

## DRAFT CORPORATE PLAN AND BUDGET FOR 2022/23

REPORT OF: HEAD OF CORPORATE RESOURCES  
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Wards Affected: All  
Key Decision: Yes  
Report to: Cabinet  
14 February 2022

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### 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 17<sup>th</sup> December 2021. The consultation period included a meeting of the Scrutiny Committee for Leader, Finance and Performance on 12<sup>th</sup> 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**

<b>Revenue Spending</b>	<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
<b>Deficit position Scrutiny Committee For Leader, Finance and Performance 12th January 2022</b>	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)
<b>Deficit position Cabinet 14th February 2022</b>	<b>183</b>	<b>1,395</b>	<b>1,330</b>	<b>1,248</b>

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

	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2024</b>	<b>31/03/2025</b>	<b>31/03/2026</b>
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**

<b>Revenue Spending</b>	<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
<b>Base Net Expenditure</b>	17,066	16,958	17,015	17,102	17,159
Benefits	(119)	(119)	(119)	(119)	(119)
<b>Base Revenue Spending</b>	16,947	16,839	16,896	16,983	17,040
Balance Unallocated	20	20	20	20	20
<b>Council Net Expenditure</b>	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)
<b>Total Revenue Spending</b>	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)	-	-	-	-
<b>Council Tax Requirement @ 2.8% in 22/23</b>	(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)
<b>Cumulative Balance deficit; / (surplus)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Difference year on year</b>		(0)	(0)	(0)	0

<b>Financing Revenue Spending</b>	<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%
<b>Revenue Budget</b>	17,637	17,707	17,254	17,784	18,284
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Damping payments to LA	-	-	0	0	-
HB Admin Grant / LCTS Grant	(409)	(315)	(315)	(315)	(315)
Services Grant 22/23 only	-	(148)	-	-	-
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<b>Council Tax Requirement</b>	<b>(10,915)</b>	<b>(11,404)</b>	<b>(11,881)</b>	<b>(12,369)</b>	<b>(12,869)</b>
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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)
<b>Total Financing</b>	<b>(17,637)</b>	<b>(17,707)</b>	<b>(17,254)</b>	<b>(17,784)</b>	<b>(18,284)</b>
<i>Balance [(deficit); /surplus]</i>	0	(0)	(0)	(0)	(0)
	(17,637)	(17,707)	(17,254)	(17,784)	(18,284)
<b>Council Tax at Band D</b>	<b>£ 175.41</b>	<b>£ 180.36</b>	<b>£ 185.31</b>	<b>£ 190.26</b>	<b>£ 195.21</b>
Change from previous year	<b>2.90%</b>	<b>2.80%</b>	<b>2.75%</b>	<b>2.65%</b>	<b>2.60%</b>

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.