

4 February 2022

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Dear Councillor,

A meeting of **CABINET** will be held in the **COUNCIL CHAMBER** at these offices on **MONDAY, 14TH FEBRUARY, 2022 at 4.00 pm** when your attendance is requested.

Yours sincerely,
KATHRYN HALL
Chief Executive

A G E N D A

	Pages
1. To receive Declarations of Interest from Members in respect of any matter on the Agenda.	
2. To receive apologies for absence.	
3. To confirm Minutes of the previous meeting held on 20 December 2021.	3 - 6
4. To consider any items that the Leader agrees to take as urgent business.	
5. Draft Corporate Plan and Budget 2022/23.	7 - 16
6. Budget Management 2021/22 - Progress Report April to December 2021.	17 - 32
7. Clair Hall Site Update.	33 - 38

To: **Members of Cabinet:** Councillors J Ash-Edwards (Chair), J Belsey, R de Mierre, S Hillier, R Salisbury and N Webster

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**Minutes of a meeting of Cabinet
held on Monday, 20th December, 2021
from 4.00 pm - 4.38 pm**

Present: J Ash-Edwards (Chair)
J Llewellyn-Burke (Vice-Chair)

R de Mierre	R Salisbury
S Hillier	N Webster

Absent: Councillor J Belsey

Also Present: Councillors R Bates and R Clarke

1. TO RECEIVE DECLARATIONS OF INTEREST FROM MEMBERS IN RESPECT OF ANY MATTER ON THE AGENDA.

None.

2. TO RECEIVE APOLOGIES FOR ABSENCE.

Apologies were received from Cllr Belsey.

3. TO CONFIRM MINUTES OF THE PREVIOUS MEETING HELD ON 18 AND 29 NOVEMBER 2021.

The minutes of the meeting held on 18 and 29 November 2021 were agreed as a correct record and signed by the Leader.

4. TO CONSIDER ANY ITEMS THAT THE LEADER AGREES TO TAKE AS URGENT BUSINESS.

None.

5. CLAIR HALL SITE.

Rafal Hejne, Interim Head of Organisational Development introduced the report, highlighting that a public consultation has been conducted by an independent consultant with their report included at appendix 1. He confirmed that Clair Hall is listed as an Asset of Community Value and is being currently used to support the vaccination programme. The report recommends developing investment options which could include refurbishment or redevelopment to support the provision of community facilities on the site, using an evidence-based approach to procure this work with the involvement of specialists to determine the options. It also recommends the extension of the current licence for the NHS to continue using the hall as a vaccination centre.

With regards to the consultation and engagement programme, the Cabinet Member for Community sought clarification on the number of responses stated in the

appendix. For those who did respond he thanked them for their constructive comments but felt that the engagement with younger residents could have been more expansive. He acknowledged that further data was required to inform the final decision, using an evidence-based approach to develop sustainable options to provide multifunctional community facility on the site. He expressed concern that the residents of Lindfield were not included in a leaflet drop but acknowledged that the consultation had been widely publicised in the newspaper and banners around the town. He also acknowledged the importance of keeping all stakeholders updated as the work progresses.

The Deputy Leader sought clarity on what efforts were made to engage with the under 24 age group, particularly asking if it was usual for this age group to be under-represented in consultations. The Interim Head of Organisational Development confirmed the number of responders was estimated at around 800 to 1000 and that the younger age group does tend to be underrepresented in such consultations. Best efforts had been made to engage with young people through schools and multiple drop-in sessions and he confirmed that more data would be collected as the work progresses.

The Cabinet Member for Economic Growth welcomed the extent of the consultation and noted that the majority of households in Haywards Heath have received consultation information delivered and had the ability to respond.

The Cabinet Member for Customer Services noted that many responders preferred either redevelopment or refurbishment. She acknowledged that the facility must cater for future residents of the town and the change in peoples' way of working since the pandemic.

The Cabinet Member for Housing and Planning acknowledged that the consultation provides a good snapshot of current information. . It is a good basis to collect further information involving experts. This will be very useful to support future trends and habits as we already know that we expect a significant increase in homes, potentially for young families, over coming years.

The Leader thanked the residents that responded, and Haywards Heath Town Council who conducted their own comprehensive consultation. He also acknowledged the overall appetite for change seen in the responses provided.

Commenting on the main report, the Deputy Leader highlighted the importance of obtaining more data on the challenges and opportunities after the pandemic and asked for clarification on how the feasibility work would be progressed.

It was confirmed that work would require officers commissioning different specialists with experience in culture, leisure and arts sectors to determine the challenges, opportunities, and help understand new trends in order to establish how a new facility could support or should respond to these new needs. This was welcomed by several Cabinet Members who noted that environmental issues must also be considered. In response to a query on the proposed reserve figure to fund the feasibility work, the Interim Head of Organisational Development confirmed that the figure was estimated and can be refined once specialists are employed and there is a better understanding of what is required. If agreed at this meeting, work would progress at pace and an update would be provided at the Cabinet meeting in February 2022.

The Cabinet Member for Economic Growth welcomed the report and supported the recommendations, noting that the central site is of huge importance to the town and would provide both economic and employment benefits.

The Leader confirmed it was important to move forward at pace, to look at investment options and secure a modern multi-function facility for the future. As there were no further questions the Leader took the Members to the recommendations which were agreed unanimously.

RESOLVED

That Cabinet:

- (i) Carefully considered the outcome of the most recent consultation and engagement activities about the Clair Hall site (in Appendix 1);
- (ii) Agreed to develop investment options for the site;
- (iii) Requested officers to commission specialists to advise on options for the site. This work to be evidenced-based and reported regularly to Cabinet;
- (iv) Agreed to create a £100k reserve to resource this feasibility work by transfer from General Reserve; and
- (v) Authorised officers to extend the licence for the NHS to continue to use Clair Hall as a vaccination centre (see para 13-16).

6. TO CONSIDER WHETHER TO EXCLUDE THE PRESS AND PUBLIC FROM THE MEETING DURING CONSIDERATION OF THE FOLLOWING ITEMS IN ACCORDANCE WITH SECTION 100A OF THE LOCAL GOVERNMENT ACT 1972 ON THE GROUNDS THAT IT INVOLVES THE LIKELY DISCLOSURE OF EXEMPT INFORMATION AS DEFINED IN PARAGRAPH 3 OF PART 1 OF SCHEDULE 12A OF THE SAID ACT.

The Leader moved a motion that the Press and Public be excluded from the meeting during consideration of the exempt business on the agenda. This was agreed unanimously.

RESOLVED

That the public and press be excluded from the meeting during consideration of the following item in accordance with Section 100A of the Local Government Act 1972, on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the said Act.

The meeting moved into the exempt session at 4:37 pm.

7. TO CONFIRM EXEMPT MINUTES OF THE PREVIOUS MEETING HELD ON 29 NOVEMBER 2021.

The meeting returned to the open session at 4:38 pm.

The Leader confirmed the exempt minutes of the meeting held on 29 November 2021 were agreed as a correct record and were signed by the Leader.

The meeting finished at 4.38 pm

Chairman

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DRAFT CORPORATE PLAN AND BUDGET FOR 2022/23

REPORT OF: HEAD OF CORPORATE RESOURCES
Contact Officer: Peter Stuart, Head of Corporate Resources
Email: peter.stuart@midsussex.gov.uk Tel: 01444 477315
Wards Affected: All
Key Decision: Yes
Report to: Cabinet
14 February 2022

Purpose of Report

1. To seek Cabinet's consideration of the draft Corporate Plan and Budget for 2022/23, taking account of the views expressed by the Scrutiny Committee for Leader, Finance and Performance at its meeting on 12th January 2022. **Cabinet is asked to consider this report in conjunction with Appendix 1**, which is the relevant extract from the Scrutiny minutes.
2. The meeting also provides the opportunity to update Cabinet with any new information in relation to the Settlement Announcement or associated matters. A verbal report of any very late changes will be given.

Summary

3. The budget process this year has again taken place against a background of the continuing Covid pandemic, leading the Council to adopt a revised Corporate Plan and financial strategy during September 2020.
4. Our provisional settlement announced on 16th December 2021 was better than expected. The main improvements were the announcement of two Covid-related grants together worth around £250k to help our revenue position. The New Homes Bonus scheme continues for one more year which also helps our general reserve position.
5. The provisional Business Rates Pool membership signed off by the Deputy Leader and published on MIS has not been influenced by the Settlement, meaning that Mid Sussex is now committed to forming part of the pool with WSCC, Adur, Arun, and Horsham BCs.
6. It is also looking likely that the amendments to the car parking charging regime can be put in place ready for the new financial year and the income brought into account.
7. As a result of this, the draft service and financial plans for 2022/23 considered by the Scrutiny Committee require some minor changes. This enables the Council to approve a balanced budget with a reduced call on reserves under that forecast.
8. Over the medium term however, an imbalance persists that will need attention over the next year.
9. Finally, the Capital Programme can be amended to include the first phase of the Park Improvement Plan at Victoria Park, Haywards Heath.

Recommendations

10. **Cabinet is requested to recommend to Council the proposals for 2022/23 as set out in the report to the Scrutiny Committee and as amended by this report, specifically:**

- i. **The financial outlook facing the Council given the extent of the Covid-19 pandemic;**
- ii. **The proposed increase in Council Tax;**
- iii. **The strategy to use General Reserve to balance the budget over the short term;**
- iv. **The proposed Capital Programme;**
- v. **The service commentaries and supporting summary budget tables for each business unit; and,**
- vi. **to note the membership of the West Sussex Business Rates Pool.**

Background

11. The proposals set out in the draft Corporate Plan and Budget have been made using the same approach as in previous years and are the result of a process of budget and service review which has covered all the Council's services. Necessarily many of the income and expenditure budgets have been affected by the Covid pandemic.
12. The draft proposals were published for a period of consultation with all Members on 17th December 2021. The consultation period included a meeting of the Scrutiny Committee for Leader, Finance and Performance on 12th January 2022 where the proposals were discussed in detail. This report takes account of the comments made by the Committee where the proposals presented were supported.
13. The draft Plan was prepared after the Provisional Settlement was announced which gave some certainty to the published figures.
14. Since the Papers were published there have been two areas that require amendment and updating; These are changes to the car park charging regime and the creation of a West Sussex Business Rates pool, which are set out below.
15. Amendments to the car park charging regime were presented to Cabinet on 18 November 2021, then Council on 8 December 2021 where it was expressed that the changes would be implemented subject to public consultation. That process has now been completed and it is expected that the Cabinet Member will be able to authorise the changes ready for the regime to start in the new financial year. It is therefore appropriate to include this income in the forecasts for 2022/23 and amend the Medium Term Financial Plan thereafter.
16. A further area of change is the implementation of a Business Rates pool for 2022/23. The last pool including Mid Sussex was in 2019/20; in essence pools work by combining the ability to bill business rates (Districts and Boroughs) with the need to use it for funding spending (Counties) and when the maths works, all the participants are better off as rates are kept locally rather than given to the government.
17. For 2022/23 the best mathematical model shows that Mid Sussex can help contribute to the pool whilst retaining the business rates we need to fund our own budget: and that by doing so, having a pool keeps some £5m more within the county area than would otherwise be available.
18. This £5m will be used to stimulate economic growth in the County subject to the agreement of all the Leaders within the County area. Previous projects have included the full fibre project where some £19m was used to install gigabit fibre in a number of rural areas.

Medium Term Financial Plan Changes since Scrutiny Committee For Leader, Finance and Performance 12th January 2022

Revenue Spending	<u>Year 1</u> 2022/23 £'000	<u>Year 2</u> 2023/24 £'000	<u>Year 3</u> 2024/25 £'000	<u>Year 4</u> 2025/26 £'000
Deficit position Scrutiny Committee For Leader, Finance and Performance 12th January 2022	545	1,757	1,692	1,610
Additional Savings:				
-Additional car parking income arising from the report on 'Introduction of Flexible Season Tickets and Review of Pay and Display Parking Charges' approved at Council 8th December 2021	(350)	(350)	(350)	(350)
-Additional Cost of Collection Allowance for NNDR1 22/23	(12)	(12)	(12)	(12)
Deficit position Cabinet 14th February 2022	183	1,395	1,330	1,248

19. This change adjusts the use of reserves as previously set out and is re-presented below:

	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
General Reserve Cabinet 14 Feb 2022	£'000s 7,788	£'000s 9,318	£'000s 7,979	£'000 6,743	£'000 5,708

NB:post Cabinet 29/11/21, 20/12/21 and 14/2/22 and including Capital Programme for 22/23.

**Medium Term Financial Plan
Cabinet 14th February 2022**

Revenue Spending	<u>Year 0</u> 2021/22	<u>Year 1</u> 2022/23	<u>Year 2</u> 2023/24	<u>Year 3</u> 2024/25	<u>Year 4</u> 2025/26
	£'000	£'000	£'000	£'000	£'000
Base Net Expenditure	17,066	16,958	17,015	17,102	17,159
Benefits	(119)	(119)	(119)	(119)	(119)
Base Revenue Spending	16,947	16,839	16,896	16,983	17,040
Balance Unallocated	20	20	20	20	20
Council Net Expenditure	16,967	16,859	16,916	17,003	17,060
Contribution to Development Plan Reserve	243	300	300	300	300
Contribution to Job Evaluation Reserve	392	532	594	594	594
Net General inflation		632	1,075	1,518	1,961
Future year effect of 2% Pay Award in 21/22 (including £35k previously built into MTFP for salaries less than £24k)	35	248	248	248	248
NI increase of 1.25% from 22/23		89	89	89	89
Net On-going savings from 2020/21		(37)	(37)	(37)	(37)
Net savings from Budget Working papers		(866)	(1,681)	(1,681)	(1,681)
Savings from efficiency programme from Public Realm contract		(50)	(250)	(250)	(250)
Total Revenue Spending	17,637	17,707	17,254	17,784	18,284
Rates Retention Scheme (RRS) funding	(5,203)	(5,146)	(3,423)	(3,530)	(3,612)
Damping payments to LA	-	-	-	-	-
HB Admin Grant / LCTS Grant	(409)	(315)	(315)	(315)	(315)
Services Grant 22/23 only	-	(148)	-	-	-
Lower Tier Services Grant 21/22 and 22/23 only	(451)	(96)	-	-	-
Covid 19 Support Grant 21/22 only	(536)	-	-	-	-
Council Tax Requirement @ 2.8% in 22/23	(10,915)	(11,404)	(11,881)	(12,369)	(12,869)
Dividend income LAPF	(240)	(240)	(240)	(240)	(240)
Collection Fund:					
- Council Tax deficit / (surplus)	(167)	(175)	-	-	-
-Rates Retention Scheme deficit / (surplus)	8,633	481	481	-	-
Contribution from Rate Retention Scheme Equalisation Reserve including s31 Grant	(8,349)	(481)	(481)	-	-
Use of General Reserve to balance budget	-	(183)	(1,395)	(1,330)	(1,248)
Cumulative Balance deficit; / (surplus)	0	0	0	0	0
Difference year on year		(0)	(0)	(0)	0

Financing Revenue Spending	<u>Year 0</u> 2021/22	<u>Year 1</u> 2022/23	<u>Year 2</u> 2023/24	<u>Year 3</u> 2024/25	<u>Year 4</u> 2025/26
	£'000	£'000	£'000	£'000	£'000
Council Taxbase	62,223.8	63,230.6	64,116	65,013	65,924
Change in Taxbase	0.83%	1.62%	1.40%	1.40%	1.40%
Revenue Budget	17,637	17,707	17,254	17,784	18,284
Rates Retention Scheme (RRS) funding	(5,203)	(5,146)	(3,423)	(3,530)	(3,612)
Damping payments to LA	-	-	0	0	-
HB Admin Grant / LCTS Grant	(409)	(315)	(315)	(315)	(315)
Services Grant 22/23 only	-	(148)	-	-	-
Lower Tier Services Grant 21/22 and 22/23 only	(451)	(96)	-	-	-
Covid 19 Support Grant 21/22 only	(536)	-	-	-	-
Council Tax Requirement	(10,915)	(11,404)	(11,881)	(12,369)	(12,869)
Dividend income LAPF	(240)	(240)	(240)	(240)	(240)
Collection Fund:					
- Council Tax deficit / (surplus)	(167)	(175)	-	-	-
-Rates Retention Scheme deficit / (surplus)	8,633	481	481	-	-
Contribution from Rate Retention Scheme Equalisation Reserve including s31 Grant	(8,349)	(481)	(481)	-	-
Use of General Reserve to balance budget	-	(183)	(1,395)	(1,330)	(1,248)
Total Financing	(17,637)	(17,707)	(17,254)	(17,784)	(18,284)
Balance [(deficit); /surplus]	0	(0)	(0)	(0)	(0)
Council Tax at Band D	£ 175.41	£ 180.36	£ 185.31	£ 190.26	£ 195.21
Change from previous year	2.90%	2.80%	2.75%	2.65%	2.60%

20. It is to be expected that Members will be seeking some reassurance regarding two other matters; the impact of inflation upon our forecasts, and the situation regarding our Leisure centre contract.
21. Inflation as measured by CPI is running at the highest level since 1993, at 5.4% compared to December 2020. Whilst we have attempted to forecast forward and make an adequate provision for price rises in the budget for 2022/23, it is possible that this will undershoot the actual increases.
22. This will be monitored through the usual Budget Management reports. There is some reassurance that energy is bought through the LASER contract which extends into 2023/24 but other costs, including the staff establishment, are subject to annual increases which are beyond our control. We will keep Members informed as we progress.
23. The Leisure contract continues to be difficult to predict given that the income is driven by customer attendance which itself is subject to sentiment arising from the pandemic.
24. Presently, we have forecast £600k of income in 2022/23 compared to the £1.4m contractual payment but as can be seen from the Budget Management report on this agenda, this is by no means a certainty. Again, we will continue to monitor the position and amend the forecast for 2022/23 and future years as necessary.

Consideration of the Corporate Plan and Budget 2022/23 by the Scrutiny Committee for Leader, Finance and Performance

25. The Scrutiny Committee were asked to consider five aspects of the Corporate Plan and Budget;
 - The financial outlook facing the Council over the medium term;
 - The proposed increase in Council Tax;
 - The strategy to use General Reserve to balance the budget over the medium term;
 - The proposed Capital Programme; and
 - The service commentaries and supporting summary budget tables for each business unit.
26. The draft minutes at Appendix 1, demonstrate the full and helpful discussion at the Scrutiny Committee with Members asking a wide range of detailed questions. These did not result in any changes to the proposals but were very helpful to officers and Portfolio Holders.

Capital Programme

27. The Capital Programme was supported as presented. In common with previous years we are anticipating bringing forward new capital schemes as we proceed through the year and the schemes get worked up into projects that are capable of ready delivery.
28. One immediate amendment is to propose adding the first phase of the works to Victoria Park, Haywards Heath. Full details will form part of the Corporate Plan to come before Council in March, but the salient points are that the works will comprise a new play area and revisions to the boundary with South Road, at a combined budgeted cost of £326k, financed by £226k of S106s already received and £100k from the General Reserve unless further S106s are received in year.
29. We may also be amending the Justification statements to include consideration of sustainability factors, depending upon the level of detail desired and level of knowledge that can be brought to bear upon the business cases

Financial Implications

30. There are no financial implications other than those identified in this report.

Risk Management Implications

31. In the preparation of the draft corporate plan and budget, risks will have been assessed and those that can be mitigated will have a plan attached. It is not therefore considered that these proposals bring forward any significant risk.

Equalities Implications

32. There are no such implications within this report.

Sustainability Implications

33. There are no such implications within this report.

Other Material Implications

34. There are no other material implications other than those already set out in this report.

Background Papers

None

**Extract of Draft Minutes of
Scrutiny Committee for Leader, Finance and Performance on 12th January 2022****DRAFT CORPORATE PLAN AND BUDGET 2022-23.**

Kathryn Hall, Chief Executive introduced the report noting that the Covid pandemic continues to have a significant impact on the Council's finances and demand on services. The draft Corporate Plan and Budget should therefore be considered in that context. She also highlighted that despite the pressures, the Council has enhanced services to the community and will continue to do so. This includes £10million investment in fibre infrastructure which projects a significant productivity gain and job increase for the local economy, as well as enhancements to community assets such as £1million investment in playgrounds and park improvements. In the coming year work will also begin on the Centre for Outdoor Sport in Burgess Hill which will be a regionally significant sporting asset with a total value of over £6million.

The Leader reiterated the impact of the pandemic on finances and noted that the proposed plan sets out the work required to get back to a balanced budget as well as focussing on supporting the communities and businesses. He also highlighted crucial projects coming forward such as the Burgess Hill Growth Programme, food waste trial, fibre infrastructure work and investment in a number of community facilities.

Members discussed the Council priorities, and a number of Members expressed a wish that the climate agenda features more prominently in these priorities, noting there is no direct mention of the environment and climate change in the summary section of the Plan. The Leader clarified that the Plan does give a clear direction of travel for meaningful action on environmental issues, citing the food waste trial and sustainable economy strategy as examples.

Members discussed risks related to inflation rates and the allocation of funds relating to the New Homes Bonus. Discussion was also held on the transfer of funds for the job evaluation reserve and capital receipts that have come in over the past year. The use of Reserves was discussed in detail with Members acknowledging that the pandemic has resulted in a loss of income from areas such as parking and Leisure Centres. Peter Stuart, Head of Corporate Resources noted that work in ongoing to reduce the need to draw on reserves and highlighted how potential increase in parking charges could have a positive impact on the reserve position, as well as a return to the full contract value from Leisure Centres in 2023/24. He also highlighted the potential impact of a business rates reset which may occur in 2023/24 and could affect the amount of retained business rates that the Council can use.

Members discussed the Service Plans and Summary Budget tables, with the Head of Service for each area providing a summary introduction.

The Chief Executive highlighted the positive acquisition of 23 units of temporary accommodation and noted the ambition to acquire more. She acknowledged additional funding from the Government to assist with staffing resources in the Housing section and the high level of client demand in that area. She also drew attention to the scale of work in the Burgess Hill Growth Programme, notably the new housing at Freeks Farm where the Council has secured over 50% affordable housing provision. Members discussed monitoring the social housing register, fly tipping and the health of town centres in terms of economic development. Sally Blomfield, Divisional Leader for Planning Policy and Economic Development confirmed that the Council monitors footfall in the three towns and 5 largest villages as part of the management of the Welcome Back Fund and a consultant has been commissioned for health check work as part of the District Plan review. The collection of Community Infrastructure Levy was also discussed, and it was noted that the position on this is currently uncertain as the Council awaits a revision to the Planning White Paper. Section 106 monies are still collected in line with current legislation.

Peter Stuart, Head of Corporate Resources highlighted that the Revenue and Benefits team continue providing business rates relief and the Finance department has implemented a new cash management system to provide more flexible way for resident to make payments. The focus of the Community Services team is on reinstating face-to-face Wellbeing services and rebuilding community resilience. The Estates and Facilities team are concentrating on a viable proposal to redevelop part of the Orchards Shopping Centre, progressing Burgess Hill Town Centre regeneration with New River and the business case for the redevelopment of Clair Hall. A Member highlighted a wish to extend the parks investment work to include upgrades to sports facilities across the District.

Simon Hughes, Head of Digital Services and HR confirmed that the main focus of the Customer Services section is to improve services based on the information and feedback received from residents. This is to ensure key messages and information reach the correct audience in a timely way. He highlighted the work carried planned by the council including website redesign, working with the Government towards better line of business systems and the completed fibre projects. These include enabling 'dig once' where digital infrastructure is put in when roads are being dug or built for other services and negotiating with connectivity providers. Members discussed the need to monitor email and digital form use as well as telephone contact, and the working patterns of Officers and usage of Oaklands by staff. The Chief Executive noted that the future use of Oaklands as an asset could be considered in the medium to long term but is currently needed to ensure it remains a covid secure office environment.

Tom Clark, Head of Regulatory Services noted that a new cloud-based system is being sourced to increase efficiency for the legal files. He also noted the salary reduction in Land Charges as data is now computerised and the Land Registry are now required to pick up LLC searches. He noted that Democratic Services have 2 Governance Reviews underway and more may be required as a result of the Boundary Commission review. Work in Building Control and Environmental Health continues, with an aim to go back to normal post Covid levels from the new financial year.

Peter Stuart, Head of Corporate Resources provided an update on the Capital Projects, noting that the allocation for the replacement of waste bins falls under this area. In response to a Member question, he confirmed that the capital receipt for the disposal of Hurst Farm went into the Capital Receipts Reserve to finance the purchase of the Orchards Shopping Centre and temporary accommodation. Members discussed expenditure for park improvements, the asset register and asset management plan. The Head of Corporate Resources confirmed that the asset register is up to date and reviewed regularly. No further assets are in line for sale other than those which have been to Cabinet recently.

Discussion was also held on whether the Council has assessed the sustainability impact and positive benefits of each capital project and it was agreed to take Members comments on board with future considerations. In response to a Member's query specifically on waste collection, Rob Anderton, Divisional Lead for Commercial Services and Contracts confirmed that the Council is awaiting Government legislation concerning the collection of dry recycling, and if it was required to collect items separately, it would be on the basis of a viability assessment. The Council is confident that it can demonstrate that the current collection method is sustainable and economic. He noted that the bin replacement programme is phased over 15 years and can be reviewed if changes are required. Hemsley's Meadow was also discussed, and it was confirmed that project has an estimated cost in region of £900,000 of which nearly £700,000 is Section 106 funds collected for repurposing and enhancing that site. The outline proposals at this stage are based on detailed public consultation and include things such as sports pitch improvements, play areas and general public realm improvements.

Following discussion, the Chairman took Members to a vote on each individual recommendation contained in the report. Recommendation A was agreed unanimously. Recommendation B was agreed with 14 in favour and 1 abstention. Recommendation C was agreed with 13 in favour, 1 against and 1 abstaining and Recommendations D and E were agreed with 14 in favour and 1 abstention.

RESOLVED

The Committee considered the proposals for 2022/23 set out in the appended report and agreed any comments or recommendations that it wishes to make to Cabinet on:

- (a) The financial outlook facing the Council over the medium term;
- (b) The proposed increase in Council Tax;
- (c) The strategy to use General Reserve to balance the budget over the medium term;
- (d) The proposed Capital Programme; and
- (e) The service commentaries and supporting summary budget tables for each business unit.

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

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
14th February 2022

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Purpose of Report

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

Summary

2. The forecast revenue outturn position for 2021/22 at the end of December is showing a projected net overspend of £1,191,000 against the original budget which is a worse than previously reported position. This latest net overspend includes the cost of the pending unbudgeted pay award (£171,000) and the continued impact of Covid19 that has resulted in further unbudgeted Leisure centre re-opening costs (£900,000). However, Leisure costs reported to date, as detailed above and including the leisure sports consultancy costs (£17,000), will be partially met from the Leisure Covid Support Specific Reserve created in 2020/21 of £500,000 which will reduce the forecast overspend to £691,000.
3. We anticipate that this overspend will reduce as a result of the final claim for lost income from the Department for Levelling Up, Housing and Communities (DLUHC)) Income Compensation scheme which applied to the first quarter of the year. This claim was submitted in October 2021 and if it is successful, we estimate to receive £377,000, which allowed for the 5% deductible rate as in previous claims for 2020/21. However, unless the position improves for the remainder of the year, a draw on reserves forecast to be at least £314,000 and maybe more (depending upon leisure centre performance and energy costs) will be necessary to balance the budget by year end.

Recommendations

4. To recommend to Council for approval:
 - (i) That the use of the JE/Redundancy Specific Reserve be amended as detailed in paragraph 26;
 - (ii) That £200,000 be transferred to the Efficiency Specific Reserve as detailed in paragraph 27;
 - (iii) that £11,193 grant income relating to New Burdens LA Data Sharing Programme and the Housing Benefit Award Accuracy Initiative be transferred to Specific Reserves as detailed in paragraphs 28;
 - (iv) that £63,409 grant income relating to Self Isolation Administration costs be transferred to Specific Reserves as detailed in paragraphs 29;
 - (v) that £100,500 grant income relating to Discretionary Self Isolation be transferred to Specific Reserves as detailed in paragraphs 30;

- (vi) that £25,000 grant income relating to Rough Sleeping RSI 4 be transferred to Specific Reserves as detailed in paragraphs 31;
- (vii) that £100,100 grant income relating to New Burdens 4 Restart and Additional Restrictions Covid-19 be transferred to Specific Reserves as detailed in paragraphs 32;
- (viii) that £18,600 grant income relating to New Burdens 5 Post Payment Assurance, Reconciliation and Debt Recovery be transferred to Specific Reserves as detailed in paragraphs 33;
- (ix) that £59,093 grant income relating to Covid-19 Test and Trace Contain Management Outbreak Fund (COMF) be transferred to Specific Reserves as detailed in paragraphs 34;
- (x) that £70,000 grant income relating to Economic Recovery Fund be transferred to Specific Reserves as detailed in paragraphs 35;
- (xi) the variations to the Capital Programme contained in paragraph 44 in accordance with the Council's Financial Procedure rule B3.

To note:

- (xii) the remainder of the report.
-

REVENUE SPENDING

Position to the end of December 2021

5. 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 2021/22 and to give an indication of the likely position at the end of the year.

Expenditure and Income to date

6. Table 1 details 'actuals' to date for the key income categories and salaries expenditure, compared to their profiled budgets. It gives a snapshot position on performance to the end of 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 2021

INCOME	2021/22 Actual to December £'000	Profiled 2021/22 Budget £'000	2021/22 Original Budget £'000	Pressure/ (Saving) To end December £'000	Pressure/ (Saving) To end September £'000	Projected Year-end Variance £'000	*To Note: 2021/22 Budget Unadjusted For Covid-19 £'000
Car Park Charges	(1,218)	(1,116)	(1,481)	(102)	(33)	(150)	(2,151)
Development Management Fees	(1,039)	(907)	(1,209)	(132)	(137)	0	(1,494)
Building Control Fees	(296)	(348)	(446)	52	30	52	(446)
Land Charges	(147)	(116)	(153)	(31)	(13)	(30)	(153)
Licensing Act Fees	(137)	(134)	(145)	(3)	(28)	0	(145)
Hackney Carriage Fees	(69)	(104)	(139)	35	24	32	(139)
Outdoor Facilities Income	(313)	(238)	(279)	(75)	(31)	(30)	(279)
Garden Waste	(1,264)	(1,238)	(1,548)	(26)	(22)	(26)	(1,548)
Leisure Contract Income	0	0	0	0	0	0	(1,444)
Industrial Estates Rents	(1,044)	(1,006)	(1,340)	(38)	(8)	(42)	(1,340)
Town Centre Rents	(1,456)	(1,669)	(2,248)	213	172	109	(2,248)
Depot Rent	(70)	(60)	(81)	(10)	(9)	(10)	(81)
General/Miscellaneous Property	(248)	(248)	(293)	0	(12)	0	(293)
Total Income	(7,301)	(7,184)	(9,362)	(117)	(67)	(95)	(11,761)
EXPENDITURE							
Salaries	10,098	9,643	12,857	455	208	219	12,857

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

- Car parking income is above budget by £102,000 in the first nine months of the financial year. This is detailed in Table 2 below. This is made up of higher than budgeted Pay and Display income of £106,000 and lower than budgeted Season Ticket Income of £4,000.
- A pressure for Season ticket income was included in 2021/22 budget of £87,000 representing an expected 45% continued annual loss in income resulting from the pandemic, and season ticket holders not renewing. A further minor shortfall of £4,000 is showing against the profiled budget to date. No full year variance has been forecast at this stage.
- For Pay and Display, a pressure of £583,000 was included in 2021/22 budget, which represented a 30% annual shortfall on 2020/21 pre pandemic budget. After the first six months, the shortfall had reduced to 26% loss in pre-pandemic income. An improvement of £78,000 was previously reported. Since then the loss for the year has reduced to 22% and the forecast for the remainder of the year has been amended to reflect a further improvement of £72,000. This is included in Appendix A of this report.

	2021/22 Actual to September (Over)under target £'000	2021/22 Original Budget £'000	2021/22 Unadjusted For Covid-19 £'000	Outturn 2020/21 (Over)under target £'000	Forecast 2021/22 (Over)under target £'000
Pay and Display	(106)	(1,375)	(1,958)	1,065	(150)
Season Tickets	4	(106)	(193)	163	0
Total	(102)	(1,481)	(2,151)	1,228	(150)

10. At the end of December planning application fee income is above target by £132,000. A pressure of £285,000 was included in 2021/22 budget, representing an anticipated 20% continued loss of Planning Fee income as a result of the pandemic. This reduction relates mainly to a lower number of larger applications, this trend is expected to continue for the foreseeable future and recovery of income to pre-pandemic levels is not anticipated for this financial year. Although the year-to-date position appears to show recovery, this is due to the receipt of some major applications. It is still not possible to forecast an improvement to the 20% shortfall forecast for the year.
11. At the end of December, Building Control Income is under target by £52,000. This is mainly due to jobs not progressing as quickly as normal because of the lack of supply of building materials and increased costs of those building materials. An inflationary increase to be implemented in January 2022 will address the shortfall in income for the future. However, the shortfall to date of £52,000 is included in Appendix A of this report.
12. At the end of December Land Charges income is over target by £31,000. This is due to the increased Housing Market activity between April and October 2021. A full year variation of £30,000 predicted and reported in Appendix A.
13. Licencing income is £3,000 above target for April to December. 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 £35,000 for the first nine months of this financial year. A revised projected shortfall of £32,000 is now included in the report, due to Drivers previously suspending their vehicle licence following the Covid stay at home message. Income has not fully recovered to pre-covid levels, but since December, an increase in applications is being identified.
15. Outdoor facilities income is £75,000 above budget after the first nine months of the year. This is partly due to the profiling of income, which can fluctuate. However, the forecast has now been amended to include £30,000 additional income for the year, resulting from two new nurseries at Clayton and Whitmans Green. This is included in Appendix A this report.

16. Based on the current budget profile, Garden Waste income is £26,000 above target at the end of December. This is due to a higher turnover of customers, resulting in additional income over the period of turnover. This is included in Appendix A this report.
17. The target for Management Fee income from the leisure centre contractor was removed for 2021/22 budget. This is subject to ongoing negotiations, which will include the loss of the management fee income for the remainder of the financial year and possibly for future years. Up to September 2021 the income recovery was showing a positive trajectory. Unfortunately, this has been significantly impacted through October, November and December 2021, whilst income has been steadily improving since April 2021, and has sat at approximately 75% of pre-Covid levels for the past two months, expenditure has increased rapidly since October. The increase in expenditure is exclusively due to significantly increased utility costs. We will continue to work with PL to drive costs down.
18. The actual to December for the four income areas below in paras 19 to 22 relates to income where an invoice has been raised rather than actual income received. There may be a downturn in income received for these income streams because of the impact of Covid 19 which will be reported as necessary as the year progresses.
19. Industrial Estates rent is showing as £38,000 above target at the end of December. This is because of rent reviews and repayment of prior year's arrears. Additional rent of £42,000 is expected by the end of the year and is reported in Appendix A.
20. Town Centre rent is £213,000 below the target at the end of December. This shortfall is mainly due to the Covid-19 rent concessions and write offs for the Orchards Shopping Centre. Many of these relate to invoices raised in 2020/21 but the write offs and credit notes have been agreed and processed in this financial year. There are also some rent arrears that will be paid on completion of lease renewals. £109,000 has been previously reported in the April - July report and no further changes are expected at this point.
21. Depot rent is showing as £10,000 above budget for April to December. This is due to a rent review resulting in increased rent and a balance of rent payment from 2020/21. £10,000 is reported in Appendix A.
22. General/miscellaneous property income is showing as on target at the end of December. No change to the full year projection is anticipated at this stage.
23. The salaries expenditure to the end of December is a pressure of £455,000 against the profiled budget. However, the forecast year-end variance currently remains unchanged since the last reported pressure of £219,000. This forecast variance is partly due to a £171,000 estimated pressure for a 1.75% pay award for 2021/22 following the National Employer's pay offer to the NJC unions. This was not included in the 2021/22 budget and is subject to change as it has not been formally agreed to date. This variance also relates to the cost of unbudgeted agency staff which is partly offset by vacancy savings in a number of business units. Appendix A of this report and previous reports provides further detail on the forecast variance. This position will continue to be monitored closely for the remainder of 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 December 2021), is an overspend of £1,191,000 before the use of the Leisure Covid Support Specific Reserve. This is reduced by £500,000 to £691,000 after the use of the Leisure Reserve to help meet some of the Leisure costs reported in Appendix A to date and then reduced again by Income Compensation to form the forecast overspend of £314,000.

Miscellaneous

25. The total remaining in Balance Unallocated is unchanged at £20,000 as there has been no utilisation to date.
26. The Job Evaluation Reserve was topped up at the last report in order to facilitate the management restructure which is to be implemented during the last part of this financial year. A side effect of the restructure is the probable need to employ interim staff to assist with the transition and enhance training of redeployed staff members, so the use of the Reserve is extended to include incidental costs of that restructure. Reporting of its use will be via Outturn or Budget Management reports in the usual way.
27. Similarly, the Efficiency Specific Reserve will be used by managers to seek efficiencies and savings in their service areas which may have been reconfigured through the management restructure. The estimate of need for this reserve therefore needs increasing by £200k as a transfer from General Reserve, and the use of which will be subject to business cases overseen by the Management Team. It is expected that ongoing cashable savings will be driven by the efficiency programme and reported in the usual way.
28. In November, the Council also received two grant payments from Department for Work and Pensions (DWP) of £2,911 in respect of New Burdens LA Data Sharing Programme, and £8,282 for Housing Benefit Award Accuracy Initiative. Members are requested to approve the transfer of these sums to Revenues and Benefits New Burdens specific reserves to meet these additional costs.
29. In November, we received a sum of £63,409 from the DHSC in respect Self Isolation Administration costs. Members are requested to approve that this sum be earmarked to the Revenues and Benefits New Burdens Specific Reserve to meet the costs arising.
30. The sum of £100,500 was received from DHSC in November in respect of Discretionary Self Isolation grant. Members are requested to approve this be earmarked to Specific reserves to meet this additional cost.
31. In December, we received a grant of £25,000 from Horsham District Council in respect of Rough Sleeping RSI 4 grant. Members are requested to approve this be earmarked to Specific reserves to meet this additional cost.
32. In December, we received a grant of £100,100 from BEIS in respect of New Burdens 4 Restart and Additional Restrictions Covid-19 grant. This relates to additional work to complete these grants. Members are requested to approve that this sum be earmarked to the Revenues and Benefits New Burdens Specific Reserve to meet the costs arising.
33. In December, we received the first payment in respect of New Burdens 5 Post Payment Assurance, Reconciliation and Debt Recovery of £18,600. Members are requested to approve that this sum be earmarked to the Revenues and Benefits New Burdens Specific Reserve to meet the costs arising.
34. In December, we received a payment from West Sussex County Council for £93,219 for Covid-19 Test and Trace Contain Management Outbreak Fund (COMF). The purpose of this grant is to provide support for councils incurring expenditure in relation to the mitigation against and management of local outbreaks of COVID-19. An adjustment has also been made to a previous allocation received in May by £34,126. Members are requested to approve the transfer of these sums, totalling £59,093, to Specific Reserves to meet these additional costs.

35. In October, we received £70,000 from WSCC for Economic Recovery Fund to support the high street. Members are requested to approve this be earmarked to Specific reserves to meet additional costs arising.

CAPITAL SPENDING ON CAPITAL PROGRAMME AND REVENUE PROJECTS

Position to the end of December 2021

36. The Capital Programme and Revenue Projects for 2021/22 now stands at £12,816,000. This includes slippage from the 2020/21 Programme of Capital and Revenue Projects and current year project variations, as reported to Cabinet 26 July 2021, 13 September 2021 and 29 November 2021. The actual and commitments to the end of December 2021 total £9,614,161.

Variances to the 2021/22 Capital Programme and Revenue Projects

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

	<i>Variances</i> £'000 (overspend)	<i>Variances</i> £'000 (underspends)	<i>Notes</i>
Burgess Hill Place and Connectivity Programme		(316)	1
Goddards Green Sewage Treatment works	3,575		2
Rural Connectivity Programme		(2,377)	3
Research and Innovation Fibre Ring (RIFR)		(485)	4
Affordable Housing		(440)	5
Temporary Accommodation		(1,993)	6
Disabled Facility Grants		(714)	7
Total	3,575	(6,325)	

Notes:

Planning Policy

- (1) Burgess Hill Place and Connectivity Programme - Works underway. This project is funded entirely through West Sussex County Council, from Coast to Capital Local Enterprise Partnership grant and s106s. No slippage is anticipated at this stage.
- (2) Goddards Green Sewage Treatment Works - Works completed on this project in 2021/22 are funded from Housing Infrastructure funds (HIF). The final claim was made in September.

Digital & Technology

- (3) Rural Connectivity Programme - Design and contract cost phase completed through SCAPE framework. Build commenced late October. All spend is funded by the Coast to Capital LEP). No forecast variation is anticipated at by year end.
- (4) Research and Innovation Fibre Ring (RIFR) - Design completed. Contract cost phase underway. All spend is funded by the Brighton & Hove City Council (BHCC). No forecast variation is anticipated at by year end.

Housing

- (5) Affordable Housing – Programme updated to reflect Blackwell Farm (£400K) completing in 2021/22 and a further payment for Rough Sleeper grant (£40K). No forecast variation is forecast by year end.
- (6) Provision of Temporary Accommodation -Spend is dependent on capital receipts being available. Since the last report 3 properties have been purchased totalling approximately £807k. Other known commitments for properties with either exchange or completion dates in 2021/22 and costs to bring these properties to occupation is £325,000. Further properties will be identified in due course. No forecast variation is anticipated at this stage.

Environmental Health

- (7) Demand-led Housing adaptations service for which a further £284,566 has been committed as at end of December. No forecast variation is anticipated at this stage.

Proposed Variations to the Capital Programme and Revenue Project

38. The current programme includes a capital project for a replacement sewage pump at East Court Pavilion. The design and procurement timescale for that work will mean that we are unable to start until the new financial year. Therefore £85,000 will need to be slipped to 2022/23. The programme has been amended to reflect this position.
39. The current programme includes £2,675,000 for the Burgess Hill Place and Connectivity Programme. It is now requested to include an additional £63,000 in the 2021/22 Capital Programme for this project, to forward fund accelerated delivery of 'mobility corridor' walking and cycling improvements by MSDC at St John's Park, Burgess Hill to support the delivery of the Burgess Hill Growth Programme. Further details are outlined in the Project Justification in Appendix B of this report. The project total has therefore now been increased by £63,000 to £2,738,000 and will be funded from Homes England Grant.
40. As reported in MIS36 on 8 September 2021, the Deputy Leader used her delegated authority to authorise the release of Community building s106 contributions to fund improvement works at the Keymer Brick & Tile Community building, Burgess Hill in prior to leasing the property. The total project cost is £4,370. The programme has been amended to include this new Revenue Project.
41. The need for refurbishment of Clair Park Pavilion was identified in the Council's asset survey in 2019 and revenue funding had been allocated to this building for 2020/21. Although originally intended for general works this funding was used to replace a failed concrete roof slab and making good the damage caused to the rear areas of the Pavilion following discovery of a structural crack in the roof (Phase1). Phase 2 of this project costing £75,000 (to the nearest £'000) relates to the Social Area and Team Changing Room Refurbishment. As reported in MIS50 on 15 December 2021, the Deputy Leader used her delegated authority to authorise the release of Community building s106 contributions totalling £25,459 to part fund these works. The remaining cost of the project will be funded from Specific Reserve £30,231 and from the planned maintenance revenue budget £19,515. The current programme has been updated accordingly.
42. The Cabinet Member for Environment and Service Delivery used his delegated authority to authorise the release of £16,000 from S106 Playspace contributions for surface upgrade works at Lindfield Common Play Area. This was reported and detailed further in MIS43 on 27 October 2021. The current programme has been updated accordingly.

43. The current programme includes a revenue project for the purchase of a replacement Income Management System. The Revenue project cost is £63,000. Whilst this new Income Management System went live in December 2021 as planned, a short delay from the supplier on the Bank Reconciliation module implementation means this project will now be completed in April 2022. Therefore, £12,000 of this project cost needs to be slipped to 2022/23. The programme has been amended to reflect this position.

44. Proposed capital variations are summarised in table 4 below:

Table 4: Capital Programme and Revenue Project Variations April to end December 2021		
	<i>Apr to Dec</i> £'000	<i>Ref</i>
<u>Capital Projects</u>		
East Court Pavilion Sewage Pump	(85)	<i>Para 38</i>
Burgess Hill Place & Connectivity Programme	63	<i>Para 39</i>
	<hr/>	
Total Capital Projects Variations	(22)	
	<hr/> <hr/>	
<u>Revenue Projects</u>		
Keymer Brick & Tile Community Building improvement works	4	<i>Para 40</i>
Renovation of Clair Park Pavilion -phase 2	75	<i>Para 41</i>
Lindfield Common Play Area Surface Improvement works	16	<i>Para 42</i>
Income Management Replacement System	(12)	<i>Para 43</i>
	<hr/>	
Total Revenue Projects Variations	83	
	<hr/> <hr/>	

45. Taking into account the changes detailed above, the overall effect is an increase to the current programme of Capital and Revenue Projects for 2021/22 of £61,000, being a decrease in Capital projects of £22,000 and an increase in Revenue Projects totalling £83,000. There will also be a net increase in the 2022/23 programme by £85,000 due to the slippage on Capital projects outlined above. Therefore, the overall revised programme Capital and Revenue Projects total for 2021/22 now stands at £12,877,000.

Capital receipts and contributions received to the end of December 2021

46. Capital Receipts, S106s and grant contributions of £3,002,372 have been received in the period April to December 2021.

S106 contributions committed/utilised to the end of December 2021

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

	<i>Apr to Dec</i>	
	<i>£'000</i>	<i>Note</i>
Cuckfield Parish Council	7	1
Worth Parish Council	9	2
Scaynes Hill Millennium Village Centre	2	3
Ashenground Community Centre	6	4
Sussex Clubs for Young People Ltd	171	5
Mid Sussex District Scout Council	100	6
Persimmon Homes	1	7
Hurstpierpoint & Sayers Common Parish Council	19	8
Ardingly Parish Council	17	9
Hurstpierpoint & Sayers Common Parish Council	5	10
Cuckfield Parish Council	15	11
	<hr/>	
Total	352	
	<hr/>	

Notes

- 1 Utilisation of Local Community Infrastructure (LCI) contribution (P35/708 £6,843.45) S106 monies the first phase of planting in Cuckfield Parish Council's Community Garden (Angela Fox Nature Garden), as agreed by the Leader of the Council on 21 June 2021 MIS 25 23 June 2021.
- 2 Utilisation of S106 Play contributions (P35/323 £0.81, P35/475 £293.00 and P35/728 £8,226.19). S106 monies for the installation of an inclusive roundabout at the Bowers Place Playground in Crawley Down for Worth Parish Council, as agreed by the Cabinet Member for Environment and Service Delivery on 23 June 2021 MIS 25 23 June 2021.
- 3 Utilisation of Community Buildings contribution (PL12-001487 £2,000) S106 monies for the upgrade of the existing air ventilation system with a purification unit to improve the facilities and encourage more users to take part in social and community activities in the centre in a Covid secure environment. As agreed by the Cabinet Grants Panel on 28 June 2021 MIS 26 30 June 2021.
- 4 Utilisation of Community Buildings contribution (PL12-001082 £3,396, PL13-002860 £2,418) S106 monies for the installation of LED lighting to improve energy efficiency and reduce overhead costs, as agreed by the Cabinet Grants Panel on 28 June 2021 MIS 26 30 June 2021.
- 5 Utilisation of Community Buildings contribution (P35/641 £1,498.55, PL13-000162 £3,072, P35/594 £33,127.77, PL13-000539 £4,819, PL3-000199 £85,744.33, P35/757 £2,704.19, PL13-000616 £3,601.51, PL13-001412 £12,346 and P35/768 £24,246.65) S106 monies to extend and refurbish the pavilion at Barn Cottage Recreation Ground to make it suitable for a wider range of activities and community management, as agreed by the Cabinet Grants Panel on 28 June 2021 MIS 26 30 June 2021.
- 6 Utilisation of Community Buildings contribution (PL3-000199 £18,501.03, PL13-001178 £6,893.00, PL13-000841 £46.63, PL13-001876 £5,316.71, P35/768 £24,740.46 and PL3-001439 £44,502.17) S106 monies for the construction of a new community centre at Barn Cottage Recreation Ground for use by the Scouts and other groups, as agreed by the Cabinet Grants Panel on 28 June 2021 MIS 26 30 June 2021.
- 7 Utilisation of Community Buildings contribution (P35/543 £995.00) S106 monies to install digital cabling at a new community building at East of Kingsway, as agreed by the Cabinet Member for Community on 23 August 2021 MIS 34 26 August 2021.
- 8 Utilisation of Play contribution (PL3-000016 £18,573.24) S106 monies to install new play equipment at Reeds Lane Recreation Ground (South), Sayers Common, as agreed by the Cabinet Member for Environment & Service Delivery on 15 September 2021 MIS 37 15 September 2021.
- 9 Utilisation of Formal Sport contribution (PL12 000981 £16,682) S106 monies to resurface the tennis courts at Ardingly Recreation Ground to create two new multi-sports courts, as agreed by the Cabinet Member for Environment & Service Delivery on 6 October 2021 MIS 40 6 October 2021.
- 10 Utilisation of Community Buildings contribution (P35/787 £5,151) S106 monies to cover additional costs for the installation of external decking at the Court Bushes Community Hub, as agreed by the Cabinet Member for Community on 1 December 2021 MIS 48 1 December 2021.
- 11 Utilisation of LCI and Public Art contributions (P35/708 £12,495.02, P35/737 £244.98 & P35/708 £2,000.00) S106 monies for the second phase of their Community Garden (Angela Fox Nature Garden) project, as agreed by the Cabinet Member for Housing and Planning on 15 December 2021 MIS 50 15 December 2021.

TREASURY MANAGEMENT INTEREST

49. Treasury Management interest for this financial year was projected in the Budget Report to be £171,830 at an average rate of 0.4%. The Budget Report is prepared well before many of the cash flow items are known.
50. Although the interest receivable forecast continues to be below the budget, there continues to be a slight improvement of £3,476 on the last reported shortfall of £26,807. The previously reported shortfall was partly caused by the large balances of grant funding held by Local Authorities, causing excess cash in the market. Mid Sussex's average balance has been higher than forecast, but a large proportion needed to be liquid to be distributed to local businesses, therefore receiving very low interest returns. However, as at the end of December, our cash flow has continued to enable further investments to be placed, although the average interest rate remains low as it is harder to find borrowers offering reasonable rates. Therefore, a very cautious estimated year-end projection for Treasury Management to be earned in the year now stands at £148,499 being £23,331 under target. This position will continue to be monitored closely for the last quarter of the year.

Local Authority Property Fund Dividends

51. For CCLA we have received £165,913 against a budget of £240,000. Based on the first three quarters dividend, this is likely to result in a shortfall of £18,783 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 2021/22 Outturn Report.

POLICY CONTEXT

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

FINANCIAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

54. There are no risk management implications.

EQUALITIES IMPLICATIONS

55. There are none.

OTHER MATERIAL IMPLICATIONS

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

SUSTAINABILITY IMPLICATIONS

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

Background Papers

Revenue Budget 2021/22

APPENDIX A

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

	<i>Pressures in 2021/22</i>	<i>Notes</i>
	<i>£'000</i>	
April to September pressures Cabinet 29 November 2021	669	
Orchards Retail Service Charge	115	1
Orchards Residential Service Charge	67	2
Strategic Management Salaries	86	3
Building Control Income	52	4
Hackney Carriage Income	32	5
Refuse and Recycling bins purchase	30	6
Magistrates Court Income (reversal)	48	7
Leisure Centres Reopening costs	735	8
Leisure Centres Contractor - exceptional Items	177	9
Pay award – additional 0.25%	30	10
	2,041	
	2,041	

Notes:

- (1) Reconciliation of the Service charges for 2018/19 and 2019/20 have now been completed by SHW the agents, resulting in large credits being paid to the tenants. Roofing works were undertaken to the Orchards shopping centre in 2019. The M&S roof was not part of the works and as they have always repaired their own roof, it was agreed that the M&S share of the cost would be absorbed as a Landlord non recoverable cost.
- (2) Reconciliation of the Service Charges for 2018/19 and 2019/20 have now been completed by SHW the agents, resulting in large credits being paid to the tenants. Roofing works were undertaken to the Orchards shopping centre in 2019. The M&S roof was not part of the works and as they have always repaired their own roof, it was agreed that the M&S share of the cost would be absorbed as a Landlord non recoverable cost.
- (3) Additional cost of employing an interim Head of Digital and Customer Services through an agency.
- (4) See paragraph 11.
- (5) See paragraph 14.
- (6) Additional cost of bin replacement due to the age of existing operational stock.
- (7) Reversal of previously forecast Revenues Enforcement Income following cancellation of courts in March.
- (8) The Sports Consultancy have recently updated their projections of the Leisure contractor's reopening costs (Places for People Leisure) following completion of an open book reconciliation for the third quarter and revising their projections to year end. Significant additional reopening costs have occurred as a result of restrictions imposed during the pandemic and, more recently, as a consequence of very significant increases in energy costs. The projection has been revised to reflect an increase of £735,000 since previously reporting. The total costs can be partially financed from the Leisure reserve of £500,000.
- (9) Costs incurred by the Leisure Contractor (Places for People Leisure) in respect of essential repair works required at Triangle Leisure pool and Cuckfield Paddling pool which Mid Sussex has agreed to fund.
- (10) Further 0.25% allowance for the 2021/22 Pay Award to match the most recent Employer's pay offer of 1.75%. This offer has not yet been accepted and therefore may be subject to further change.

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

	<i>Savings in 2021/22</i>	<i>Notes</i>
	<i>£'000</i>	
April to September savings Cabinet 29 November 2021	(358)	
Land Charges and Planning Support Salaries	(30)	11
Land Charges Income	(30)	12
Finance Salaries	(15)	13
Industrial Estate Rents	(42)	14
Depot Rent	(10)	15
The Orchards Borrowing	(127)	16
Pay and Display Income	(72)	17
Garden Waste Income	(26)	18
Building Control Salaries and Car Allowances	(9)	19
Environmental Health Salaries and Car Allowances	(29)	20
Cleansing Services Salaries	(19)	21
Bulky Waste Income	(20)	22
Temporary Accommodation Placement costs	(19)	23
Outdoor Facilities income	(30)	24
Revenues and Benefits Salaries	(14)	25
	<hr/>	
	(850)	
	<hr/> <hr/>	

Notes:

- (11) Efficiencies following the digitalisation of the Local Land Charges Register has resulted in salary savings.
- (12) Income overachieved due to increased Housing Market activity between April and October 2021.
- (13) Salary savings due to a vacant post, staff working reduced hours and on a lower grade than budgeted.
- (14) See paragraph 19.
- (15) See paragraph 21.
- (16) Saving on interest as borrowing now repaid for the Orchards Shopping Centre
- (17) See paragraph 9.
- (18) See paragraph 16.
- (19) Building control staff savings resulting from staff working at below budgeted grade and car allowance savings.
- (20) Environmental Health staff savings due to established staff being redeployed to covid related work funded by external grant.
- (21) Cleansing Services staff savings due to vacant posts.
- (22) Increased Bulky Waste Income due to an increase in demand for the service.
- (23) This budget is no longer required following a rent review in April and these costs are now fully covered by Housing Benefit.
- (24) See paragraph 15.
- (25) Revenues and Benefits staff savings due to vacant posts

Capital Project Justification

Burgess Hill Place and Connectivity Programme – additional forecast spend 2021/22

Purpose of project:

To request the inclusion of an additional £63,000 in the 2021/22 Capital Programme towards the Place and Connectivity Programme, to forward fund accelerated delivery of 'mobility corridor' walking and cycling improvements by MSDC at St John's Park, Burgess Hill to support the delivery of the Burgess Hill Growth Programme.

It has been identified that there would be significant benefit in accelerating the delivery of 300m walking and cycling links at St John's Park, Burgess Hill, proposed as part of a package of off-site 'mobility corridor' improvements by the Northern Arc Development. These improvements have been secured as part of the Northern Arc Section 106 agreement.

The works are being delivered through the Place and Connectivity Programme, in partnership with Homes England, who on completion of the scheme, will fully reimburse MSDC.

Total Amount: £63,000

Value For Money Assessment:

The proposed works would cost up to £63,000, forward funded from the MSDC Capital Programme. The cost of the works would be reimbursed in full to MSDC by Homes England on receipt of invoice. As such, there would be a net zero impact on the Capital Programme, on completion of the works. The works are expected to be completed by end of financial year 2021/22.

Business Unit/Service: Planning Policy and Economy

Head of Service: Judy Holmes

Project Manager:

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

Cabinet Members: Cllr Judy-Llewellyn-Burke (Burgess Hill Growth Area)

Ward Members : N/A

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

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

Summary of discussions with Cabinet Member :

The decision to include additional spend was signed off by the Deputy Leader as the Cabinet Member responsible for the Burgess Hill Growth Area and came into effect on 27 January 2022.

Previous Consideration at Scrutiny Committee : N/A

Risk Analysis :

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

A technical team is engaged to oversee the project to minimise risk, and costs are allowed for this in the total target cost for the package of works.

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CLAIR HALL SITE UPDATE

REPORT OF: Chief Officers
Contact Officer: Rafal Hejne, Interim Head of Organisational Development
Email: rafal.hejne@midsussex.gov.uk Tel: 01444 477354
Wards Affected: All
Key Decision: Yes
Report to: Cabinet
14 February 2022

Purpose of Report

1. This report provides an update on progress made on the work to develop investment options for the Clair Hall site and recommends creating Clair Hall Members' Steering Group to oversee and steer this work going forward.

Summary

2. Following the Cabinet decision in December, officers started progressing work to develop evidence-based, sustainable investment options. The report provides an outline timeline for this work, summarises progress made to date, and recommends setting up a member advisory group to help Cabinet oversee and steer this work.

Recommendations

3. **Cabinet is recommended to:**
 - (i) ***Agree to establish Clair Hall Members' Steering Group to oversee and steer work to develop investment options for the Clair Hall site;***
 - (ii) ***Note the indicative timeline and progress of the work to date.***
-

Background

4. The Clair Hall site is located in Haywards Heath and includes Clair Hall, the Redwood Centre and car park. The hall is a multi-purpose venue comprising a large main hall, a function suite, studio, and bar area. Currently, it is being used by the NHS as a vaccination site.
5. In December 2021, Cabinet agreed a develop investment options for the site. The Cabinet agreed that more information and work was required to develop options that ensure the sustainable future of the community facilities on the site. Both refurbishment and redevelopment scenarios should be investigated. Cabinet established a special reserve to support this work.
6. Cabinet agreed that an update and indicative timeline would be presented to the following Cabinet meeting (this meeting).

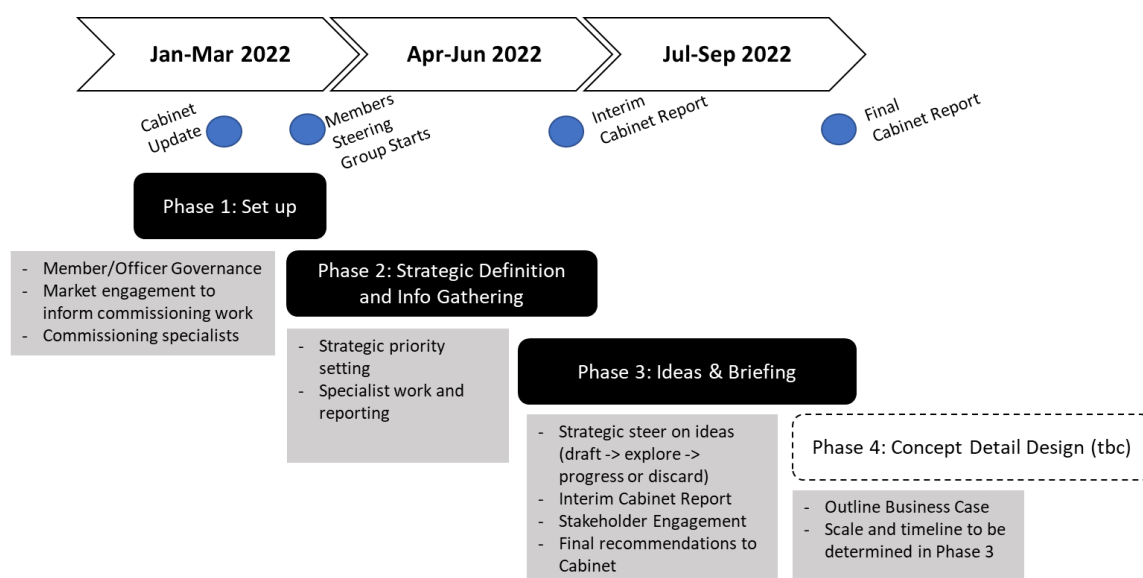
Clair Hall Steering Group

7. The work required to develop options for sustainable community facilities on site is complex and requires careful consideration, steering and oversight from Cabinet members.

8. To help progress work on the Clair Hall site, the Council can draw on its experience to date as it has a strong record of managing complex work like this. The Council has been very successful at attracting inward investments, both public and private, at supporting the development of the district.
9. It is proposed that Cabinet adopts the good practice from Burgess Hill Growth Programme work and establishes a Member steering group to provide oversight of this work, similar to the Burgess Hill Members' Steering Group. This will provide an opportunity for the Haywards Heath Town Council members to support and influence this work.
10. The Clair Hall Member Steering Group would advise Cabinet on their decisions and provide oversight and guidance in relation to the delivery of the project in line with the District Plan 2014-2031, Haywards Heath Neighbourhood Plan, Haywards Heath Town Centre Masterplan (Supplementary Planning Document) 2021.
11. The TOR and membership of the group are included at Appendix A.

Indicative timeline and progress to date

12. Cabinet agreed that an evidence-driven approach would give the Council the best chance to ensure any proposals lead to the delivery of successful community facilities on site.
13. Economic recovery from the pandemic remains in a point of transition, with every sign of a positive measure being equally met by a challenge. The pandemic continues to be a significant risk and a factor in shaping residents' habits and business's decisions. The future, therefore, is unclear and hard to predict.
14. The arts/culture/leisure sector, in particular, has not recovered yet. Equally it is important to understand how people's habits and needs change (or are changing) as we recover from the pandemic. These are some of the factors the Council will need to consider when making decisions about investment in these types of facilities.
15. Officers have planned out key work stages to support this work. Below is a high-level plan of upcoming activities. The programme of work will be refined when specialists are on-boarded and evidence/requirements are more understood.



16. Subject to Cabinet agreement, the Clair Hall Member Steering Group would oversee this work and provide recommendations to Cabinet for their decisions. It is proposed that the first meeting be organised in March to establish priorities for this work and further discuss the work programme.
17. The group would meet as per agreed programme of work and report to Cabinet regularly. An interim Cabinet report would update the Cabinet on the progress of the work and would include interim recommendations linked to evidence gathered.
18. Officers identified specialist work areas that Council will want to commission to inform this work. This will help understand the site/building's issues and constraints; investigate opportunities, challenges of the local arts/culture/leisure; and gather evidence about the level of local need for community services (both from policy/community perspective and commercial opportunities and interest). Phases 2 and 3 are critical stages to gather and analyse all evidence available to develop and assess investment options.
19. The development of options work will be led by an external specialist advisor who will have experience of arts/culture/leisure sector. Using their expertise, they will lead on market research, engagement, and analysis of available information to develop ideas/option proposals for review by the Clair Hall Member Steering Group.
20. Following the Cabinet decision, officers mobilised other resources. This included beginning multiple site surveys work. A more intrusive structural survey will have to wait until access allows to progress this work.
21. A market engagement exercise is being planned to gather initial market intelligence to help focus and speed up this work (exploring both refurbishment and redevelopment scenarios and market appetite to support either of these).

Current use of the site

22. Officers continue to remain in touch with the NHS regarding this use. Whilst national policy on the vaccination programme continues to develop in tandem with the course of the pandemic, the NHS has confirmed that it is likely to require Clair Hall into the new financial year. In accordance with the previously expressed desire of the Members, officers will continue to facilitate this use.
23. Should this use not be needed at any point in 2022 and the Clair Hall will become vacated, the Council will complete the surveying work to inform the development of the investment options as well as assess the level of work required after NHS vacates it. The Council's policies will guide the meanwhile use considerations.

Policy Context

24. Planning applications are determined against the policies and guidance within the Development Plan. The following are of direct relevance to the Clair Hall site:
 - (a) District Plan 2014-2031, adopted in 2018
 - (b) Haywards Heath Neighbourhood Plan, adopted in 2016
 - (c) Haywards Heath Town Centre Masterplan (Supplementary Planning Document), adopted in 2021
25. The District Plan sets the vision and strategy for the district and includes policies against which planning applications are determined. In relation to the Clair Hall site, policy DP24: Leisure and Cultural Facilities and Activities provides support for new

and/or enhanced leisure and cultural activities and facilities. Proposals that involve a loss of cultural facilities will not be supported unless an assessment has been undertaken which shows the facility is surplus to requirements; or the loss would be replaced by equivalent or better provision in terms of quantity/quality in a suitable location; or the development is for alternative provision where the needs clearly outweigh the loss.

26. In relation to the Clair Hall site, The Haywards Heath Neighbourhood Plan's Policy L1 states: "Development resulting in the loss of Clair Hall whilst the facility remains needed and valued by the local community will be resisted unless there is re-provision of an equivalent or better facility within the Town prior to the loss of the existing facilities."
27. The Masterplan identifies Clair Hall as an 'Opportunity Site' for redevelopment. For Clair Hall, the Masterplan requires any redevelopment of the site to be subject to results of an assessment to establish the need for such a facility and whether these could be re-provided elsewhere (in accordance with DP24 above).
28. Naturally, options for the refurbishment or redevelopment of the site will need to be developed, informed by the planning context.

Financial Implications

29. In December 2021, Cabinet created a reserve to fund specialist work and advise to enable the Cabinet to consider options for the redevelopment or refurbishment of the site.

Risk Management Implications

30. A better picture of the impacts of the pandemic on the economy, arts, and leisure sector in particular, and residents' habits and needs, are still emerging and clarifying. These increase risks and uncertainties around planning for future provision and will impact all options that may be developed as part of the feasibility work planned. An evidence-driven approach to this work will help manage these risks.
31. The financial position of the Council is under pressure and as presently set out is not sustainable. This will have to be monitored and will be a significant factor in the decision making about investment options on the site.
32. Further work to develop options around refurbishment and/or development of the site, will require access to the buildings to undertake structural surveys and facilitate more detailed planning and assessments. Currently, the NHS occupies Clair Hall, which will affect this work. Some work may not be completed until the NHS vacates or provides access to the hall.

Equality and Customer Service Implications

33. Options developed as part of the feasibility work and presented to the Cabinet will include an equality impact assessment.

Sustainability Implications

34. Government policy requires social as well as economic and environmental objectives to be an integral part of sustainability. Strong, vibrant, and healthy communities need sufficient provision for community facilities including cultural facilities which are easily accessible. Further work will include these considerations and develop option(s) for the most suitable facility on the site.

TERMS OF REFERENCE FOR CLAIR HALL MEMBERS' STEERING GROUP

The aim of the Clair Hall Members' Steering Group is:

To provide political oversight and guidance in relation to the delivery of the Clair Hall project, in line District Plan 2014-2031, Haywards Heath Neighbourhood Plan, Haywards Heath Town Centre Masterplan (Supplementary Planning Document).

The Role of the Members' Steering Group is to:

- Provide oversight for the project
- Act as the Task and Finish Group
- Provide political advice and guidance to Cabinet

Membership shall comprise:

- Chair – Leader
- Cabinet:
 - Portfolio Holder for Economic Growth
 - Portfolio Holder for Community
 - Portfolio Holder for Estates and Facilities
- Haywards Heath Town Council:
 - Leader
- Supporting Officers (attending as required):
 - Interim Head of Organisational Development
 - Head of Corporate Resources
 - Head of Digital & Customer Services
 - BUL Estates and Facilities
 - Divisional Leader for Planning and Economy
 - Regeneration and Economy Programme Manager
 - Clerk of Haywards Heath Town Council

Meeting frequency:

The Members' Steering Group will meet as required by the programme of work and within a timeframe that allows advice to be provided to Cabinet. Additional meetings held with the agreement of the Chair.

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