are separately included in Appendix A of this report.
18. The actual to July 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. The impact of Covid-19, and any subsequent shortfall in income, has been included in the projection for the year.
19. Industrial Estates rent is £40,000 below the target at the end of July. The full year projection was adjusted in the May report to Cabinet. There is no further adjustment to the projection at this stage.
20. Town Centre rent is £138,000 below the target at the end of July. A forecast pressure of £200,000 relating to the supplementary rent for the Market Place Car Park was reported in May. A further pressure of £84,000 has been identified which relates to bad debts for rental income at The Orchards Shopping Centre as a result of Covid-19. The year-end projection has been amended accordingly.
21. Depot rent is showing a nil variation to budget for April to July. No change to the full year projection is anticipated at this stage.
22. General/miscellaneous property income is £7,500 above the target at the end of July. This is due to the receipt of unbudgeted rent for The Redwood Centre. There will be a further receipt during the year and the full year projection has been amended to £15,000.

23. The salaries expenditure to the end of July is showing a saving of £92,000 against the profiled budget, which is mainly due vacant posts as well as the budgeted pay award that remains unpaid to date as the Local Government Pay Settlement for 2020/21 is yet to be agreed. The forecast year-end variance currently stands at a saving of £276,000 as detailed in Appendix A of this report. 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 July 2020), is an overspend of £4,278,000. However, this is further reduced to £4,241,000 following the use of the Covid-19 Emergency Fund Specific Reserve totalling £37,000, as detailed in paragraph 26 below.

Covid-19 related pressures to the end of July 2020

25. The overall pressures outlined in Appendix A of this report contain both unbudgeted expenditure and downturn in income as a result of the on-going impact of Covid-19.
26. As previously reported, these have been partly funded from the Emergency Covid-19-non-ringfenced grant monies received on 14 May 2020 from MHCLG totalling £1,499,659. It is also proposed to use the Covid-19 Emergency Fund Specific Reserve totalling £37,729 created at Outturn 2019/20 from grant received by MHCLG. On 17 July MHCLG announced a third tranche of Emergency Covid-19 funding to Local Authorities. As with the second tranche, this third tranche of unbudgeted grant income has been included in Appendix A of this report and has had the effect of reducing the forecast year-end position (at the end of July 2020) by £170,965. The total Emergency Covid-19 funding received by Mid Sussex to date stands at £1,708,353.

Table 3 Covid-19 Related Pressures 2020/21

<i>Expenditure / Income</i>	Pressure To end of July £'000	Projected Year-end Variance £'000
Digital & Technology – IT equipment and temporary member of staff for the IT Helpdesk	53	53
Corporate Facilities - additional cleaning of offices and securing of outdoor facilities	14	30
Customer Services - publicity	3	3
Housing Rough Sleepers (now met from reserves)	26	26
Refuse Collection (cost of social distancing additional trucks)	29	29
Garden Waste change to service notification	20	20
Postponement of 1-2-3- trial notification	2	2
Leisure Centres – costs of closure	943	1,132
Leisure Centres -costs of reopening	0	1,421
Leisure Closure Consultancy	5	10
Playground Reopening -Cleaning and signage	6	65
Car Parks signage	10	10
Garden waste income	68	113
Leisure Management Fee income	601	1,564
Planning Fee income	71	563
Building Control income	91	51
Car Parking income	562	939
Outdoor Facilities income	67	114
Town Centre Rents income	84	84
Total	2,655	6,229

Proposed Mitigation of Forecast Overspend

27. Work has been ongoing to identify how to mitigate the overspend not covered by the MHCLG Emergency Covid-19 funding totalling £1,708,353 as detailed above.
28. It is proposed, where possible, to utilise Specific Reserves to minimise the impact of the Covid-19 related pressures and loss of income on Revenue spending. It is also proposed to return Specific Reserve monies to General Reserve where Specific Reserves are no longer needed, so as to increase the balance in General Reserve that is available to support the Revenue overspend.
29. Revenue savings created through the proposed use of Specific Reserves to support the Revenue overspend have been included in Appendix A of this report totalling £327,000 (to the nearest £'000). Appendix B sets out the proposed transfer of Specific Reserves monies back to General Reserve. Members are requested to approve that these sums totalling £1,850,959, to be transferred to General Reserve and be available to support the Revenue overspend at year end.

30. Since the last Budget Management Report to Cabinet 6 July 2020, Central Government have announced a new one-off income loss scheme which will compensate councils for irrecoverable and unavoidable losses from sales, fees and charges income generated in the delivery of services, in the financial year 2020-21. This Local government income compensation scheme will involve a 5% deductible rate, whereby councils will absorb losses up to 5% of their planned sales, fees and charges income, with the government compensating them for 75p in every pound of relevant loss thereafter. By introducing a 5% deductible the government is accounting for an acceptable level of volatility, whilst shielding authorities from the worst losses. Based on the latest forecast as at the end of July, we therefore estimate to receive £2,176,000 (to the nearest £'000) in Central Government funding in 2020/21 once this scheme is implemented.
31. Table 4 below summarises the Council's position after the implementation of the proposed plans to mitigate the current net overspend variance set out above, showing a remaining forecast net revenue overspend of £2,064,000 to be addressed by year end.

	<i>£'000</i>	<i>Note</i>
Forecast Revenue Overspend @ end of July 2020	4,278	<i>Appendix A</i>
Use of MHCLG Emergency Covid-19 Specific Reserve	(37)	<i>Para 26</i>
Forecast Grant from Local Government income compensation scheme	(2,176)_	<i>Para 30</i>
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Total remaining Forecast Net Revenue Overspend	2,065	
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Miscellaneous

32. The total remaining in Balance Unallocated is unchanged at £28,000 as there has been no utilisation to date.
33. In July, we received a grant of £504 from Department for Work and Pensions relating New Burdens funding to meet costs of implementing Local Allowance changes. This grant is not ring-fenced for 2020/21 and Members are requested to approve the transfer of this to General reserves.
34. In June the Council received £11,630 from MHCLG in respect of a Rough Sleepers Initiative. The purpose of this grant is to provide additional services for rough sleepers and Members are requested to approve that this sum be earmarked in Specific Reserve for Outreach work to be undertaken by Housing Services.
35. In June, the Council also received a grant payment of £40,000 from MHCLG, in respect of Neighbourhood Planning Grant. Members are requested to approve the transfer of this sums to supplement the existing specific reserve to meet costs as they arise.
36. In June, we received grant payments totalling £45,000 from the Business Rates Pool in respect of Journey to Work funding, to fund work being undertaken by the Employment Projects Co-ordinator. Members are requested to approve the transfer of this sum to Revenues and Benefits New Burdens specific reserves to meet this additional cost.

37. At the end of July, we received the sum of £10,870 from the Cabinet Office in respect of Individual Electoral registration grant to cover the costs of the move to Individual Electoral Registration. Members are requested to approve the transfer of this sum to specific reserves to meet this additional cost.
38. An invoice was raised to Homes England in respect of a Planning Performance Agreement on 29th July for £46,230. This is to help offset the costs of the Northern Arc Strategic Development work and Members are requested to approve the transfer of this sum to the Burgess Hill Growth Specific reserve to meet this purpose.
39. Members are requested to reallocate £50,000 from Flexible Homeless Grant Reserves to augment the existing Housing Rent in Advance scheme, which will be used in the form of a recyclable loan fund to assist eligible households into private rented properties.
40. A reserve funded by grant from DCLG for County Court Desk was approved at Cabinet 6th June 2011 to fund additional resources to prevent homelessness in the future through defending court proceedings. Members are now requested to reallocate the sum of £13,990 to help manage additional pressures in respect of the Choice Based Lettings scheme arising from recommissioning the system and to manage the transition to the new system.
41. A reserve funded by grant from DCLG was approved in 2017/18 to meet the costs of new burdens in respect of Overhauling Statutory Homelessness data. The grant is no longer required for this purpose and Members are requested to reallocate the sum of £9,202 to help manage additional pressures in respect of the Choice Based Lettings scheme arising from recommissioning the system and to manage the transition to the new system.
42. A reserve was previously created to hold preventing homelessness New Burdens grants received from MHCLG, to support Local Authorities in fulfilling their duties under the Homelessness Reduction Act. Members are requested to approve the transfer of the balance in this reserve of £115,734 to the Flexible Homelessness Grant reserve with the same purpose of supporting Local Authority efforts in preventing and dealing with Homelessness.
43. A reserve was created in 2016/17 to meet the cost of the Technically, Environmentally or Economically Practicable (TEEP) recycling assessment. The balance of this reserves is no longer required for this purpose and members are requested to reallocate £8,215 to create a reserve to pay for consultancy support for remodelling/redesign of services and re-procurement options work for the Commercial Services and Contracts area.
44. A reserve created to fund future Waste and recycling projects is no longer required and members are requested to reallocate £71,785 to create a reserve to support the development of a business case for the future operation of the service.

CAPITAL SPENDING ON CAPITAL PROGRAMME AND REVENUE PROJECTS

Position to the end of July 2020

45. The Capital Programme and Revenue Projects for 2020/21, now stands at £4,229,000. This includes slippage from the 2019/20 Capital Programme and current year capital project variations, as reported to Cabinet 6 July 2020. The actual and commitments to the end of July 2020 total £2,717,000.

Variations to the 2020/21 Capital Programme and Revenue Projects

46. At this early stage in the year the major variations are set out in table 5 below, the remainder being a number of smaller variations totalling less than £100,000.

	<i>Variations</i> £'000 (overspend)	<i>Variations</i> £'000 (underspends)	<i>Notes</i>
Goddards Green Sewage Treatment works	405		1
Disabled Facility Grants		(804)	2
Improvements to St John's Pavilion		(180)	3
Total	405	(984)	

Notes:

Planning Policy

- (1) Goddards green Sewage Treatment Works - Mid Sussex is the Accountable body for a Grant from the Coast to Capital Local Enterprise Partnership. Any works completed are funded from a grant claim in 2020/21.

Environmental Health

- (2) Demand-led Housing adaptations service for which a further £562,861 has been committed as at end of July. No forecast variation is anticipated at this stage.

Corporate Estates & Facilities

- (3) Improvements to St. John's Pavilion – works due to commence in August.

Proposed Variations to the Capital Programme and Revenue Projects

47. At Outturn 2019/20, £25,000 was reported relating to the cost of disposal of Handcross Car Park to secure the release of covenants required to enable the sale of this land. In 2020/21, a further £15,395 has been incurred for professional fees. These costs will be offset by the capital receipt once the disposal is completed. The Capital Programme has been updated to reflect the current year's cost of this project.
48. Outturn 2019/20 resulted in the slippage to 2020/21 of a residual £1,000 for the Oaklands CCTV Major Capital Renewals (MCR) project. As this is no longer required, this will now be transferred to support the cost of the Major Capital Renewal Project to Replace the Intruder Alarms at Oaklands, increasing this project total for 2020/21 to £33,000.
49. The current Capital Programme includes a project for the purchase of laptops following the need for flexible working due to the Covid-19 pandemic. A budget of £58,000 was approved in the April to May Budget Management Report. Since then, further laptops have been purchased totalling £12,000 and as a result, this budget will need to be increased to £70,000. The current Capital Programme has been amended accordingly and will be funded from General Reserve.

50. The 2019/20 Capital Programme included a capital budget for Hurst Farm development costs. However, further planning consultant fees and various studies in the lead up to a revised application coming forward for outline planning permission is being carried out. The projected total of these costs is £50,000. The Capital Programme has been updated accordingly and the cost will need to be met from General Reserve.
51. The current Capital Programme includes £90,000 for the Burgess Hill Station Revenue Project. However, costs totalling £34,000 were incurred in 2019/20 which were charged to this project but are met from external grant funding. Therefore, the project can be reduced by £34,000 to £56,000 in 2020/21 which will be funded from the balance of external grant already received and held in Specific Reserve at Outturn 2019/20. The programme has been amended accordingly.
52. Proposed capital variations are summarised in table 6 below:

Table 6: Capital Programme and Revenue Project Variations April to end July 2020		
	<i>Apr to July</i>	<i>Ref</i>
	<i>£'000</i>	
<u>Capital Projects</u>		
Disposal of Handcross car park	15	<i>Para 47</i>
Oaklands CCTV	(1)	<i>Para 48</i>
Replace Intruder Alarms Oaklands	1	<i>Para 48</i>
Covid 19 – purchase of laptops	12	<i>Para 49</i>
Hurst Farm Development Costs	50	<i>Para 50</i>
<u>Revenue Projects</u>		
Burgess Hill Station Project	(34)	<i>Para 51</i>
Total	<u>43</u>	

53. Taking into account the change detailed above, the overall effect is an increase to the current capital programme for 2020/21 of £43,000. Therefore, the revised programme total for 2020/21 now stands at £4,272,000.

Capital receipts and contributions received to the end of July 2020

54. S106s and grant contributions of £328,164 have been received in the period April to July 2020.

S106 contributions committed/utilised to the end of July 2020

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

Table 7 S106 utilisation 2020/21		
	<i>Apr to July</i>	<i>Note</i>
	<i>£'000</i>	
West Sussex County Council	87	<i>1</i>
West Sussex County Council	12	<i>2</i>
West Sussex County Council	9	<i>3</i>
Albourne Parish Council	5	<i>4</i>
Total	<u>113</u>	

Notes

- 1 Utilisation of Sustainable Transport (TAD) contribution (P35/638b £11,977, P35/697 £17,515, P35/750 £30,707 & PL13-001074 £26,871) S106 monies for a Cycle Route from Sayers Common to Downlands School, as agreed by the Cabinet Member for Housing and Planning on 5 May 2020 MIS 18 6 May 2020.
- 2 Utilisation of Sustainable Transport (TAD) contributions P35/625a £1,289 & P35/781 £140) and Local Community Infrastructure contribution (P35/491 £10,499) S106 monies for the installation of a pedestrian crossing opposite Burgess Hill School for Girls, as agreed by the Cabinet Member for Housing and Planning on 18 May 2020 MIS 20 21 May 2020.
- 3 Utilisation of Sustainable Transport (TAD) contribution (P35/489 £8,903) S106 monies for the upgrade of Footpath 29Cu (A272 Lewes Road, Haywards Heath), as agreed by the Cabinet Member for Housing and Planning on 11 June 2020 MIS 24 17 June 2020.
- 4 Utilisation of Sustainable Transport (TAD) contribution (P35/572 £ 5,289) S106 monies for the purchase of portable Speed Indicator Device (SID) and installation of Village Gateways as part of their Traffic Calming Project, as agreed by the Cabinet Member for Housing and Planning on 22 July 2020 MIS 29 22 July 2020.

TREASURY MANAGEMENT INTEREST

56. Treasury Management interest for this financial year was projected in the Budget Report to be £354,475 at an average rate of 1.0%. The Budget Report is prepared well before many of the cash flow items are known.
57. The forecast for investment income is under target due to the continuous reduction in the rates available in the market and the lower than budgeted level of capital receipts received in the year to date. Consequently, actual Treasury Management interest earnings for the first four months of 2020/21 were £76,174 at an average rate of 0.559%, which is still relatively high due to the fixed term investments made prior to March. The average interest rate will continue to drop as these investments mature. It is also depressed because of the policy to not place any fixed term deposits for the first four months of the year which means that this year's cash is only earning around 0.25% in the money market funds. This has been necessary due to the uncertainty of the Council's financial position due to the impact of Covid-19 on our revenue income streams. The average rate may improve if either market rates increase, or the Council decides to opt for some longer terms. This position will continue to be monitored closely as we progress through the year. A very cautious estimated year-end projection for Treasury Management to be earned in the year is £148,741 being £205,734 under target.

Local Authority Property Fund Dividends

58. 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. Dividends received for the quarter ending 30 June are £63,829 less management expenses of £8,666. Therefore, the net income to the Council is £55,163 as at the end of June 2020. £240,000 is budgeted to finance the Revenue Budget in the current year. Based on the first quarter dividend, this is likely to result in a shortfall of £19,348 by year-end, therefore any shortfall will need to be funded from General Reserve. However, this will continue to be monitored and further updates will be reported in future Budget Management Reports

POLICY CONTEXT

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

FINANCIAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

61. There are no risk management implications.

EQUALITY AND CUSTOMER SERVICE IMPLICATIONS

62. There are none.

OTHER MATERIAL IMPLICATIONS

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

Background Papers

Revenue Budget 2020/21

Appendix A

Forecast Budget Variations for 2020/21 at the end of July 2020

	<i>Pressures in 2020/21</i>	<i>Notes</i>
	<i>£'000</i>	
April to May pressures Cabinet 6 July 2020	4,649	
Ongoing pressure – additional 0.75% pay award offer for 2020/21	89	1
Reversal On-going Pressure from 2019/20 – Temporary Accommodation	(33)	2
Reversal of pressure - Housing Rough Sleepers (Covid-19)	(26)	2
Reversal of pressure - Housing Temporary Accommodation	(64)	2
Covid-19 additional costs – Digital & Technology – IT equipment	26	3
Covid-19 additional costs – Corporate Facilities – additional cleaning	11	3
Covid-19 additional costs – Customer Services - publicity	3	3
Leisure Centres Closure costs (Covid-19)	612	3
Leisure Centres Re-opening costs (Covid-19)	1,421	3
Car Parks Signage (Covid-19)	10	3
Playground reopening – Cleaning and Signage (Covid-19)	65	3
Garden Waste change to service notification	20	3
Postponement of 1-2-3 trial notification	2	3
The Orchards – provision for bad debt (Covid-19)	84	3/4
Corporate Estates – legal and feasibility costs	21	5
Digital & Technology - salaries	7	6
Reversal of Car Parks Income pressure (Covid-19)	(10)	7
Reversal of Planning Fee Income pressure (Covid-19)	(35)	8
Reversal of Building Control Income pressure (Covid-19)	(110)	9
Leisure Management Fee (Covid-19)	77	10
	6,819	

Notes:

- (1) The pay award offer for 2020/21 is 2.75%, which is an additional 0.75% above the budgeted pay award for 2020/21 of 2%. This is an ongoing pressure, which will also increase base budgets for future years.
- (2) Following a review of Specific Reserves to help mitigate the effects of Covid-19 on the Revenue Budget, these previously reported pressures will now be met from Specific reserves.
- (3) See Table 3 above.
- (4) See paragraph 20.
- (5) Legal and feasibility costs relating to bringing forward land for development.
- (6) Additional cost of a temporary post within Digital and Technology which is partly offset by a vacancy within the team.
- (7) See Paragraph 8&9.
- (8) See Paragraph 10.
- (9) See Paragraph 11.
- (10) See Paragraph 17.

Appendix A

Forecast Budget Variations for 2020/21 at the end of July 2020

	<i>Savings in 2020/21</i>	<i>Notes</i>
	<i>£'000</i>	
April to May savings Cabinet 6 July 2020	(1,790)	
Reversal of budgeted payment to reserves – Supported Housing	(25)	11
Reversal of budgeted payment to reserves – Development Plan	(71)	11
Reversal of budgeted payment to reserves - Waste	(40)	11
Revenue savings – Review of reserves – Civica Contract	(2)	12
Revenue saving –Review of reserves Coms Services-salaries	(22)	12
Revenue savings – Review of reserves – IER Grant	(40)	12
Revenue savings – Review of reserves – Civic Events	(2)	12
Revenue savings – Review of reserves – Land Charges Staff	(2)	12
Drainage repairs	(53)	13
Rental income – The Redwood Centre	(15)	14
Development Management salaries	(47)	15
Planning Policy salaries	(21)	16
Economic Development	(35)	17
Building Control Salaries	(26)	18
Environmental Health Salaries	(9)	19
MHCLG Business Grant	(170)	20
COVID 19 Emergency funding S31 Grant	(171)	21
	(2,541)	

Notes:

- (11) Following a review of Specific Reserves to help mitigate the effects of Covid-19 on the Revenue Budget, these budgeted payments to Specific reserves included in the 2020/21 Corporate Plan and Budget report, will no longer go ahead.
- (12) Following a review of Specific Reserves to help mitigate the effects of Covid-19 on the Revenue Budget, these budgeted items will now be met from Specific reserves
- (13) Reduction in drainage repairs undertaken due to Covid-19 and staff shortage within the drainage team.
- (14) Refer Paragraph 22.
- (15) Salary savings due to vacant posts.
- (16) Salary savings due to vacant posts.
- (17) A sum of £35,000 had been identified to fund the second stage of the feasibility work to explore a Business Improvement District (BID) for Haywards Heath. That work has been postponed as a consequence of the impact of Covid-19. In the current economic environment, the local small business who make up the key stakeholder group for the BID are fully occupied with day-to-day business recovery. It is not feasible to engage with them on wider strategic initiatives such as the BID proposal until there is greater certainty around Covid-19 and the wider economy.
- (18) Salary savings due to a vacant post.
- (19) Salary savings due to vacant posts.

Appendix A

- (20) A grant of £170,000 was received from MHCLG in respect of New Burdens Business Grants. This grant is not ringfenced and can therefore be used to support the Revenue position for 2020/21.
- (21) Refer Paragraph 26.

Appendix B

	Unearmark non-essential to GR	Notes:
	£	
Specific Reserve		
<i>Housing</i>		
Housing Needs Survey	9,000	1
Gypsy and Traveller Site provision	13,089	2
CPO Fund for empty homes	35,000	3
<i>Building Control</i>		
High-rise Residential Building Data Collection SR	1,779	4
<i>Planning Policy & Economic Development</i>		
Neighbourhood Planning Non Frontrunners	55,000	5
Specialist advice studies - expansion of Gatwick airport	91,259	6
Burgess Hill Growth	200,000	7
Martlets relocation	133,355	8
Business Digitalisation	15,707	9
<i>Development Management</i>		
Development Management Temporary Staff	790	10
Brownfield Register	20,130	11
<i>Cleansing Services</i>		
Waste TEEP Assessment	25,810	12
Communal Recycling Quality	17,705	13
A23 Highway Cleansing Reserve	15,213	14
<i>Community Services, Policy & Performance</i>		
Emergency Planning	5,000	15
<i>Corporate Estates and Facilities</i>		
Planned Asset Maintenance Specific Reserve (TBA)	49,889	16
WSCC Watercourse delegated function	17,338	17
Property Consultants	14,495	18
<i>Landscapes and Leisure</i>		
Invest to Save	4,527	19
IBO Client - Outstanding Insurance Claims	1,765	20
Illegal Incursions Preventative Works Reserve	15,218	21
Parks Improvements	39,000	22
<i>Finance Corporate</i>		
Insurance Reserve	61,308	23
Audit Costs	15,917	24
<i>Revenues & Benefits</i>		
Localising council tax support administration	129,199	25
Revenues & Benefits New Burdens	135,075	26
Census Partnership Disaggregation	35,720	27
<i>Digital & Technology</i>		
Inspire Hosted Software Solution Specific	4,631	28
ICT PSN related work	6,659	29
ICT - Replacement GIS Software	4,484	30
<i>Human Resources & Payroll</i>		
Corporate Training	1,259	31
<i>Democratic Services</i>		
District Elections	75,639	32
<i>Corporate Funds</i>		
Benefits Equalisation	500,000	33
Benefits & CTSS Equalisation Reserve	100,000	34
TOTAL SPECIFIC RESERVE TRANSFER TO GENERAL RESERVE	1,850,959	

Notes:

Housing

- (1) Remaining work estimated to be lower than reserve sum.
- (2) No further call on this reserve.
- (3) Remaining work estimated to be lower than reserve sum.

Building Control

- (4) Costs managed within existing staff resources.

Planning Policy & Economic Development

- (5) Remaining work estimated to be lower than reserve sum.
- (6) Not presently needed; future need uncertain.
- (7) Consultants budget reduced as result of existing staff being skilled up.
- (8) No further call on this reserve from users.
- (9) Alternative funding secured.

Development Management

- (10) No further call on this reserve.
- (11) No further call on this reserve.

Cleansing Services

- (12) Remaining work estimated to be lower than reserve sum.
- (13) No further call on this reserve.
- (14) No longer required.

Community Services, Policy and Performance

- (15) The risk of an incident requiring the use of this reserve is low.

Corporate Estates and Facilities

- (16) No further call on this reserve.
- (17) No further call on this reserve.
- (18) No further call on this reserve.

Landscapes and Leisure

- (19) No further call on this reserve.
- (20) No further call on this reserve.
- (21) No further call on this reserve.
- (22) Remaining work estimated to be lower than reserve sum.

Finance Corporate

- (23) No planned utilisation.
- (24) No further call on this reserve.

Revenues and Benefits

- (25) No further call on this reserve.
- (26) Remaining work estimated to be lower than reserve sum.
- (27) No further call on this reserve.

Digital & Technology

- (28) No further call on this reserve.
- (29) No further call on this reserve.
- (30) No further call on this reserve.

Human Resources & Payroll

- (31) No further call on this reserve.

Democratic Services

- (32) Remaining work estimated to be lower than reserve sum.

Corporate Funds

- (33) There are no longer large calls on this reserve to fund audit qualification adjustments, following post Census improvements.
- (34) No further call on this reserve.