

BUDGET MANAGEMENT 2022/23 – PROGRESS REPORT APRIL TO DECEMBER 2022

REPORT OF: Director of Resources and Organisational Development
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Wards Affected: All
Key Decision: No
Report to: Cabinet
6 February 2023

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Purpose of Report

1. This report reviews the progress on the Revenue Budget, Capital Programme, Major Revenue Projects and Treasury Management Income for 2022/23 and also includes details of specific grants received since the last report.

Summary

2. This paper sets out several movements across the Revenue Budget which result in an improved forecast outturn as at the end of December 2022, compared to the last reported mid-year position.
3. The projected overspend has decreased from £1,235,000 reported to Cabinet on 21 November 2022 to a current overspend projection of £1,087,000 (before the use of Treasury Management income). This is due to a number of savings being identified across the Council. This will reduce the level of Treasury Management income required to support the projected Revenue Budget overspend as approved by Cabinet at their November meeting. This means that the projected overspend of £41,000 reported in November is now reduced to £0 and any balance of Treasury Management income will go to top up general reserve.
4. The Capital Programme is reporting a small net underspend of £29,000. The programme continues to deliver significant work despite some difficult external market pressures. Revenue Projects are on target. These combined programmes are currently forecast to deliver schemes to the value of £8,035,000.
5. The report also identifies a number of specific grants that have been received since the last management report. As is usual practice it is proposed that these will be added to specific reserve for use across years as required.

Recommendations

6. To recommend to Council for approval:

- (i) that £12,400 received from Department Business Energy & Industrial Strategy in respect of BEIS New Burdens Admin Grant be transferred to Specific Reserve as detailed in paragraph 23;
- (ii) that £5,338 received from Department for Work & Pensions to meet the costs of new burdens relating to Local Authority Data Sharing be transferred to Specific Reserve as detailed in paragraph 24;
- (iii) that £34,800 grant received in respect of Northern Arc Phase 1 Planning Performance agreement funding be transferred to Specific Reserve as detailed in paragraph 25;

- (iv) that £15,081 grant received in respect of Planning Performance Agreements be transferred to Specific Reserve as detailed in paragraph 26;
- (v) the variations to the Capital Programme contained at paragraph 29 and 30 in accordance with the Council's Financial Procedure rule B3;
- (vi) To recommend that Swan Mead and Temporary Accommodation are reported as a combined Temporary Accommodation programme to align to the overall delivery of the Temporary Accommodation offer.

REVENUE SPENDING

Position to the end of December 2022

7. This report provides a position regarding the estimated outturn after the first three quarters of 2022/23.
8. Due to the continuing challenging economic climate inflation remains high, however, the latest Consumer Price Index (CPI) at the end of December 2022 is showing a slight drop at 10.5% (from 11.1% at the end of October). Services have been able to identify and manage savings to help offset the significant overspend identified at September's monitoring.
9. Table 1 below provides a summary of changes to the estimated forecast outturn since September. A more detailed breakdown is at Appendix A of this report. The main reasons for any movements are then outlined in the following paragraphs.

Table 1 – Overview of forecast movement September to December 2022/23

	Current budget 2022/23 £'000	Forecast Outturn 2022/23 £'000	Forecast Variation as at December 2022 £'000	Previously Reported Variation September 2022 £'000
<i>Council Net Expenditure</i>	16,875	17,907	1,087	1,235
Contribution to reserves	832	832		
Use of Treasury Management Income	0	(1,087)	(1,087)	(1,194)
<i>Total Revenue Spending</i>	17,707	17,707	0	41

General Movements

10. The National Insurance (NI) reversal announced as part of the mini budget in September has now been included in forecasts as it was implemented from 6th November. This saving is apportioned across all staff salary budgets and results in minor changes to forecasts from September across service areas. In total the saving will be £36,000 for the full year. Where no other variations to previous forecast have been identified as part of December budget monitoring.

Deputy Chief Executive

11. **Development Management** has reduced its pressure by making an £8,000 postage saving as a result of making better use of electronic communication methods and also savings on car allowances.
12. **Planning Policy** is now estimating a saving of £26,000. This is the result of additional s106 monitoring fee income and transport model access fee together will some full year staff savings.
13. **Economic Development and Sustainability** is now forecasting a £32,000 savings due to full year staff savings and associated car allowance savings.
14. **Environmental Health** is now estimating a small saving of £5,000 as a result of full year staff savings.

Director People & Commercial Services

15. **Cleansing Services.** There has been an improvement in the pressure on waste collection due to a vacancy and additional income from waste services (including additional dog bin collection charges).
16. **Parking Services** are projecting a £113,000 saving by year end, an improvement of £66,000 since September forecasts. This is mainly the result of better than anticipated recovery from the pandemic for car parking income, with the anticipated income by year end being just £102,000 less than pre-pandemic levels. This is partly offset by a £17,000 pressure arising from updating parking machines to be 4G ready in order to continue to take cashless payments.
17. **Facilities** have seen a reduced pressure of £9,000 due to reprofiling of some works into the next financial year.
18. **Estates** have a net pressure of £7,000 emerging. This is mainly due to the net effect of a new requirement for energy certificates combined with reduced town centre rents, offset by savings in Industrial Estates rent, where ongoing reviews and the management of arrears continue to provide savings.
19. **Building Control** income has reduced in this area which is the main cause of the £51,000 increased pressure forecast to year end. This is the result of reduced activity in the sector, linked with increase material costs, supply chain disruption, rising inflation, interest rate increases and a downturn in the housing market. To support this forecast, planning applications received have a direct correlation with workstream feeding through to building control and nationally there has been a reported 12.5% drop for the year-to-date.
20. **Efficiency programme.** There is a reset on the savings derived from the public realm contract as it is currently a difficult market in which to negotiate favourable changes and an alternate procurement approach is being explored. Any tangible delivery of the savings will not be achieved until future years and is now shown in the draft corporate plan and budget.

Treasury Management

21. As previously reported the interest receivable from Treasury Management has significantly improved this financial year, due to the improved interest rates available and effective investment decision making. As previously agreed, these improved receipts will be used to offset the revenue overspend. Any surplus will be used to top up general reserve.

Summary of Revenue Position

22. In summary, based on current information available and as outlined above, the net revenue overspend position of £1,087,000 will be met from the additional income from Treasury Management (TM). This will reduce the level of Treasury Management income required to support the projected Revenue Budget overspend as approved by Cabinet at their November meeting. This means that the projected overspend of £41,000 reported in November is now reduced to £0 and any balance of Treasury Management income will go to the central banks general reserve.
23. The figures presented include some projections, where appropriate, for full year actuals. Therefore, unforeseen service requirements and the outcome of ongoing pieces of work may result in further variations to this forecast at outturn.

New Specific Grants

24. In December, the Council received £12,400 from Department Business Energy & Industrial Strategy in respect of BEIS New Burdens Admin Grant. Members are requested to approve that this sum be earmarked in Specific Reserve for Revenues and Benefits New Burdens to fund associated costs as they arise.
25. In October, grant totalling £5,338 was received from Department for Work & Pensions to meet the costs of new burdens relating to Local Authority Data Sharing. Members are requested to approve that this sum be earmarked in Specific Reserve for Revenues and Benefits New Burdens to fund associated costs as they arise.
26. In October, the Council received £34,800, in respect of Northern Arc Phase 1 Planning Performance agreement funding. Members are requested to approve that this sum be earmarked to supplement the existing Burgess Hill Growth Specific Reserves.
27. In October, the Council received £15,081 in respect of Planning Performance Agreements. Members are requested to approve this sum be earmarked to supplement the existing Planning Performance Agreement Specific Reserve to fund costs as they arise.

CAPITAL PROGRAMME AND REVENUE PROJECTS

Position to the end of December 2022

28. The Council has a 4-year rolling Capital Programme. While it is managed across multiple years this report provides an update on in year Capital work and Revenue Projects. The actual spend and purchase orders raised to the end of December 2022 total £5,673,265.
29. There are no significant updates to the Capital Programme. Revenue Projects remain on target with a small net underspend on the capital programme of £29,000 (detailed below) that will be released. Overall, this results in a revised 2022/23 programme of £8,035,000.
30. The East Court Pavilion Sewage Pump project totalling £85,000 is now complete and is underspent by £16,000 due to unused contingency funding originally built into the budget and the a saving on the initial pre-tender estimate. This project was financed from General Reserve. The programme has been updated accordingly.

31. The £95,000 Heating Works Phase 4 project is now complete and underspent by £13,000, as the pre-tender estimate was based on previous phases of heating works, but 2 of 3 tender returns came in under that value. Savings during the project also generated the underspend on initial contracted price This project was financed from General Reserve. The programme has been updated accordingly.
32. To facilitate management and reporting of Swan Mead and Temporary Accommodation (TA), it is proposed that they are combined to form a TA programme. This will align to the overall delivery of the TA offer.

Capital receipts and contributions received to the end of December 2022

33. Capital Receipts, S106s and grant contributions of £1,116,018 have been received in the period April to December 2022.

S106 contributions committed/utilised to the end of December 2022

34. The following S106 contributions have been utilised during this period

	<i>Apr to Dec</i> £'000	
Ardingly Parish Council	23	<i>Para 33</i>
1st Copthorne Scout Group	11	<i>Para 34</i>
West Sussex County Council	25	<i>Para 35</i>
Copthorne Sports & Community Association	10	<i>Para 36</i>
Bolnore Village Community Partnership	8	<i>Para 37</i>
Ashenground Community Centre	11	<i>Para 38</i>
Haywards Heath Tennis Club	10	<i>Para 39</i>
Ansty Community Sports Club	37	<i>Para 40</i>
Total	135	

35. Utilisation of Formal Sport contribution (PL12-000981 £22,621.00) S106 monies for tennis court improvements at Ardingly Recreation Ground, as agreed by the Deputy Leader on 18 May 2022 (MIS 20 18 May 2022).
36. Utilisation of Community Buildings contribution (PL12-000910 £10,791.00) S106 monies for landscaping, surfacing, and fencing works at the Scout Centre and Guide Hall, as agreed by the Cabinet Grants Panel on 22 June 2022 (MIS 25 22 June 2022).
37. Utilisation of Total Access Demand (TAD) contribution (P35/768 £25,260.65) S106 monies to enable the commissioning of a survey of the BOAT (Byway Open to All Traffic), Bolnore Road, Haywards Heath, as agreed by the Cabinet Member for Planning on 17 August 2022 (MIS 33 17 August 2022).
38. Utilisation of Formal Sports contribution (PL3-000784 £9,906.00) S106 monies to install acoustic cladding in the pavilion at King George V playing field as agreed by the Cabinet Grants Panel on 22 August 2022 (MIS 34 25 August 2022).
39. Utilisation of Community Buildings contribution (PL12-001376 £8,326.00) S106 monies to install an acoustic wall at the woodside pavilion, as agreed by the Cabinet Grants Panel on 22 August 2022 (MIS 34 25 August 2022).

40. Utilisation of Community Buildings contribution (PL13-002860 £10,862.54) S106 monies to fund the purchase and installation of an Audio-Visual System to provide a low-cost Community Cinema, as agreed by the Cabinet Grants Panel on 24 October 2022 (MIS 43 26 October 2022).
41. Utilisation of Formal Sport contributions (PL13-003312 £1,365.31, PL13-003640 £707 and PL13-001439 £7,927.69) S106 additional monies to enable the organisation to deal with inflationary pressures and ensure delivery of their project to refurbish their clubhouse, as agreed by the Cabinet Grants Panel on 24 October 2022 (MIS 43 26 October 2022).
42. Utilisation of Local Community Infrastructure (LCI) and Community Buildings contributions (PL13-003633 £20,248 and PL13-003099 £16,544.21) S106 additional monies toward the cost of refurbishing the groundman's store and installing new cricket nets at Ansty Recreation Ground, as agreed by the Cabinet Grants Panel on 12 December 2022 (MIS 50 14 December 2022)
43. A full breakdown of S106 contributions secured and utilised by Mid Sussex District Council is published each year in the Council's Infrastructure Funding Statement which can be found on the Council's website here: <https://www.midsussex.gov.uk/planning-building/consultation-monitoring>.

Policy Context

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

Financial Implications

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

Risk Management Implications

46. There are no risk management implications.

Equality and Customer Service Implications

47. There are no Equality and Customer Service implications.

Other Material Implications

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

Sustainability Implications

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

Background Papers

[Mid Sussex Corporate Plan and Budget 2022-2023](#)

Appendix A

Movement of Forecast Outturn at December 2022/23

Service Area	para Ref	Current	Forecast	Forecast	Previously
		budget	Outturn	as at	Reported
		2022/23	2022/23	December	Variation
		£'000	£'000	2022	September
				£'000	2022
					£'000
Development Management		1,281	1,296	15	33
Planning Policy		630	604	(26)	3
Economic Development & Sustainability		686	654	(32)	8
Environmental Health		1,332	1,327	(5)	16
Cleansing Services		4,319	4,464	145	176
Parking Services		(788)	(901)	(113)	(47)
Facilities		410	473	63	72
Estates		(3,049)	(3,042)	7	(24)
Building Control		449	500	51	10
Balance Unallocated		20	0	(20)	0
Savings from the public realm contract		(50)	0	50	0
NI Saving		0	(36)	(36)	0
other service areas with no variation		11,635	12,623	988	988
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<i>Council Net Expenditure</i>		16,875	17,962	1,087	1,235
Contribution to reserves		832	832		
Use of Treasury Management Income		0	(1,087)	(1,087)	(1,194)
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<i>Total Revenue Spending</i>		17,707	17,707	0	41
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