

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.
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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>
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Total Revenue Projects Variations	83	
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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:

Table 5 S106 utilisation 2021/22		
	<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
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Total	352	
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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.