

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

REPORT OF: Head of Corporate Resources
Contact Officer: Cathy Craigen, Chief Accountant
Email: Cathy.craigen@midsussex.gov.uk Tel: 01444 477384
Wards Affected: All
Key Decision: No
Report to: Cabinet
8th February 2021

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Purpose of Report

1. This report reviews the progress on the Revenue Budget, Capital Programme and Revenue Projects and Treasury Management for 2020/21.

Summary

2. The forecast revenue outturn position for 2020/21 at the end of December is showing a projected net overspend of £1,925,000 against the original budget, after the use of Covid-19 Emergency Funding received totalling £1,808,000 (refer paragraph 28 of this report) and after taking account of further Government funding due to be received in the remainder of the year, which is summarised in paragraph 3 below.
3. As previously reported, the 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, the Income Compensation Scheme for lost sales, fees and charges will help fund some of these losses and to date we have received a total of just under £842,000. Based on our latest forecast we estimate to receive a further £1,108,000 under this scheme in 2020/21. This has been included as part of the projected net overspend position highlighted in paragraph 2 above.
4. In order to transparently provide finance to support the leisure centres through the pandemic, the Cabinet is recommended to create a specific reserve to cover the costs of the repeated closing and reopening of the facilities. This will be financed by a £500k transfer from General Reserve.
5. Finally, the last Budget Management highlighted the potential change to projected financial forecasts at that time, as a result of the second lockdown that commenced on 5 November. Since then, further Government announcements lead to the district being placed in Tier 4 from Boxing Day and then in a national lockdown from 5 January 2021. This will almost certainly change the projected forecasts within this report, but further income losses will be covered by the Income Compensation scheme.

Recommendations

6. **To recommend to Council for approval:**
 - (i) **that £500,000 be transferred to a Leisure Covid Support Reserve from General Reserve as detailed in paragraph 19;**
 - (ii) **that £38,170 grant income relating to Rough Sleepers Initiative be transferred to Specific Reserve as detailed in paragraph 32;**

- (iii) that £76,500 grant income relating to New Burdens funding to cover the cost of administering the new Business grants in respect of Covid be transferred to Specific Reserve as detailed in paragraph 33;
- (iv) that £48,631 grant income relating to Local Authority Compliance and Enforcement grant be transferred to Specific Reserve as detailed in paragraph 34;
- (v) that £9,663 grant income relating to New Burdens funding for Housing Benefit Accuracy Award Initiative and Severe Disability Premium Gateway Initiative be transferred to Specific Reserve as detailed in paragraph 35;
- (vi) that £75,000 grant income relating to support in respect of Covid-19 preventative interventions delivered by Environmental Health teams be transferred to Specific Reserve as detailed in paragraph 36;
- (vii) that £61,418 grant income in respect of Journey to Work funding, to fund work being undertaken by the Employment Projects Co-ordinator be transferred to the Revenues and Benefits New Burdens Specific Reserve as detailed in paragraph 37;
- (viii) that £26,026 grant income to Implement the Test and Trace Support Payment scheme be transferred to the Revenues and Benefits New Burdens Specific Reserve as detailed in paragraph 38;
- (ix) the variations to the Capital Programme contained in paragraph 48 in accordance with the Council's Financial Procedure rule B3;
- (x) that prior year debtors in respect of Horsham District Council's Contribution to the Census Partnership be written off as detailed in Appendix A of this report.

To note:

- (xi) the remainder of the report.
-

REVENUE SPENDING

Position to the end of December 2020

7. 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 2020/21 and to give an indication of the likely position at the end of the year.

Expenditure and Income to date

8. 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.

Table 1: Key income/expenditure to the end of December 2020

INCOME	2020/21 Actual to December £'000	Profiled 2020/21 Budget £'000	2020/21 Original Budget £'000	Pressure/ (Saving) To end December £'000	Pressure/ (Saving) To end September £'000	Projected Year-end Variance £'000
Car Park Charges	(814)	(1,624)	(2,151)	810	608	968
Development						
Management Fees	(920)	(1,121)	(1,494)	201	168	318
Building Control Fees	(308)	(426)	(549)	118	97	141
Land Charges	(168)	(116)	(153)	(52)	(10)	(40)
Licensing Act Fees	(126)	(134)	(145)	8	(19)	0
Hackney Carriage Fees	(83)	(104)	(139)	21	13	0
Outdoor Facilities Income	(150)	(238)	(279)	88	49	99
Garden Waste	(1,112)	(1,098)	(1,381)	14	65	15
Leisure Contract Income	120	(1,083)	(1,444)	1,203	842	1,564
Industrial Estates Rents	(1,015)	(1,062)	(1,344)	47	64	138
Town Centre Rents	(2,217)	(2,463)	(2,867)	246	189	284
Depot Rent	(63)	(60)	(80)	(3)	2	0
General/Misc Property	(274)	(220)	(291)	(54)	(39)	(44)
Total Income	(7,130)	(9,749)	(12,317)	2,619	2,029	3,443
EXPENDITURE						
Staffing costs	9,684	9,611	12,815	73	(90)	(455)

9. Car parking income is below budget by £810,000 by the third quarter of the financial year. This is detailed in Table 2 below. This is made up of lower than budgeted Season Ticket income of £121,000 and Pay and Display income of £689,000. The nine-week suspension of Car Park charges during the Covid19 lockdown resulted in a total loss of Season Ticket income in that period of £28,000. Although Car Park charges recommenced from 8 June 2020, further losses are anticipated for the remainder of the year, as currently only 30% of season ticket holders have renewed. This is difficult to predict. We previously reported a forecast loss of £87,000 on season ticket income and this is now expected to increase by £48,000, which represents a 70% loss on budget for the remainder of the year. This is shown in Appendix A of this report.
10. With respect to Pay and Display income, there was also a total loss of income for the nine week period of the first lockdown. The period from June to December has recorded a further 34% loss. A further 30% loss on budget is now forecast for the remainder of the year and potentially more long term. The total projected shortfall for Pay and Display income has been amended to reflect actual income to the end of December. The revised forecast for the remainder of the year will be a further loss of £83,000 compared to the previous forecast, which is now revised to £833,000. This is shown in Appendix A of this report. These forecasts will be kept under review for the remainder of the year.

Table 2: Car Parking Income variance

	<i>Actual April to December</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	689	(58)	833
Season Tickets	121	13	135
Total additional income	810	(45)	968

11. At the end of December, there was a shortfall in planning application fee income of £201,000. Income to the end of December has recorded a total loss of 22% against budget for the year to date. The uncertainty in respect of the Covid impact on Planning fee income remains, and the forecast shortfall for the remainder of the year is still assumed to be 20% short of budget. The previously forecast shortfall of £318,000 for the year remains unchanged.
12. At the end of December, Building Control Income is under target by £118,000. 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 previously. 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. The previously forecast shortfall of £141,000 remains unchanged.
13. At the end of December Land Charges income is above budget by £52,000. The number of searches has continued to be high since the last report, probably due to the Stamp Duty reduction. However, this is only temporary and will not continue. An additional £25,000 of income is reported in Appendix A of this report and a full year projection of £40,000 is anticipated at this stage.
14. Licencing income is £8,000 under target for April to December. This is mainly due to the profiling of income, which can fluctuate. Therefore, the forecast remains unchanged.
15. Hackney Carriage Fees are below target by £21,000 for the first nine months of this financial year. This is mainly due to the profiling of income, which can fluctuate.
16. Outdoor facilities income is £88,000 below budget after the first nine months of the year. This is partly due to income profiles, which 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 restrictions and these amounted to £17,000. The forecast previously reflected an expectation of closure of facilities which generate sporting income for a large part of the year 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.

17. Based on the current budget profile, Garden Waste income is £14,000 below target at the end of December. 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. However, there has been further growth in subscribers to 21,000 for the current year generating a further £98,000 income, which is included in Appendix A of this report.
18. 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 closures and re-openings of the Leisure centres. The forecast previously allowed for a credit of the entire month of March 2020 and no Management Fee income for this year due to the ongoing government restrictions. The centres are not expected to reopen at normal capacity for the remainder of the year.
19. To assist with this unexpected expenditure, it is proposed to create a Specific Reserve from which to finance the costs of closure and reopening. A sum of £500k would be transferred from General Reserve; the transaction would therefore be neutral overall but would lend transparency to the support and be reported in the usual way.
20. The actual to December for the four income areas outlined in paras 21 to 24 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.
21. Industrial Estates rent is £47,000 below the target at the end of December. A forecast pressure of £88,000 was reported in May and closures due to Covid have now resulted in a further pressure of £70,000. This has been partly offset by additional rental income of £20,000. The full year projection has been amended to £138,000. This is shown in Appendix A of this report.
22. Town Centre rent is £246,000 below the target at the end of December. 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 was identified in July relating to rental income at The Orchards Shopping Centre as a result of Covid-19. There is no further adjustment to the projection.
23. Depot rent is £3,000 above the target at the end of December. No change to the full year projection is anticipated at this stage.
24. General/miscellaneous property income is £54,000 above the target at the end of December. The forecast has previously been amended due to the receipt of unbudgeted rent for The Redwood Centre. Additional income of £24,000 has been received for a habitat works licence granted to a developer. The December position is that additional income of £5,000 has been received for administration fees. The full year projection has been amended to £44,000. This is shown in Appendix A of this report.
25. The salaries expenditure to the end of December is showing a pressure of £73,000 against the profiled budget. This is mainly due to the cost of staff posts that are due to be funded from Reserves or external grant at year end. Therefore, the forecast year-end variance currently stands at a saving of £455,000 as detailed in Appendix A of this and previous reports, due to staff vacancies for the year. This position will continue to be monitored closely as we progress through the year.
26. In summary, based on current information available and as outlined in Appendix A and Table 4 below, the current forecast year-end position (at the end of December 2020), is an overspend of £1,925,000.

Covid-19 related pressures to the end of December 2020

27. 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. which are also captured in a memorandum account in Table 3 below for information only.
28. As previously reported, these have been partly funded from the Emergency Covid-19-non-ringfenced grant monies received on 14 May 2020, 17 July 2020 and 11 November from MHCLG for £1,499,659, £170,965 and £100,000 respectively. 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. The total Emergency Covid-19 funding received by Mid Sussex to date stands at £1,808,353.

<i>Expenditure / Income</i>	Pressure To end of December £'000	Projected Year-end Variance £'000
Digital & Technology – IT equipment and temporary member of staff for the IT Helpdesk	54	54
Corporate Facilities - additional cleaning of offices and securing of outdoor facilities	14	30
Customer Services - publicity	3	3
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	1,012	1,063
Leisure Centres -costs of reopening	709	1,337
Leisure Closure Consultancy	12	15
Playground Reopening -Cleaning and signage	30	65
Car Parks signage	10	10
Garden waste income	113	113
Leisure Management Fee income	1203	1,564
Planning Fee income	201	318
Building Control income	38	38
Car Parking income	810	968
Parking Financial Transactions	(15)	(15)
Outdoor Facilities income	88	99
Town Centre Rents income	84	84
Court Costs Income	103	103
Controlled Parking Enforcement Income	35	35
Total	4,555	5,935

Update on the Proposed Mitigation of Forecast Overspend

29. To date we have also submitted two claims as part of the Income Compensation scheme. The first claim covering the first four months of this year totalled just under £842,000 and allowed for the 5% deductible rate for the full year. This grant income was received in November 2020 and has been included in Appendix A of this report to offset the forecast Revenue overspend. A second claim covering the period August to November was submitted in December 2020 totalling just under £535,000. Based on the latest forecast submitted in the Government Return as at the end of November 2020, we therefore estimate to receive a further £573,000 (to the nearest £'000) in Central Government funding by the end of 2020/21, bringing the total forecast grant from the Local Government income compensation scheme to £1,950,000.
30. Table 4 below summarises the Council's position after allowing for Government support funding, showing a remaining forecast net revenue overspend of £1,925,000 to be addressed by year end.

	<i>£'000</i>	<i>Note</i>
Forecast Revenue Overspend @ end of December 2020	3,040	<i>Appendix A</i>
Use of MHCLG Emergency Covid-19 Specific Reserve	(37)	<i>Para 28</i>
Forecast Grant from Income Compensation Scheme (excludes £842k from first claim (April to July 2020) which is included above. Includes £535k due for the second claim (April to November 2020) not yet received)	(1,108)	<i>Para 29</i>
Total remaining Forecast Net Revenue Overspend to be addressed by year end	1,925	

Miscellaneous

31. Since the last report, a number of government grants have been received which are set out in the paragraphs below. Whilst Members are requested to approve that these sums are transferred to Specific Reserves, these will be reviewed at year-end should they be needed to help mitigate the Revenue overspend for 2020/21.
32. In November the Council received £38,170 from MHCLG in respect of a Rough Sleepers Initiative-Next Steps Accommodation grant. 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 work undertaken by Housing Services.
33. In December, we received £76,500 New Burdens Local Authority Discretionary grants, which is grant to cover the additional cost of administering new Business grants in respect of Covid. Members are requested to approve that this sum be earmarked to the New Burdens reserves to offset costs as they arise.
34. In November, the Council received £48,631 from MHCLG for Local Authority Compliance and Enforcement grant, which is a grant to aid activities to raise Business and Public awareness of Regulations and guidance in respect Covid 19 restrictions, encouraging compliance and enforcement where necessary. Members are requested to approve this sum be earmarked in Specific Reserve for this purpose.

35. In November, we received £8,825 and £838 from Department for Work and Pensions in respect of New Burdens for Housing Benefit Accuracy Award Initiative and Severe Disability Premium Gateway Initiative respectively. Members are requested to approve that these sums be earmarked to the New Burdens reserves to offset costs as they arise.
36. In November, we received £75,000 grant from West Sussex County Council for Support in respect of Covid-19 preventative interventions delivered by Environmental Health teams. This is part of £150,000 grant in total for which a further £75,000 is expected in January. Members are requested to approve these sums be earmarked to Specific reserves for this purpose.
37. In October, we received £61,418 grant 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.
38. £26,026 was received from MHCLG in October to Implement the Test and Trace Support Payment scheme. Members are requested to approve the transfer of this sum to Revenues and Benefits New Burdens specific reserves to offset costs as they arise.

SPENDING ON CAPITAL PROGRAMME AND REVENUE PROJECTS

Position to the end of December 2020

39. The Capital Programme and Revenue Projects for 2020/21, now stands at £7,085,000. This includes slippage from the 2019/20 Capital Programme and current year capital project variations, as reported to Cabinet on 6 July 2020, 14 September 2020 and 23 November 2020. The actual and commitments to the end of December 2020 total £6,239,527.

Variances to the 2020/21 Capital Programme and Revenue Projects

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

Table 5: Expenditure Variations on the 2020/21 Capital Programme and Revenue Projects			
	<i>Variances</i> £'000 (overspend)	<i>Variances</i> £'000 (underspends)	<i>Notes</i>
<u>Capital Projects</u>			
Goddards Green Sewage Treatment works	496		1
Burgess Hill Place and Connectivity Programme		(1,851)	2
Temporary Accommodation – 5 properties	1,361		3
Disabled Facility Grants		(421)	4
Burgess Hill Library Demolition		(120)	5
<u>Revenue Projects</u>			
Telephony System Replacement Revenue Project		(201)	6
Drainage works (Revenue Project)		(109)	7
Total	1,857	(2,702)	

Notes:

Planning Policy (Capital Projects)

- (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.
- (2) Burgess Hill Place and Connectivity Programme: All spend is funded by grant claimed through WSCC from the funding providers (Coast to Capital LEP).

Housing (Capital Projects)

- (3) Housing purchases to be financed partly from balance of £127,000 held in Temporary Accommodation Specific Reserve. The remaining costs of 5 properties to be met from £1.4m earmarked Capital Receipts monies approved in Report to Council 24th June 2020.

Environmental Health (Capital Projects)

- (4) Demand-led Housing adaptations service for which a further £525,824 has been committed as at end of December. No forecast variation is anticipated at this stage.

Corporate Estates & Facilities (Capital Projects)

- (5) Burgess Hill Library Demolition – preliminary inspections and surveys have been carried out. The main demolition works are due to commence at the end of January 2021.

Digital and Technology (Revenue Projects)

- (6) Telephony System Replacement Revenue Project: First phase of implementation complete. There will be slippage into 2021/22 for phase II (as per Appendix C – revised Corporate Plan). The amount of budget to be slipped into 2021/22 will be reported at outturn.

Corporate Estates & Facilities (Revenue Projects)

- (7) Drainage Works Revenue Project: Spend to date relates to works at the Silver Birches trash screen. A further project at King George V field has commenced but progress has been held up due to Covid. Some works are still planned to happen in 2020/21 but the exact value is dependent on progress made. The remaining budget will be slipped into 2021/22 and will be reported at outturn.

Proposed Variations to the Capital Programme and Revenue Projects

41. At Council on 24th June 2020, Members agreed to provide additional funding of £4.2m from Reserves to acquire temporary accommodation to assist in meeting the Council's statutory responsibilities under the Homelessness legislation. Initially, Members agreed to make £1.4m available to purchase 5 properties, with the additional funds reserved to be accessed as funds become available. Five property purchases have now been acquired as detailed in Table 6 below, totalling £1.36m, funded partly from the balance held in the Temporary Accommodation Reserve (£127,000). The balance has been funded from Capital Receipt monies earmarked for this purpose. The current Capital Programme has been amended to reflect this.
42. In the last Budget Management Report slippage of £70,000 for the Replacement Document Management project to 2021/22 was reported. However, the original proposal was reviewed in the light of changed circumstances arising from Covid and it was decided to stay with the current provider for the next 2-3 years. As a result of this change, essential upgrades to the existing system are required which will require a budget of £20,000 in 2020/21. The current Capital Programme has been amended to reflect this.
43. The Cabinet Member for Environment and Service Delivery used his delegated authority to authorise the release of £43,350 from S106 Play Space funds ring-fenced for upgrading the play equipment at Scaynes Hill Recreation Ground. This was reported and detailed further in MIS47 on 25 November 2020. The Project Justification is also shown in Appendix B at the end of this report. The Current programme has been updated accordingly.

44. The current Capital Programme includes £70,000 for Hurst Farm development costs. Ongoing due diligence has resulted in increased Consultant costs totalling £48,000. This cost will be covered by the capital receipt expected in March 2021. The Capital Programme has been updated accordingly and the cost will initially need to be met from General Reserve.
45. The current Capital Programme includes £30,000 for St John's Park playground improvements. This project is work in progress and will be informed by the outcome of the Play Masterplan. As a result, this project will now be completed in 2021/22. The current programme has been updated accordingly.
46. 'About the place' is a new Public Art revenue project totalling £98,000 that has come forward for approval. The works are due to commence in Spring 2021 and will take, approximately 18 months to complete, pandemic permitting. This project will be funded mainly from S106s totalling £84,824, with the balance funded from third party contributions as detailed in the Justification form in Appendix B of this report. The current programme has been updated accordingly.
47. The Cabinet Member for Environment and Service Delivery used his delegated authority to authorise the release of £9,000 from S106 Formal Sports contributions to fund the installation of an electronic access gate at John Pears Recreation Ground tennis courts. This was reported and detailed further in MIS47 on 25 November 2020. The Project Justification is also shown in Appendix B at the end of this report. The current programme has been updated accordingly.
48. Proposed capital variations are summarised in table 6 below:

Table 6: Capital Programme and Revenue Project Variations April to end December 2020		
	<i>Apr to December</i>	<i>Ref</i>
	<i>£'000</i>	
<u>Capital Projects</u>		
Temporary Accommodation – 5 properties	1,361	<i>Para 41</i>
Replacement Document Management	20	<i>Para 42</i>
Scaynes Hill Recreation Ground New Playground Equipment	43	<i>Para 43</i>
Hurst Farm	48	<i>Para 44</i>
St. John's Park playground improvements	(30)	<i>Para 45</i>
	<hr/>	
Total Capital Projects	1,442	
	<hr/> <hr/>	
<u>Revenue Projects</u>		
About the place Public Art project	98	<i>Para 46</i>
Installation of electronic access gates- John Pears Recreation Ground Tennis courts, Ashurst Wood	9	<i>Para 47</i>
	<hr/>	
Total Revenue Projects	107	
	<hr/> <hr/>	

49. Taking into account the changes detailed above, the overall effect is an increase to the current Capital Programme and Revenue Projects for 2020/21 of £1,549,000, being an increase in Capital projects of £1,442,000 and an increase in Revenue Projects totalling £107,000. There will also be a net increase in the 2021/22 programme by £10,000 due to rephasing back to 2020/21 and the slippage outlined above. Therefore, the overall revised programme total for 2020/21 now stands at £8,634,000.

Capital receipts and contributions received to the end of December 2020

50. S106s and grant contributions of £2,699,006 have been received in the period April to December 2020.

S106 contributions committed/utilised to the end of December 2020

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

	<i>Apr to December</i>	<i>Note</i>
	<i>£'000</i>	
West Sussex County Council	87	1
West Sussex County Council	12	2
West Sussex County Council	9	3
Albourne Parish Council	5	4
West Sussex County Council	16	5
West Sussex County Council	20	6
East Grinstead Town Council	17	7
East Grinstead Town Council	1	8
Ansty and Staplefield Parish Council	10	9
Ansty Village Centre Trust	27	10
Ashenground Community Centre	3	11
Hurstpierpoint Allotment Association	1	12
Total	208	

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 Albourne's Traffic Calming Project, as agreed by the Cabinet Member for Housing and Planning on 22 July 2020 MIS 29 22 July 2020.
- 5 Utilisation of Sustainable Transport (TAD) contribution (PL13-000869 £15,871) S106 monies for secure fencing at the front of Southway School, Burgess Hill, as agreed by the Cabinet Member for Planning and Economy on 29th July 2020 MIS 31 5 August 2020.
- 6 Utilisation of Sustainable Transport (TAD) contribution (P35/737 £19,750.80) S106 monies for Real Time Passenger Information (RTPI) displays in Cuckfield, as agreed by the Cabinet Member for Planning and Economy on 11th August 2020 MIS 32b 12 August 2020.
- 7 Utilisation of Community Building contributions (PL12-000378 £7,607.56, PL13-000980 £2,946.59, PL13-001136 £4,462.85 & PL13-001986 £1,529) S106 monies for toilet modernisation at Meridian Hall, East Grinstead, as agreed by the Cabinet Member for Community MIS 33 21 August 2020.
- 8 Utilisation of Local Community Infrastructure contribution (PL13-000677 £656.67) S106 monies to purchase and install a bike shelter and bike stands at East Court, as agreed by the Cabinet Member for Planning and Economy on 26 August 2020 MIS 34 26 August 2020.
- 9 Utilisation of Local Community Infrastructure contribution (P35/723 £9,900) S106 monies to purchase three mobile Speed Indicator Devices (SIDs), as agreed by the Cabinet Member for Housing and Planning on 12 October 2020 MIS 41 14 October 2020.
- 10 Utilisation of Community Buildings contribution (PL12-001421 £9,131), Formal Sport contributions (PL13-001068 £4,420, PL12-001307 £8,022 & PL13-00965 £3,500) and Local Community Infrastructure contribution (PL12-001307 £2,000) S106 monies towards the cost of fitting out the new community and sports pavilion, as agreed by the Cabinet Grants Panel on 19 October 2020 MIS 42 21 October 2020.
- 11 Utilisation of Community Building contribution (PL12-001082 £2,642) S106 monies towards the cost of Covid-19 Secure measures, as agreed by the Cabinet Grants Panel on 19 October 2020 MIS 42 21 October 2020.
- 12 Utilisation of Local Community Infrastructure contributions (PL12-000578 £1,168 & P35/787 £207) S106 monies towards the cost of water standpipes and tanks, as agreed by the Cabinet Grants Panel on 19 October 2020 MIS 42 21 October 2020.

TREASURY MANAGEMENT INTEREST

52. 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.
53. The forecast for investment income is under target due to the continued reduction in the rates available in the market and the lower than budgeted level of capital receipts received in the year to date. Actual Treasury Management interest earnings for the first nine months of 2020/21 were £138,862 at an average rate of 0.44%. The average interest rate has dropped since the last Budget Management Report as fixed term investments made prior to March (and at a higher rate) have continued to mature during the year.
54. It is also depressed because of the policy to keep higher than usual liquid cash deposits, which was judged necessary 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 placement terms. This position will continue to be monitored closely for the remainder of the year. The estimated year-end projection for Treasury Management to be earned in the year is £167,349 being £187,126 under target.

Local Authority Property Fund Dividends

55. For CCLA we have received £177,254 against a budget of £240,000. Based on the first three quarters dividend, this is likely to result in a shortfall of £2,746 by year-end, therefore any shortfall will need to be funded from General Reserve. However, this will continue to be monitored and a further update will be reported in the 2020/21 Outturn Report.

POLICY CONTEXT

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

FINANCIAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

58. There are no risk management implications.

EQUALITY AND CUSTOMER SERVICE IMPLICATIONS

59. There are none.

OTHER MATERIAL IMPLICATIONS

60. 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 December 2020

	<i>Pressures in 2020/21</i>	<i>Notes</i>
	<i>£'000</i>	
April to September pressures Cabinet 23 November 2020	6,586	
Parking Season Tickets (Covid-19)	48	1
Pay and Display Income (Covid-19)	83	1
Leisure Consultancy (Covid-19)	5	1
Leisure Closure costs (Covid-19)	51	1
Leisure re-opening costs (Covid-19) reversal of previous pressure	(84)	1
Planning Consultants	25	2
Gatwick expansion specialist Advice	28	3
Recycling Bin purchases	14	4
Consultant – Interim Head of Service	110	5
HR Consultants	55	6
Clair Hall Legal advice	27	7
Commercial property – rental income	70	8
Corporate subscriptions	5	9
Horsham Census Debt write off	115	10
Garden Waste Contract costs	56	11
	7,194	

Notes:

- (1) See Table 3 above.
- (2) Planning consultants costs in respect of Planning Appeals.
- (3) Specialist advice in relation to Gatwick for 2019/20.
- (4) Additional recycling bin requests due to additional recycling capacity required by households, spending a greater time at home due to Covid-19 restrictions.
- (5) Consultant to cover Head of Service role during his sickness absence.
- (6) Additional cost of HR Consultants.
- (7) Additional costs of legal advice in respect of a Judicial review in respect of the closure of Clair Hall.
- (8) See paragraph 21.
- (9) Increased cost of corporate subscriptions compared to budget.
- (10) Prior year debtors in respect of Horsham's Contribution to the Census Partnership have now been written off. This relates to disputed costs for the costs of redundancy incurred by Mid Sussex as employer. Adur-Worthing Councils settled their invoice in full after clarification.
- (11) Additional collection costs payable to the Garden Waste contractor for growth in subscribers by 1,400 bins.

Appendix A

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

	<i>Savings in 2020/21</i>	<i>Notes</i>
	<i>£'000</i>	
April to September savings Cabinet 23 November 2020	(2,722)	
Parking Financial Transactions (Covid-19)	(15)	12
Garden Waste income	(98)	13
Economic development Initiatives	(86)	14
Environmental Health Staffing	(16)	15
Refuse Contract Indexation	(42)	16
Digital & Technology – salaries	(14)	17
Local Land Charges income	(25)	18
COVID 19 Emergency funding S31 Grant	(100)	19
Sales, Fees and Charges Compensation scheme grant (April to July claim)	(842)	20
Balance Unallocated	(28)	21
Customer Services - salaries	(4)	22
Customer Services - publicity	(8)	23
HR - salaries	(26)	24
XCD (HR core system)	(19)	25
Training	(36)	26
Industrial Estates rents	(20)	27
Corporate Estates – administration fees	(5)	28
Photocopiers	(12)	29
Procurement service	(6)	30
	(4,124)	
	(4,124)	

Notes:

- (12) See Table 3 above
- (13) See paragraph 17 of this report.
- (14) The underspend in the Economic Development budget is due to the impact of Covid 19 on delivery of the Economic Development Strategy work programme which meant that Projects such as the Open 4 Business event, Roundtable Forum meetings, the Marketing and Promotion Strategy work and work on a Business Improvement District for Haywards Heath could not progress as planned. Instead the focus of the Team was to prepare and deliver an Economic Recovery Plan, including delivery of government grant funded projects.
- (15) Staff saving for staff seconded to Covid compliance and enforcement work financed by external grant.
- (16) Indexation for the Refuse contract for 2020/21 was calculated at 1.93% compared to 2.88% budgeted.
- (17) Staff saving due to a vacant post.
- (18) See Paragraph 13.
- (19) Refer para 28
- (20) Refer para 29
- (21) The Balance Unallocated has no planned utilisation for the remainder of the year resulting in a saving of £28,000.
- (22) Staff saving in Customer Services as a result of reduced hours.

- (23) Saving on Customer Services publicity as the majority of costs have been funded from Government grants such as the Re-opening the High Street Safely Fund.
- (24) Saving on salaries in HR due to a member of staff being on maternity leave.
- (25) Saving on the XCD HR system as a result of no additional contractual work being required.
- (26) Saving on staff training as a result of the Covid restrictions.
- (27) See Paragraph 21.
- (28) See Paragraph 24.
- (29) Reduction in printing costs and a reduced level of printing due to less occupation in the office because of Covid.
- (30) Saving on cost of the Procurement service compared to budget.

Capital Project Justification Form

**Scaynes Hill Recreation Ground
New Playground Equipment**

Purpose of project:

Lindfield Rural Parish Council (LRPC) have approached Mid Sussex District Council (MSDC) to use S106 money ring fenced for upgrading the play equipment at Scaynes Hill Recreation Ground.

This new equipment will greatly improve the play value for the users and significantly upgrade the play area. It will provide Mid Sussex District Council (MSDC) with an opportunity to upgrade the facilities which will improve the standard and quality of play on offer. The facilities are well used by the community, and the improvements to this play area will help to continue and increase users' enjoyment and interest for the foreseeable future and to encourage more people to use the facilities.

The Parish Council have sought three quotations from reputable suppliers and the Corporate Estates & Facilities Team have worked with the Parish Council to agree the preferred option to ensure it meets the Council's standards.

MSDC will manage and order the equipment for this project following normal processes.

Costs:

Amount: £43,350

Proposed funding-

Section 106 - Play space

PL12-001487 (DM/16/3119) – Land at Barn Cottage, Lewes Road - £43,350

Total	£43,350
--------------	----------------

Capitalised Salaries included in the project total :	N/A
--	-----

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

Revenue implications

Following expiry of the one-year warranty the equipment will be MSDC's responsibility to maintain and inspect. Dependent on the level of repairs or maintenance required, this will present an additional revenue cost. The equipment is from a well-known supplier who the Council has previously used.. Any on-going maintenance costs will be met from existing maintenance budgets.

Value for money assessment:

Three quotes have been sought for play equipment that the Parish Council wanted. The successful bidder had the lowest quote for supply and installation.

Business Unit/Service: Commercial Service & Contracts

Head of Service: Judy Holmes

Project Manager: Stuart Brown

Cabinet Members: Cllr. John Belsey

Ward Members: Cllr. Linda Stockwell and Cllr. Paul Brown

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

- **Effective and responsive services**
 - Enhancing and improving play value for local residents.
 - Providing facilities which are of quality, safe and fit for purpose.
- **Strong and resilient communities**
 - Providing high quality facilities for the local community.

Summary of discussions with Cabinet Members:

The Cabinet Member is supportive of this scheme..

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. Incident following construction	low	low	low
3. Equipment fails post installation inspection	low	medium	medium
4. Delay to installation due to weather/ground conditions	low	low	low

Mitigation actions

Qualified, experienced contractors, Risk Assessments, Method Statements and frequent communication with the design team, appointed contractor and MSDC.

Revenue Project Justification Form

'About the Place' - Public Art Project

Purpose of project:

The Council will work in partnership with East Grinstead Town Council, Lindfield, Slaugham and Worth Parish Councils; the Ansty Village Centre Trust and West Sussex County Council to map a route that connects these areas through the Public Right of Way network. The project will promote walking and cycling and encourage local participation to support healthy and sustainable communities.

The project aims to:

- stimulate local knowledge and pride of place through storytelling, performing and visual arts.
- engage residents in creative activities to make artwork and contribute toward the trail.
- engage, inspire and inform visitors about the history and character of each locality
- encourage an enjoyment of the natural environment and participation in walking and cycling.

We will commission an artist to create and install a series of 12 unique waymarkers to create a 42 mile walking trail and two circular walks. Each waymarker will have a QR code to take smartphone users to a website displaying artwork (film, images, sound recordings) produced through community arts projects in each area.

Artists will be engaged to work with local participants using a range of artforms (i.e. music, visual arts, drama, storytelling, poetry, dance, music) to respond to the different themes in each locality to produce content for an 'About the Place' website.

The work will commence in Spring 2021 and take, subject to any government restrictions in relation to the Covid19 pandemic, approximately 18 months to complete.

Costs:

Community art projects (activity / theme):	£
Lindfield (lantern display / environment)	6,488
Ansty (dance / sports)	3,089
Slaugham (poetry / flora and fauna)	770
Worth (pictorial maps / sites of local interest)	17,020
East Grinstead (murals and drama / Bluebell Railway)	19,705
Waymarkers commission	36,000
Website & Print	2,524
Other (licenses, Planning, decommissioning, adverts)	10,244
Contingency	2,341

Maximum Amount : £98,181

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

Public Art

Land at 27-29 Cantelupe Road (P35/632b, 08/00867/FUL) - £2,392

Land at Shovelstrode Beacon (P35/652b, 08/04025/FUL) - £5,063

Land at 1 Middle Row (P35/664, 08/02162/FUL) - £622

Land at the Rentokil Site (P35/667, 07/03142/FUL) – £17,398

Land on west side of Windmill Lane (P35/705, 09/03020/FUL) - £2,530

Land on the north side of Lyoth Lane (P35/594, 08/02532/OUT) – £17,250

Land at West Park Road (P35/650, SV/038/96) - £1,098

Land at CUC House (P35/698a/b, 09/01926/OUT) - £3,818

Land at the Franciscan Convent (P35/636b, 07/00568/FUL) - £8,200

Land adj Burleigh Infant School (P35/654, 07/03303/C4REG) - £2,314

Land South of Grange Rd (P35/728, 11/00649/FUL) – £20,712

Land at Haven Farm (P35/717, 10/01278/FUL) - £3,427

Total s106 funding - £84,824

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

Ansty Village Centre Trust - **£7,357**

LCWIP Implementation - **£6,000**

Revenue implications:

There are no ongoing revenue costs. The budget includes costs to keep the website live for a period of six years and a sum toward decommissioning of the waymarkers at this stage or at a later date. They will be designed to be suitable for outdoor conditions, in an open access public space, and will not require any routine maintenance.

Value for money assessment:

An open commission will be advertised to invite submissions for consideration by a Steering Group consisting of District, Parish and County Council representatives. The contract will be managed by the Council and this process will ensure good value for money is achieved. The s106 funds to be allocated to this scheme were received specifically for the purpose of providing public artworks in these areas.

Business Unit/Service: Community Services, Performance & Partnerships

Head of Service: Peter Stuart

Business Unit Leader: Emma Sheridan

Project Manager: Elaine Clarke

Cabinet Member: Cllr Norman Webster

Ward Members:

Lindfield - Cllr Ash-Edwards, Cllr Andrew Lea, Cllr Anthea Lea

Haywards Heath Heath - Cllr Ellis, Cllr Laband

Haywards Heath Lucastes – Cllr de Mierre, Cllr Knight

Ardingly & Balcombe – Cll MacNaughton, Cllr Marsh

Copthorne & Worth – Cllr Phillips

Crawley Down & Turners Hill – Cllr Coote, Cllr Gibson, Cllr Webb

East Grinstead Imberhorne – Cllr Brunson, Cllr Whittaker
Ashurst Wood – Cllr Belsey

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

The Corporate Plan priority ‘Strong and Resilient Committees’ supports the development of community infrastructure as a result of housing growth and encourages initiatives to improve health and wellbeing, promote cycling and invest in public open spaces.

Summary of discussions with Cabinet Member:

The Cabinet Member has been briefed and is supportive of this District wide scheme to promote the countryside, physical exercise and creative participation. The six place-based projects will celebrate local identity and the walking trail will link these communities together.

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. Covid-19	low	high	low
2. Incidents during fabrication and installation	medium	medium	low
3. Incident following installation	low	low	low

Mitigation actions: Socially distanced and digital approaches to public participation. The appointed artist(s) will be required to hold public liability insurance and provide a risk assessment(s) prior to the delivery and installation of the works

Revenue Project Justification Form

John Pears Recreation Ground, Ashurst Wood: Installation of electronic access gates for tennis court access

Purpose of project:

John Pears Recreation Ground in Ashurst Wood is a very popular recreation ground used by members of the public, Ashurst Wood Junior Football Club and Ashurst Wood Community Tennis Club.

Ashurst Wood Community Tennis Club uses the tennis courts on site and provides the opportunity for local residents and the neighbouring community to play tennis. They offer coaching opportunities for both adults and juniors, as well as holding club tournaments.

Johns Pears is managed under a Rural Management Agreement (RMA) with Ashurst Wood Village Council (AWVC). They manage all the bookings and collection of income for the use of all the facilities on the site. For this they receive a payment equal to 20% of all the income received over the year.

Officers have been working with the Lawn Tennis Association (LTA) over the past two years to identify ways to increase tennis court usage at all the Council's park facilities as part of a wider project. Feedback from the Village Council, club members, members of the public and the LTA shows that availability and accessing the courts is not an easy process and that it is potentially a barrier to people booking the courts

The ClubSpark booking system won the "Best Participation Technology" at the Sports Technology Awards last year and is used extensively by other Local Authorities and Private Clubs to manage their courts. This software allows members to create their own accounts (which our previous online system could not do) to speed up booking times, allows them to cancel bookings (which our previous system could not do) and also to download the app to their mobile phone for quick and easy bookings. This system went live on 1 October 2020 across all the Council's park tennis court sites and has been positively received by users.

The next stage of this project is to link ClubSpark to a new electronic gate system, so that once a booking has been made via ClubSpark the hirer is sent a unique code that they use to enter the courts for their specific hire period. Currently the Council has coded access gates which have to be manually changed every 2-3 weeks by officers. This is very time consuming and does not stop people accessing the courts multiple times once they have the code.

The Council has recently been successful in securing LTA funding to introduce electronic access gates at tennis courts at Victoria Park in Haywards Heath and St Johns Park in Burgess Hill, which will be introduced at John Pears following completion of the work and it is proposed to roll the technology out across all remaining sites as funding becomes available.

The system has ongoing maintenance and data costs of £601 per year, which will be funded from increased income as a result of improved usage levels.

Costs:

Amount: £9,000.00

Proposed funding-

S106 Formal Sports £9,000.00

Total £9,000.00

Capitalised Salaries included in the project total : N/A

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

See below for S106 funding breakdown.

- £7,540 from P35/667 – Land at Rentokil House, Garland Rd, EG
- £1460 from P35/694 – Land rear of 240 – 258 Holtye Road

Legal implications:-

- The planning permission for land at Rentokil House, Garland Road secured financial contributions towards formal sports in the North Area.
- The planning permission for land rear of 240-258 Holtye Road, East Grinstead secured financial contributions towards formal sports in the area served by the North area planning committee.
- The project is considered to represent appropriate expenditure of the contributions from the above agreements.
- The project is considered to provide a benefit to the local community.

Revenue implications

Improvement of the process of bookings and accessing the courts as well as the wider marketing planned with the LTA should increase participation levels and income for the Council.

Value for money assessment:

The proposals will increase revenue from the tennis courts and improve the customer journey. The income generated by the revised proposals will help to ensure a consistent long term income from the clubs and casual use. It will also provide efficiencies for the Council in officer time.

Business Unit/Service: Commercial Service & Contracts

Head of Service: Judy Holmes

Project Manager: Stuart Brown

Cabinet Members Cllr. John Belsey
Ward Members: Cllr. John Belsey

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

- Enhancing and improving play value for formal sports in MSDC.
- Providing facilities which are of quality, and are safe and fit for purpose.
- Providing facilities for the local community.

Summary of discussions with Cabinet Members:

The Cabinet member is supportive of this scheme.

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. incident following construction	low	low	low

Mitigation actions

Qualified, experienced contractors, Risk Assessments, Method Statements and frequent communication with the design team, appointed contractor and MSDC.

--