Crawley Borough Council

Cabinet

Agenda for the **Cabinet** which will be held in **Committee Room A & B - Town Hall**, on **Wednesday, 7 February 2018** at **7.30 pm**

Nightline Telephone No. 07881 500 227

Head of Legal and Democratic Services

Membership:

Councillors	P K Lamb (Chair)	Leader of the Council
	S J Joyce (Vice-Chair)	Cabinet Member for Housing
	M G Jones	Cabinet Member for Public Protection and Community Engagement
	C J Mullins	Cabinet Member for Wellbeing
	A C Skudder	Cabinet Member for Resources
	P C Smith	Cabinet Member for Planning and Economic Development
	G Thomas	Cabinet Member for Environmental Services and Sustainability

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democratic.services@crawley.gov.uk

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Switchboard: 01293 438000
Main fax: 01293 511803
Minicom: 01293 405202 DX: 57139 Crawley 1
www.crawley.gov.uk

Town Hall
The Boulevard
Crawley
West Sussex
RH10 1UZ

The order of business may change at the Chair's discretion

Part A Business (Open to the Public)

		Pages
8.	**Allocating Monies Collected Through Community Infrastructure Levy - Infrastructure Business Plan and Governance** *Planning and Economic Development Portfolio* To consider report PES/264 of the Head of Planning and Economic Development which was referred to the meeting of the Overview and Scrutiny Commission held on 5 February 2018.	75 - 88
9.	**2017/2018 Budget Monitoring - Quarter 3** *The Leader's Portfolio* To consider report FIN/431 of the Head of Finance, Revenues and Benefits.	89 - 106
10.	**Supplemental Agenda** Any urgent item(s) complying with Section 100(B) of the Local Government Act 1972.	

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Crawley Borough Council

Minutes of Cabinet

Wednesday, 10 January 2018 at 7.30 pm

Councillors Present:

P K Lamb (Chair)	Leader of the Council
S J Joyce (Vice-Chair)	Cabinet Member for Housing
M G Jones	Cabinet Member for Public Protection and Community Engagement
C J Mullins	Cabinet Member for Wellbeing
A C Skudder	Cabinet Member for Resources
P C Smith	Cabinet Member for Planning and Economic Development
G Thomas	Cabinet Member for Environmental Services and Sustainability

Officers Present:

Natalie Brahma-Pearl	Chief Executive
Ann-Maria Brown	Head of Legal and Democratic Services
Heather Girling	Democratic Services Officer
Chris Harris	Head of Community Services
Diana Maughan	Head of Housing Strategic and Planning Services
Clem Smith	Head of Economic & Environmental Services

Apologies for Absence:

None

1. Disclosures of Interest

The following disclosures of interests were made:

Councillor	Item and Minute	Type and Nature of Disclosure
Councillor A C Skudder	Proposed Manor Royal Business Improvement District (BID) Renewal (Minute 6)	Personal Interest – Employee of Thales in Manor Royal.

Councillor P Smith	Proposed Manor Royal Business Improvement District (BID) Renewal (Minute 6)	Personal and Prejudicial Interest – Local Authority Director of the Manor Royal Business Improvement District and Cabinet Member for Planning and Economic Development Councillor P Smith left the room for this item

2. Minutes

The minutes of the meeting of the Cabinet held on 29 November 2017 were approved as a correct record and signed by the Leader.

3. Public Question Time

The Cabinet received a question from Mr Charles Crane from Bewbush, in relation to the regeneration of the Town Hall scheme and enquired whether there was a risk that costs could potentially increase once demolition had commenced. Furthermore, it was questioned whether an alternative proposal included demolition prior to the redevelopment. Councillor Skudder, as Cabinet Member for Resources advised that a contingency figure was in place to counter any probability of increasing costs however in the unlikely event this occurred, the costs were not envisaged to be significant. The Leader, Councillor Lamb informed Mr Crane that the current proposal was for the demolition of the existing Town Hall in order to make part of the site available to build the new Town Hall and office building.

4. Matters referred to the Cabinet and Report from the Chair of the Overview and Scrutiny Commission

It was confirmed that no matters had been referred to the Cabinet for further consideration. The comments from the Overview and Scrutiny Commission had been circulated to all Cabinet Members. Details of those comments are provided under the minute to which the comments refer.

5. Disabled Facilities Grant Policy

The Cabinet Member for Housing presented report SHAPS/67 of the Head of Strategic Housing and Planning Services. The report sought approval to adopt a more flexible approach which has been developed in partnership with West Sussex County Council and all the West Sussex Districts and Boroughs in using the Better Care Funding to enable people to live more independently in their own home.

The Cabinet noted the Overview and Scrutiny Commission's comments from its meeting on 8 January 2018 and then agreed the recommendations.

RESOLVED

That the Cabinet:

1. Approve the Policy approach set out in Section 6.2 of report SHAPS/67.

2. Delegate authority to the Head of Strategic Housing & Planning Services, in consultation with the Cabinet Member for Housing to make any further amendments to the Policy required in response to the cross-county project outcomes.

Reason for Decision

To continue to respond in the most effective way to the needs of people with disabilities in enabling them to remain living well and independently in their own homes and to make the most effective use of increased funding opportunities provided through the Better Care Fund for Crawley residents.

6. Proposed Manor Royal Business Improvement District (BID) Renewal

The Cabinet Member for Planning and Economic Development introduced report PES/266 of the Head of Economic and Environmental Services. The report provided the background to the Manor Royal Business Improvement District (BID), the renewal process, financial and legal implications and recommended that the Cabinet support the continuation of the BID for a further 5 Year term.

It was noted that considerable publicity was available concerning the Manor Royal BID and Members took the opportunity to acknowledge the positive impact on various projects, most notably the significant improvement to the streetscene and environment within the Manor Royal area.

RESOLVED

That the Cabinet:

1) Agree the proposal from the Manor Royal BID to support the renewal of the BID (BID 2) for a further five year term.

2) Delegate authority to the Leader of the Council to vote in accordance with the Cabinet decision in relation to the Ballot to renew the BID for its own rated properties in the area.

3) Agree that the Chief Executive as Returning Officer and Ballot holder should hold a Ballot for the Manor Royal BID Renewal proposal.

4) Agree that the Head of Legal and Democratic Services be authorised to complete the necessary legal agreements required for the BID levy, operation together with any other necessary documents for the proposed BID renewal.

5) Agree that the Council performs the role of billing authority for a further five years, collecting the BID levy on behalf of the Manor Royal BID, subject to the bid securing renewal.

Reason for Decision

i) Since the original Manor Royal BID Ballot permitted a maximum five year BID period to 31 May 2018, a renewal Ballot is therefore required amongst Manor Royal levy payers to determine whether the majority wish for the Manor Royal BID to continue for a further five years.

ii) The BID Regulations require the Council as “billing authority” to instruct the “Ballot Holder” to hold the renewal ballot. The Ballot Holder is “the person the relevant billing authority has appointed under section 35 of the Representation of the

People Act 1983 (a) as the Returning Officer for elections to that authority" – i.e. the Chief Executive.

iii) The Borough Council also needs to determine whether it wishes to undertake the role of billing authority, collecting the BID levy on behalf of the BID, subject to legal agreement.

7. Procurement Shared Service - Future Delivery Model

The Cabinet Member for Resources presented report HPS/11 of the Head of Partnership Services. The report sought approval for a shared service model to be implemented for four years from April 1st 2018 with Crawley acting as the lead authority, providing services under an Inter-Authority Agreement on behalf of Horsham and Mid Sussex District Councils.

RESOLVED

That the Cabinet:

1) Approve that Crawley Borough Council become lead authority and provide procurement services on behalf of Horsham District Council and Mid Sussex District Council from 1st April 2018.

2) Agree to the cost sharing arrangements as set out in paragraph 6.3 of report HPS/11.

3) Agree to the provision of procurement services under an Inter-Authority Agreement for a minimum period of four years commencing on 1st April 2018 to 31st March 2022.

4) Agree to accept a delegation from Horsham District Council and Mid Sussex District Council of their procurement functions under Section 101 of the Local Government Act 1972.

5) Delegate authority to the Head of Legal and Democratic Services to agree the terms of the Inter-Authority Agreement which reflects the principles outlined in the report.

Reason for Decision

The current joint working arrangement with Horsham District Council and Mid Sussex Council is due for renewal on 31st March 2018 and therefore there is a need to agree how procurement services will be provided in the future.

8. Improvement and Efficiency Social Enterprise (iESE)

The Leader presented report LDS/134 of the Head of Legal and Democratic Services. The report requested Cabinet to consider and authorise the Council to become a member of the Improvement and Efficiency Social Enterprise (iESE Ltd) a company limited by guarantee and to approve the nomination of a representative from the Council to act as Non-Executive Director of the company and/or a voting delegate at the Annual General Meeting of the company.

RESOLVED

That the Cabinet:

1) Agree that Crawley Borough Council should become a member of the Improvement and Efficiency Social Enterprise (iESE) Limited.

2) Delegate authority to the Chief Executive in consultation with the Leader of the Council to approve and execute any documentation necessary to give effect to recommendation 2.1(1) in report LDS/134.

3) Approve the appointment of the Leader of the Council as a Non-Executive Director of iESE and the Chief Executive be appointed as the Council's Officer Representative to iESE Limited.

4) Support the commissioning of work for the Council by way of high level Customer Focus Wheel Assessment.

Reason for Decision

The Council has been invited to join iESE and like many other Local authorities who have joined the Company will benefit from the expertise provided by the organisation for service delivery improvements.

Closure of Meeting

With the business of the Cabinet concluded, the Chair declared the meeting closed at 7.42 pm

P K Lamb
Chair

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Crawley Borough Council

Report to Overview & Scrutiny Commission
5 February 2018

Report to Cabinet
7 February 2018

2018/19 Budget and Council Tax

Report of the Head of Finance, Revenues and Benefits - **FIN/434**

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1. Purpose

1.1 The Council has a statutory responsibility to set a Council Tax and Budget in advance of the commencement of the new financial year (1 April to 31 March). The Council Tax has to be set by 11 March, each year. During 2017 the Council continued to review its spending plans and considered options to amend spending to meet new priorities. This report presents the Revenue, Capital and Housing Revenue Account (The Budget) and sets the level of Council Tax for the Financial Year 2018-2019 taking into account these factors.

2. Recommendations

2.1 To the Overview and Scrutiny Commission:

That the Commission considers the report and decides what comments, if any, it wishes to submit to the Cabinet.

2.2 To the Cabinet

The Cabinet is requested to recommend to the Full Council the approval of the following items regarding the 2018/19 Budget:

(a) to approve the proposed 2018/19 General Fund Budget including savings and growth as set out in section 6 and Appendix 1 and Appendix 2 of the report,

(b) to approve the proposed 2018/19 Housing Revenue Account Budget as set out in section 10 and Appendix 3 of the report,

(c) to approve the 2017/18 to 2020/21 Capital Programme and funding as set out in paragraph 11.4 of the report,

(d) to agree that the Council's share of Council Tax for 2018/19 be increased by 2.55% from £194.04 to £198.99 for a band D property as set out in paragraphs 5.5.1 and 13.3,

(e) to approve the Pay Policy Statement for 2018/2019 as outlined in paragraph 16.3 and Appendix 6 of the report.

3. Reasons for the Recommendations

3.1 To provide adequate funding for the proposed level of services and to fulfil the statutory requirement to set a Budget and Council Tax and report on the robustness of estimates.

4. Background

4.1 The 2018/19 General Fund and Housing Revenue Account Budgets and the 2020/21 Capital Programme will be approved by Council in February 2018. This will be informed by the recommendations of the Budget Advisory Group, and take into account the savings and income generation achieved through the refreshed transformation programme led by the Corporate Management Team with increased focus on looking at income generation.

4.2 The Council's revenue expenditure is funded from a number of sources. The major sources are council tax, rents, Government grants, retained business rates, investment income and fees and charges. The majority of the Council's services are funded from the General Fund. The main exception is the management and maintenance of the Council's housing stock, which is funded through a Housing Revenue Account (HRA).

4.3 There have been a number of major financial pressures on the General Fund since the start of the financial crisis in 2008/09. In common with all authorities there have been significant reductions in Government grant, reductions that will continue in the coming years with no Revenue Support Grant being received from the financial year 2020/21. Income from investments has fallen due to low interest rates, although there was a small increase in the autumn of 2017 and at the same time inflation has increased.

4.4 The Council's approach has been to seek to maintain or enhance levels of service whilst keeping council tax increases to a minimum. This has been achieved in a number of ways, including redesigning services, delivering efficiency savings and generating new sources of income. The 2018/19 - 2022/23 Budget Strategy was approved by the Cabinet on 6th September 2017 and Council on 18th October 2018, Minute 10 refers. The Strategy was based on a number of key assumptions:

- Annual Government grant reductions based on the four year settlement offer.
- Work to keep Council Tax increases low without compromising local services,
- An average investment rate of 0.55% for 2018/19 increasing to 0.75% for 2019/20, 1.00% for 2020/21, 1.25% for 2021/22 and 1.75% for 2022/23,
- A 1% pay award for the financial years 2018/19 and 2019/20, increasing to 1.5% in 2020/21 and 2.0% in future years,
- An inflation provision of 3.0% for contract expenditure in 2018/19, 3.5% in 2019/20, 3.6% in 2020/21 and 3.2% in future years with no inflation allowance for general running expenses,
- An assumed increase in business rates income of 2.5% in 2018/19 to 2019/20 decreasing to 2% for the following years,
- An overall increase in fees and charges of 2%.

4.6 The Budget Strategy approved working towards balancing the budget over a three year period, including putting back into reserves when the Budget is in surplus. This will be important as the Town Hall project progresses as there will be loss of interest on investments and interest payable on loans before the floors of the New Town Hall are commercially let.

A budget gap of £84,000 was identified in the Budget Strategy, this assumed a £4.95 increase in a Band D Council tax for 2018/19.

4.7 There have been some significant changes since the Budget Strategy was approved including:

- Increased cost of pay, on 5th December 2017 Council employees were offered a two-year pay increase from 1 April 2018. The majority of employees - those on salaries starting at £19,430 per annum - would receive an uplift of 2% on 1 April 2018 (£184,000) and a further 2 per cent on 1 April 2019, with those on lower salaries receiving higher increases. This offer excludes chief officers.
- Increase in interest rates (announced on 2nd November 2017) and a review of phasing on the capital programme which impacts on interest rate projections together with a projected further rate increase in quarter 3 of 2018/19.
- Changes to New Homes Bonus, both positive and negative
- Reduced direct Government grants (Housing Benefit admin)
- Additional efficiencies, savings and income identified

4.8 The Table below summarises the changes between the approved Budget Strategy and the proposed 2018/19 Budget. Further details are provided in section 5 of the report.

	£000's	**Paragraph**
September Cabinet Gap per budget strategy	84	4.6
Impact of pay award changes	184	4.7
Business rates	171	5.2
Council tax less than projected due to fewer Band D properties than projected	25	5.5.1
New Homes Bonus – number of new properties less than previously projected	50	5.5.2
New Homes Bonus anticipated increase in 'top slice' not taken in Local Government settlement	-120	5.5.2
Additional investment interest	-340	5.5.3
Additional costs of elections	34	5.5.4
Reduced housing benefit admin grant	38	5.5.5
Revenue implications of capital programme	-40	5.5.6
Efficiencies identified as part of the budget setting process	-45	5.5.7
2018/19 Savings and efficiencies reported to the Budget Advisory group	-350	5.5.7 & 6.4
2018/19 Growth	302	6.5
Other - minor	7	
Total (balanced budget)	0	

5. Analysis

5.1 The Government announced its Spending Review in November 2015. A Statement to the House of Commons on 17 Dec 2015 said “a guaranteed budget to every council which desires one and which can demonstrate efficiency savings – for next year, and for every year of this Parliament.”

The four year Settlement figures provided by the DCLG are shown below, this however does not guarantee the future of specific grants including Housing Benefits and New Homes Bonus.

The four year settlement shows grant reductions as below.

	2016/17	**2017/18**	**2018/19**	**2019/20**
Revenue Support Grant	£1.76m	£1.04m	£0.57m	£0.06m
Percentage reduction	-32.35%	-41.64%	-44.54%	-89.72%

In 2019/20 the Council will receive £59,107 in Revenue Support Grant with the assumption of no further grant in the following years although there is the possibility of going into negative RSG.

The Government determines the amount of grant it will provide to the Council and the basis on which the estimated amount of business rates the Council will retain are determined.

The following Table sets this out in terms of the ‘Settlement Funding Assessment Elements’ for 2018/19, these figures are the draft Settlement details. The percentage change relates to the change compared with 2017/18.

	Revenue Support Grant	Business Rates	Total
	£	£	£
Start Up Assessment 2017/18	1,036,391	3,402,011	4,438,402
Provisional Start Up Assessment 2018/19	574,754	3,504,218	4,078,972
Change in year	**-461,637**	**102,207**	**-359,430**
Percentage Change	**- 44.54%**		

5.2 **Retained Business Rates**

Although the Council will collect in excess of £119 million in business rates, the amount it retains is much smaller. One of the main reasons for this is that the Government retain 50% of the rates collected and West Sussex County Council retain 10%. The second main reason is that the Council also has to pay a significant tariff to the Government. There are further complications in that the Council’s retained share can be added to by a safety net payment or suffer a further levy.

These are applied if a Council's retained share is more than 7.5% below Government set figure (safety net) or above it (a levy of 50%).

Projected non-domestic rates income	£119,956,782
Government share	-£59,978,391
West Sussex County Council share	-£11,995,678
Crawley Borough Council share (before tariff & levy)	£47,982,713

The projected retained rates amount for 2018/19 is set out in the table below. A levy will apply if the forecast is correct.

	£
Council's share of non-domestic rates income	47,982,713
Tariff	-40,650,525
Levy	-2,197,390
Safety net	0
Sub total	5,134,798
Additional rates due to renewable energy at K2 Crawley	4,800
S31 Grants	719,664
Sub Total	5,859,262
Surplus in current financial year	166,148
Transfer to the Business Rates Equalisation reserve	-865,403
Total	**5,160,007**

5.3 There is budgeted income of £719,664 in respect of Section 31 Grants, this is to reimburse the Council for business rate reliefs, including small business rate relief given by the Government which have reduced the retained rates that the Council would otherwise have received. Section 31 of the Local Government Act 2003 allows a Minister of the Crown to pay a grant to a local authority of England towards expenditure incurred by it.

5.4 It should be noted that there is significant potential volatility in business rates income, for economic, practical and technical reasons. It is possible that the final amount retained by the Council in 2018/19 will vary by several hundred thousand pounds from the current estimate. A business rates equalisation reserve has been established to assist in the management of these swings. There is a budgeted transfer to this reserve of £865,403 in 2018/19 shown above.
In the last financial year business rates collection overachieved the budgeted position; because of the Government's rules this negatively impacted on the outturn position and resulted in a transfer from the business rates equalisation reserve in the current financial year.

5.5 The following paragraphs identify changes since the Budget Strategy report.

5.5.1 **Council Tax**
The Budget Advisory Group agreed to recommend to Cabinet an increase in Council Tax of **£4.95** per annum for a Band D property, this is an increase of 2.55%.

The Department of Communities and Local Government (DCLG) gave capping guidance of the increase of 3% or £5 on a Band D, whichever is the highest.

Appendix 4 gives the proposed Council Tax per band including this 2.55% increase.

In the past, Council tax freezes had been compensated through a Government freeze grant, however this has resulted in future council tax income being eroded as the council lost out on the incremental effect of the increase in the annual Council tax.

The Table below shows the impact on the proposed increase in Council tax per year and per week, it also shows the change in the number of properties in each band since last year, this shows the largest increase are in bands A – C.

Appendix 4 gives the total number of properties in each Council Tax band.

Council Tax Band	Change in the number of properties from last year	Proposed Council Tax (Crawley element)	Proposed Increase per year	Proposed Increase per week
		£	£	£
A	66	132.66	3.30	0.06
B	159	154.77	3.85	0.07
C	202	176.88	4.40	0.08
D	48	198.99	4.95	0.09
E	14	243.21	6.05	0.12
F	18	287.43	7.15	0.14
G	-4	331.65	8.25	0.16
H	0	397.98	9.90	0.19
	503			

As a result of net increases in the number of properties in Crawley, the 2018/19 Council Tax base has changed. The number of properties has increased by 503, however the majority of these properties are in Council Tax Band A-C; this has resulted in £25,000 less Council Tax income than projected in the September Budget Strategy report to Cabinet.

5.5.2 New Homes Bonus

The New Homes Bonus (NHB) was introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas. It rewards local councils for additional homes added to the council tax base, including newly built properties and conversions as well as long term empty properties brought back into use, after deducting demolitions.

The Council receives direct payment from the DCLG for the number of new properties it reports to the Valuation Office. For each dwelling the total payment is

£1,590.55 (of which West Sussex County (WSCC) receives £318.11 and Crawley Borough Council £1,272.44) with an additional £350 for affordable housing of which Crawley Borough Council receive £280 and WSCC receives £70. As with paragraph 5.5.1 above, the number of Band D properties was less than anticipated in the budget strategy. From 2017-18 the Government introduced a national baseline for housing growth of 0.4% below which New Homes Bonus will not be paid reflecting a percentage of housing that would have been built anyway (deadweight).

The budget strategy assumed that this top slice would be increased; when the financial settlement was announced it remained at 0.4% so the New Homes Bonus for 2018/19 is (£120,000) higher than estimated and is £1,467,303.

5.5.3 **Increased Investment Interest**
Interest projections have increased as a result of the Bank of England decision on 2nd November 2017 to increase the base rate to 0.50%, section 9 below has further information on investment interest.

5.5.4 **Increased costs of Local Election**
The May 2018 Borough elections will not be combined with any national or other elections. When elections are combined, the cost elements such as staffing, poll cards, postal votes and hire of premises are shared. For the last 10 years all Borough elections have been combined, which has halved the cost of these elements but May 2018 the Borough will need to fund the full amount.

5.5.5 **Reduced Housing Benefit Admin Grant**
Notification of grants for Housing benefits were announced in January 2018, these were later than anticipated. This is £38,000 less than previously estimated.

5.5.6 **Additional income from capital spend to save**
As a result of capital investment recommended by the Budget Advisory Group – see section 11 below will result in additional rental income of £39,690 per annum for the Open House moving on accommodation.

5.5.7 **Review of budgets as part of the budget setting process**
With the introduction of the new financial management software Collaborative Planning, managers now have more management information and control over their budgets. As a result they have been able to identify savings and increased income as part of the budget setting process. In addition savings have been identified during the year, these are shown in Appendix 1.

6. 2018/19 General Fund Budget

6.1 Details of the proposed 2018/19 Budget are set out in Appendix 2 and is summarised in the Table below:

2018/19 General Fund Budget	**£'000s**
Net Cost of Services (**see table below 6.2**)	14,980
Investment Income	-848
Transfer to/from Reserves	0
Net Expenditure	**14,132**
Funded by	

Revenue Support Grant		575
New Homes Bonus		1,467
Council Tax		6,862
Collection Fund surplus – Council Tax		68
Total Retained Business Rates (5.2)	5,859	
Surplus in current year (5.2)	166	
Transfer to Business Rates Equalisation Reserve	-865	5,160
Total		**14,132**

6.2 Estimated service expenditure is summarised in the table below:

2018/19 Budget – Service Expenditure	
Portfolio	**£'000s**
Cabinet	1,263
Public Protection and Community Engagement	1,658
Resources	1,285
Environmental Services & Sustainability	5,882
Housing Services	2,589
Wellbeing	8,314
Planning & Economic Development	(2,815)
Depreciation	(3,596)
Contribution to Renewals Funds	400
Net Cost of Services	**14,980**

6.3 The report of the Budget Advisory Group (BAG) Chair is attached at Appendix 1.

6.4 The table below summarises the efficiencies, savings and additional income included in the 2018/19 Budget with £0.695m identified:

Efficiencies, additional income and savings	**2018/19 £'000s**
Identified in Budget Strategy	300
Reported to the Budget Advisory Group (Appendix 1)	350
Identified as part of budget setting (5.5.7)	45
Total identified	**695**

6.5 The BAG are recommending to Cabinet the approval of the growth items shown in the table below

Item	General Fund £	HRA £
Greater Brighton Economic Board – annual contribution	17,500	
Housing Repairs Call Centre Team Leaders – contractor customer service staff brought in house		71,100
Hostels officer – to deal with faster turnaround times		37,700
Lifeline Administrator to allow staff to be more customer facing		25,200
NASB caseworker to help deal with more complex case levels	14,800	22,900
Senior Parking officer (80% funded from West Sussex County Council and additional cost will be offset by PCN income)	7,500	0
Events – to continue with Town Centre events programme which has previously been funded from the Town Centre Regeneration reserve (now fully committed)	70,000	0
Shrub beds (a three year initiative) to renovate up to 2,250 Borough wide shrubs	100,000	0
ICT senior management funding to deal with the increasing complex demands on the IT service	85,000	0
Procurement team – apprentice (part funded as procurement is a shared service with Horsham and Mid Sussex District Councils – Crawley is the lead authority)	7,000	0
Total	**301,800**	**156,900**

Recommendation 2.2 (a): to approve the proposed 2018/19 General Fund Budget including the savings and growth proposals as set out above and Appendix 1 and 2.

7. 2019/20 Budget Projections

7.1 The Budget Strategy for 2019/20 to 2023/24 is scheduled to be considered at the June 2018 Cabinet. The table below summarises the 2019/20 Budget projections based on the following headline assumptions:

- A 2.4% increase in Council Tax.
- Average investment rate of 0.90%
- An inflation provision of 2.6% for contract expenditure with no allowance for general running expenses.
- A pay award of 2.0%.
- An overall increase in fees and charges of 2%.

These assumptions will be amended when the outcome of the Historic England review which will be decided by the Department of Culture, Media and Sport on listing the Town Hall is known together with the value of the tenders for the K2 Crawley contract; updated projections will be brought to a future Cabinet with these projections.

	2019/20 £'000s
Base Budget	15,466
Investment interest	-711
Net Budget	14,755
Funded by:	
Council Tax	-7,048
Retained Business Rates	-5,628
Formula Grant	-59
New Homes Bonus	-1,411
Indicative Budget Gap	**609**

The main changes between years are itemised below

	2018/19 £000's	2019/20 £000's	**Change £000's**
New Homes Bonus	1,468	1,411	**57**
Revenue Support Grant	575	59	**516**
Inflation provision	-	-	**321**
Reduced investment income	883	711	**172**
Increased retained business rates	5,112	5,629	**-517**
Other - various	-	-	**60**
			609

The Corporate Management Team continue to work with staff and contractors to identify and implement improved ways of working and to focus on the aim of dealing with matters first time. The transformation programme of service improvements and efficiencies achieved through systems thinking and other types of review continue with the aim of continual streamlining of internal processes to reduce waste and duplication, and also to focus on the defined purpose of each service. The transformation programme includes an increased focus on achieving new sources of income.

8. Fees & Charges

8.1 The Budget Strategy assumes a general increase in fees and charges of 2%. In some cases a lower increase has been assumed; for example when a service is required by statute to be self-financing e.g. Local Land Charges. In other cases, a higher increase has been assumed. The overall objective was to increase income by 2%. This has not been possible in some cases due to having to set commercially attractive prices. A schedule of all fees and charges is available on the website and a copy has been left in the Members' Room.

9. Investment Income

9.1 Interest on investments provides a significant source of funding for the Council. For the 2018/19 Budget, it represents 5.7% of the Net Cost of Services. The following paragraphs provide details of the key factors and assumptions that affect the calculation of this Budget.

9.2 The average yield from investments in 2018/19 is projected at 0.81%. Most of the longer term investments at higher interest rates have now matured, so the projection now more closely matches the lower interest rates available in the market.

9.3 Due to the potential volatility of the market, investment rate assumptions have been constantly revised in recent months. The 2018/19 Budget is based on the following assumptions:

- Average yield of 0.80% for new internal investments.
- Cash flows have been calculated from the revenue and capital budgets reported in this report.
- Cash flows relating to the capital programme are spread evenly through the year.
- Cash flows relating to revenue are based on the timings of previous year's income and expenditure.

9.4 It is believed that these assumptions are realistic and not over-cautious. However, it is likely that there will be variances due to the number of external factors that can affect investment performance and the size of the sums available for investment. The investment interest budget will be monitored closely throughout 2018/19 and any projected variances will be highlighted in budget monitoring reports.

9.5 Further information on the investments can be found in the Treasury Management Strategy 2018/19 which can be found elsewhere on the agenda.

9.6 Included in Appendix 5 is an identification that the volatility of interest rates is a key risk associated with the 2018/19 Budget and the medium term Budget strategy.

10. Spending Plans – Council House Service – Revenue

10.1 Details of the HRA Budget are set out in Appendix 3. The main changes between the 2017/18 budget and 2018/19 budget are as follows.

10.2 The Portfolio holder for housing has delegated authority to vary the rent of properties held in the Housing Revenue Account. However, in the Housing and Planning Act, the Government has required social housing providers to reduce their rents by at least 1% and the Cabinet member has therefore opted for a 1% reduction which equates to nearly £420,000 reduction in income which is partly offset by additional income from new dwellings giving a net reduction in income of £55,000.

10.3 Interest projections reflect the capital programme for the HRA together with the increased interest rate as shown in section 9.

10.4 The responsive repairs budget includes an allowance for inflation on the contract.

10.5 Cyclical and Planned costs have reduced in 2018/19, the painting programmed in year will be less than the current financial year, in addition there are savings of £276,000 due to the systems thinking review of the service.

10.6 The budget includes the growth items recommended by the Budget Advisory group of £156,900 as identified in paragraph 6.5 above and Appendix 1.

10.7 The capital programme as outlined in section 11 below and in Appendix 3 (i) is funded from HRA resources, HRA capital reserves and 1-4-1 Right to Buy receipts.

Recommendation 2.2 (b) to approve the proposed 2018/19 Housing Revenue Account Budget as set out above and Appendix 3 of the report.

11. Capital Programme

11.1 The September 2017 Budget Strategy report approved that future bids for capital should be based on expenditure required to maintain the Council's assets, for environmental obligations such as flood prevention and for disabled facilities grants. In addition bids will be for spend to save projects or spend to earn investment income. Appendix 1 sets out the recommendations of the Budget Advisory Group.

The recommended Capital programme is shown in the following Table.

	2018/19 £'000	**2019/20 £'000**	**2020/21 £'000**	**Total £'000**
Hawth replacement lighting and sound desk	31	28		59
Climbing Wall enhancement / replacement	180		140	320
Orchard Street Multi Storey Car park	135	190		325
Memorial Gardens play improvements	170			170
IT Future projects	350			350
Open House moving on accommodation	945	15		960
Shrub Bed removal (Van, digger and chipper)	62			62
Total	**1,873**	**233**	**140**	**2,246**

11.2 The proposed programme of £2.246m is incorporated into the financial projections contained in other sections in this report and the revenue implications built into the budget for 2018/19 and into the budget strategy for future years. **In addition £2m will be drawn down for costs associated with the demolition of the Town Hall and associated professional costs. Once the outcome of the decision by Historic England is known the capital programme will be revised and reported to a future cabinet meeting together with a revised Treasury Management Strategy.**

11.3 The approved HRA Budget is included as amended in the report to the Budget Advisory Group. A schedule of the Crawley Homes capital programme is given in Appendix 3 (i). The HRA Investment priorities were approved at Cabinet on 10 October 2012, together with the Affordable Housing delivery programme budget approvals which was approved by Cabinet on 2nd December 2015 CH/167.

11.4 2017/18 to 2020/21 Capital Programme

The table below sets out the proposed capital programme and funding for 2018/19 to 2021/22 based on the existing approved programme amended for items identified in the Quarter 3 Budget Monitoring report.

	2017/18 £'000s	**2018/19 £'000s**	**2019/20 £'000s**	**2020/21 £'000s**	**Total £'000s**
Existing Programme (agrees with Q3 elsewhere on this Agenda)	**26,809**	**68,411**	**49,216**	**0**	**144,436**
Housing Programmed repairs Adjustment to the Budget Required (Appendix 3(i))		60	-800	9,030	8,290
Town Hall – prelims (para 11.2)		2,000			2,000
<u>New Schemes</u>					
Hawth replacement lighting and sound desk		31	28		59
Climbing Wall enhancement / replacement		180		140	320
Orchard Street Multi Storey Car park		135	190		325
Memorial Gardens play improvements		170			170
IT Future projects		350			350
Open House moving on accommodation		945	15		960
Shrub Bed removal		62			62
TOTAL	**26,809**	**72,344**	**48,649**	**9,170**	**156,972**

Funded by -					
Capital Receipts	4,883	14,894	5,874	40	25,691
Capital Reserve	25	0	0	0	25
1-4-1 Receipts	3,183	12,895	9,110	0	25,188
HRA revenue contribution	17,074	42,134	33,471	9,030	101,709
Section 106 contributions	283	327	94	0	704
Lottery/external funding	590	1,421	0	0	2,011
Revenue – replacement fund	191	259	100	100	650
Better care fund (formally DFG's)*	580	414	0	0	994
TOTAL	**26,809**	**72,344**	**48,649**	**9,170**	**156,972**

* Disabled Facilities Grant budget will be adjusted once notification of the Better Care Fund allocations are known.

Recommendation 2.2 (c): to approve the 2017/18 to 2020/21 capital programme and funding as set out above.

12. Robustness of Estimates and Adequacy of Reserves

12.1 Section 25 of the Local Government Act 2003 requires the Section 151 Officer (Chief Finance Officer) to report to their authority on the robustness of estimates and the adequacy of reserves provided for within the Budget. Authorities are required to take into account the Section 151 Officer's report when setting their Budget requirement.

12.2 The Budget Strategy 2018/19-2022/23 was approved by the Council on 18th October 2017. Key objectives of the Strategy are:

- Work towards a balanced Budget over a three year period including putting back to reserves when the Budget is in surplus.
- Aim to keep Council Tax low without compromising local services.
- Instruct Corporate Management Team to take action to address the long term budget gap and to identify policy options for consideration by Cabinet Members and the Budget Advisory Group.
- That items for the Capital Programme are driven by the need for the upkeep of council assets and environmental obligations, and schemes will be also considered that are spend to save and spend to earn.

12.3 These objectives have been met. To date the Council has responded well to the financial challenges of recent years. It has produced balanced Budgets, with transfers to reserves in both 2015/16 and 2016/17 in respect of general fund services, and maintained front-line services. The challenges will become more demanding in future years.

The Local Government finance settlement was announced on 19th December 2017, at that time the Government also included a formal consultation on a review of relative needs and resources known as a 'fair funding review'; the aim of implementing a new system in 2020/21 this **will** result in changes to the amount of business rates that we retain, however the outcome will not be known for some time.

Despite the healthy level of reserves, it is less likely that the Council will be able to continue to achieve a balanced Budget and maintain current service levels and may need to use reserves during the construction stage of the Town Hall development and before the upper floors of the building are commercially let.

12.4 In compiling the 2018/19 Budget, a review of all departmental budgets has been undertaken to ensure that existing budget provision is adequate and that additional provision has been made for known service pressures, this review has resulted in efficiencies, savings and additional income as identified in paragraph 5.5.7 above.

12.5 There are a number of services where budgets are susceptible to changes outside the direct control of the Council. These tend to be demand-led services such as homelessness and the implications of the Homelessness Reduction Act 2017, benefits payments and the impact of universal credit, development control fees and Council Tax Reduction payments. There is also volatility in income streams that are affected by external factors such as investment and business rates income. For such budgets, the latest information has been used to calculate the Budget.

12.6 There is a risk that the economic outlook will continue to be depressed in the public sector which could have a significant effect on demand-led expenditure budgets and some income budgets, there will also be adverse impacts upon budgets due to the impacts of welfare reforms and the unknown impacts of the decision to leave the EU. Budgets are monitored by officers on a monthly basis and the Corporate Management Team receives an update on key issues, while a Quarterly Revenue and Capital Budget monitoring report is considered by the Cabinet and included in the Members information bulletin. This should ensure that any projected variances are identified at an early stage.

12.7 A review of reserves has been undertaken as part of the 2018/19 Budget preparation. The Table below summarises the estimated level of reserves available for 2018/19:

	Estimated Available Balance at 31/3/18 £'000s	Paragraph
General Fund Reserves		
General Fund Reserve / Balance	4,000	12.7.2
Business Rates Equalisation reserve	3,368	12.7.2
Usable Capital Receipts	26,246	12.7.3
Capital Reserve	6,035	12.7.4
Acquisition reserve	5,000	12.7.4
1-4-1 Receipts	14,605	12.7.4
Restructuring Impact	650	12.7.5
Housing & Planning Delivery Grant/LDF	422	12.7.6
Vehicles & Plant	272	12.7.7
ICT Replacement	193	12.7.7
Specialist Equipment – Hawth & K2 Crawley	0	12.7.7
Town Centre Regeneration	157	12.7.8
Other	1,241	12.7.9
Total General Fund	**62,189**	
HRA Reserves		
Housing Revenue Account	3,198	12.7.10
Housing Capital Investment reserve (committed)	25,616	12.7.11
Total HRA	**28,814**	
Total	**91,003**	

12.7.1 The General Fund reserve and balance provides a source of funds to deal with: -

- Potential cash flow problems; and

- Unanticipated adverse financial impacts.

The balance on the reserve provides investment interest that is used to support the Revenue Budget.

12.7.2 In line with the Budget Strategy report the balance on this reserve will be £4m at 31 March 2018. The Head of Finance Revenues and Benefits is satisfied that this level of reserve is adequate to enable the Council to face the challenges over the short term. This may result in using reserves as the Council is continuing to review service provision through the refreshed transformation programme at the same time looking at maximising income generating opportunities. In addition a £3.4m reserve for business rates equalisation will be available to absorb the volatility of business rates income. There is a provision in this budget to top this back up during 2018/19. When this reserve exceeds £5m a transfer will be made to the capital programme reserve.

12.7.3 The projected balance of usable capital receipts at the end of March 2018 is £26.246m. Usable capital receipts can only be used for capital spending.

12.7.4 The capital reserve was created by transferring balances from the revenue reserve and the general fund balance. The estimated balance at the end of March is £6.035m. A separate reserve for Investment acquisitions has been established of £5m. In addition to this there is a reserve and an estimated £14.605m of 1-4-1 receipts from right to buy. There are restrictions on these 1-4-1 receipts, including that they can only make a 30% contribution towards affordable housing capital expenditure and cannot be used for intermediate tenure such as shared equity or shared ownership.

12.7.5 The Restructuring Impact reserve was created as part of the 2008/09 Budget in order to smooth the impact of any restructuring/reorganisation initiatives. The reserve meets the one-off costs associated with restructuring.

12.7.6 The balance of the Local Development Framework has commitments and will be fully spent over the next three years.

12.7.7 There are three replacement funds; these are ICT Replacement, Specialist Equipment – Hawth & K2 Crawley, and Vehicles & Plant. The use of these funds is determined by the appropriate Cabinet member under delegated powers.

12.7.8 The purpose of the Town Centre and Regeneration Reserve is to provide pump priming and partnership finance for potential town centre regeneration and economic development schemes - this reserve is now fully committed.

12.7.9 There are a number of reserves which are earmarked for a specific purpose, e.g. Risk Management and Insurance. These reserves are not available to support the revenue Budget. Investment interest on these reserves is credited to the General Fund.

12.7.10 The Housing Revenue account balance is estimated to be just over £3 million at the end of the current financial year, this is an acceptable balance.

12.7.11 In line with the HRA Business Plan and the capital programme, the balance on the Housing capital investment reserve will be used on future housing development programmes - this is fully committed.

13. Council Tax

13.1 The 2018/19 Budget Strategy aimed to keep any increase in Council Tax low without compromising services. On the advice of the Budget Advisory Group It is proposed to increase the Council tax by £4.95 per annum for a Band D property which is an increase of 2.55%, this is an increase of 9.4p per week.

13.2 It is assumed that West Sussex County Council will increase their share of the Council Tax for 2018/19 by 4.95%, this will equate to an estimated increase of £62.19 per band D property. This includes an increase of 2% for Adult Social care responsibilities.

13.3 It is understood that the Sussex Police and Crime Commissioner will be increasing their share of the Council Tax by 7.80% which is an increase of £12.00 per annum. This will be confirmed at the Council meeting on 21 February. A breakdown of the Crawley Borough Council charge per Council Tax band is given at Appendix 4.

Recommendation 2.2(d): to agree that the Council's share of Council Tax for 2018/19 be increased by 2.55% to £198.99 for a band D property.

14. Collection Fund

14.1 Council Tax
Each year, a forecast is made of the amount of Council Tax to be collected in the following financial year. The surplus or deficit on the Collection fund is the difference between the actual amounts collected from the forecast at the beginning of the year. This year's surplus position is £564,036 of which £68,253 is the Council's share.

14.2 Business Rates
In a similar manner, the overall estimated deficit in relation to Business Rates is £415,371 of which £166,148 is the Council's share (this sum will form part of the sum to be transferred from the Business Rates Equalisation reserve).

15. National Non Domestic Rates (NNDR)

15.1 The Department for Communities and Local Government has advised the provisional business rate multiplier for 2018/19 is as follows (see section 5.2 above):-

i) Standard Multiplier – 49.3p per £ (47.9p in 2017/18)

ii) Small Business Multiplier – 48.0p per £ (46.6p in 2017/18)

15.2 Copies of this report have been circulated to representatives of the business community for their comments.

16. Implications

16.1 The high level risks to the 2018/19 Budget and how they will be managed are shown in the Appendix 5. If the Town Hall project does go ahead the financial implications of this will impact more on the financial years 2019/20 and 2020/21. Risks on the Town Hall project are reported to the Audit committee. Risks are highlighted throughout the report including interest rates, the impact of the economic climate, ensuring planned savings are achieved, and the availability of capital resources in future years and the need to take out borrowing. In some cases these can be mitigated by a stringent approach to financial control and planning and a rigorous approach to reviewing current levels of expenditure and procurement methods.

16.2 It is anticipated that the Budget measures set out in this report will increase the Council's staffing establishment by 7.22 Full time equivalent (FTE's) posts. All reorganisations are carried out in accordance with the Council's agreed Management of Organisational Change procedure which includes full staff consultation so the exact number may change as detailed proposals are drawn up. The redeployment process is designed to maximise the opportunity for those at risk of redundancy to find alternative employment within the Council.

16.3 The Council is required to produce a Pay Policy Statement in accordance with Section 38(1) of the Localism Act 2011 and statutory guidance and this will be updated annually from April each year. The policy statement for 2018/19 is attached at Appendix 6.

This pay policy statement sets out the council's policies relating to the pay of its workforce for the financial year 2018/19, in particular

a) The remuneration of its Chief Officers
b) The remuneration of its "lowest paid employees"
c) The relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.

Recommendation 2.2(e): to approve the Pay Policy statement for 2018/2019 as outlined above and Appendix 6 of the report.

16.4 Financial implications are addressed throughout this report.

16.5 The Council Tax in England and Wales is provided for and governed by the provisions of the Local Government Finance Act 1992. Within this Act, the Council is designated as a "Billing Authority", responsible for the billing, collection and enforcement of Council Tax. The Chair of the Cabinet, under delegated powers, has approved the calculation of the Council Tax base for the year 2018/19 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended, made under Section 33(5) of the Local Government Finance Act 1992.

16.6 The Non-Domestic Rating (Rates Retention) Regulations 2013 require a billing authority, by 31 January in the preceding year, to:

(a) Calculate its non-domestic rates income for the relevant year;
(b) Calculate the amount of the central share of its non-domestic rating income for the relevant year;
(c) Calculate the amount of each relevant precepting authority's share of its non-domestic rating income for the relevant year; and
(d) Notify the Secretary of State and any relevant precepting authorities of the amounts calculated.

The Chair of the Cabinet, under delegated powers, has approved the calculation of the Non-Domestic Rating for the year 2018/19.

17. Other implications

The legal implications are set out in the report. The Equality Act 2010 includes a public sector equality duty which requires Councils when exercising functions to have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act and to advance equality of opportunity and foster good relations between those who share a "protected characteristic and those who do not share that protected characteristic". When a Budget proposal has implications for people covered by the Equality Act 2010, the Council must take account of the Equality Duty and any particular impact on the protected group. There are no specific equality implications arising from the Budget that the Council is proposing.

18. Background Papers

Cabinet Reports 8 February 2017

- 2018/2018 Budget and Council Tax FIN/401
- Treasury Management Strategy 2017/18 FIN/404

Cabinet Reports 28 June 2017

- Financial Outturn 2016/2017 FIN/411
- Treasury Management Outturn 2016/2017 FIN/412

Cabinet Reports 6th September 2017

- Enc B – 2017/2018 Budget Monitoring – Quarter 1 FIN/418
- Enc 1 – Budget Strategy 2018/19 – 2022/23 FIN/417

2017/2018 Budget Monitoring – Quarter 2 FIN/427

Elsewhere on this Agenda -
Treasury Management Strategy 2018/19 FIN/433
2017/18 Budget Monitoring Quarter 3 FIN/431

Efficiency Statement

Contact Officer: - Karen Hayes
Direct Line: - 01293 438263

Appendix 1

Report of the Budget Advisory Group

The Group has had two meetings, the first to update on the financial position, the second considered growth and the capital programme proposals put forward by Portfolio Holders and officers. It has been able to raise questions on these proposals and receive further information where requested.

Revenue Savings

A number of savings have already been identified mainly as a result of the refreshed Transformation programme and a review of budgets during the budget setting process. These have been or will be implemented. These savings are shown in the Table below.

	£	
Items identified as part of the budget monitoring process		
Asset management – restructure	30,900	Retirement has resulted in the opportunity to review the service 0.78 of a post deleted
Additional commercial property income – asset management team	30,000	Due to rent reviews there is additional income
Print service review	14,000	The saving is £21,000, of this £14,000 is general fund and £7,000 HRA
Print – running costs	19,300	
Transformation – staffing	38,000	Deletion of a vacant post
Environmental Health – budget review	31,700	
Facilities team – short review	17,000	
Other		
Crawley Town football club lease review	20,000	
K2 Crawley Gym extension	18,500	Additional income over previously projected
Local Development framework works funded from the LDF reserve	47,000	The reserve listed in paragraph 12.7 will be used and then the budget reinstated in 2020/21
Challenge of budgets during budget setting process	84,000	Various budgets
Total	**350,400**	

The Group was asked to note these savings

Proposed Council Tax increase

The Group was asked to consider what level of Council Tax increase they may want to recommend that Cabinet consider for 2018/19. As discussed at the last Budget Advisory Group Districts and Boroughs have been given the option to increase to as much as £5 or 3% for a Band D property.

The group agreed to recommend to Cabinet an increase of 2.55% which is a **£4.95** increase per annum (9p per week)

General Fund Revenue Growth Items

The group considered growth items for both the Housing Revenue Account and the General fund. The majority of the Group supported the bid for the Greater Brighton Economic Board. All other bids in the table below were agreed unanimously the Group recommended that Cabinet considered these growth bids.

Item	General Fund	HRA
Greater Brighton Economic Board – Council agreed to join the GBEB at their meeting on 18th October 2017.	17,500	
Housing Repairs Call Centre Team Leaders – to provide one contact centre to allocate work to the correct contractor, this will result in more service resilience		71,100
Hostels officer – Crawley Homes to deal with the increase in hostel lettings due to quicker turn-around times for homeless households		37,700
Lifeline Administrator – a temporary role has been in place, this has enabled the lifeline posts to spend more time on customer facing work and has improved efficiency of the service from a customer perspective		25,200
NASB caseworker – to improve capacity within the team so that the team can deal with proactive work rather than just reactive	14,800	22,900
Senior Parking officer (80% funded from parking and additional cost will be offset by PCN income)	7,500	0
Events – Town centre events have been funded from the Town Centre regeneration reserve, this is now fully committed. The purpose of events is to increase footfall in the Town Centre, promote community engagement, generate income in our facilities and satisfy conditions of the Heritage Lottery Fund grant in Worth Park	70,000	0
Shrub beds (a three year initiative) – a team to deal with up to 2,250 shrub beds with priority to beds causing the biggest problems and creating the greatest dissatisfaction.	100,000	0
ICT senior management – a more specialist, strategic ICT Head of Service is required to move the organisation forward	85,000	0
Procurement team - apprentice	7,000	0
Total	**301,800**	**156,900**

Crawley Homes Capital programme
The Group considered the 3 year capital budgets for Crawley Homes which is refreshed on an annual basis.

The Group noted these revisions.

General Fund Capital Programme

The Group considered seven capital bids, this included a variant bid for the climbing wall at K2 Crawley.

The BAG are recommending that Cabinet approves all seven of the bids including option C2 (a) the climbing wall enhancement at K2 Crawley.

HRA Major Works Capital Programme Appendix 1 (ii)

Proposed HRA Programmed Repairs / Major Works budget			
	Proposed 3 Year Plan		
Key Element	**2018/19**	**2019/20**	**2020/21**
Capitalisation of Repairs	0	0	0
Electrical Test / Rewires	1,200,000	1,200,000	1,200,000
Roofing	600,000	600,000	600,000
Windows / Doors	500,000	300,000	300,000
Structural Works	100,000	80,000	80,000
Renovations Refurbishment	50,000	200,000	200,000
Insulation (Cavity, loft, sound)	250,000	250,000	250,000
Kitchens	850,000	850,000	850,000
Bathrooms	550,000	550,000	550,000
Common Areas	20,000	20,000	20,000
Adaptations For The Disabled	300,000	300,000	300,000
Sheltered Schemes	120,000	100,000	100,000
Boilers / Heating	1,800,000	1,000,000	1,000,000
Disabled Adaptations	950,000	950,000	950,000
Legionella	20,000	50,000	50,000
Energy Efficiency Work (LED emergency lighting)	80,000	80,000	80,000
External, environmental work	100,000	100,000	100,000
Intercom Upgrade	50,000	50,000	50,000
Major Insulation, Energy Efficiency	1,800,000	1,800,000	1,800,000
Hostels	500,000	250,000	250,000
Major Renovation, Flats, Blocks etc.	100,000	100,000	100,000
Garages	200,000	200,000	200,000
Total Planned work	**10,140,000**	**9,030,000**	**9,030,000**
Currently in the capital programme	10,080,000	9,830,000	0
Change required to the capital programme	60,000	-800,000	9,030,000

Agenda Item 6

Appendix 2

GENERAL FUND REVENUE BUDGET 2018/2019
Summary of Service Requirements

2017/18		2018/19	
Original Estimate £		Draft Estimate £	Variation £
1,434,962	Cabinet	1,262,530	(172,432)
1,594,651	Public Protection & Community Engagement	1,658,900	64,249
1,129,277	Resources	1,284,740	155,463
5,917,429	Environmental Services & Sustainability	5,882,299	(35,130)
3,131,165	Housing Services	2,588,560	(542,605)
7,098,263	Wellbeing	8,313,771	1,215,508
(2,560,645)	Planning & Economic Development	(2,814,610)	(253,965)
(3,425,160)	Depreciation	(3,595,600)	(170,440)
400,000	Contribution to Renewals Fund	400,000	0
14,719,942	**NET COST OF SERVICES**	14,980,590	260,648
(645,011)	Interest on Balances	(848,222)	(203,211)
14,074,931		14,132,368	57,437
0	Transfer to / from ( ) reserves	0	0
14,074,931	**NET EXPENDITURE**	**14,132,368**	**57,437**
	External Support		
(1,036,391)	Revenue Support Grant	(574,754)	(461,637)
(1,431,861)	New Homes Bonus	(1,467,303)	35,442
	Internal Resources		
(4,982,571)	Total Retained Business Rates	(5,160,007)	177,436
(6,576,695)	Council Tax	(6,862,051)	285,356
(47,413)	Collection Fund Surplus	(68,253)	20,840
(14,074,931)		**(14,132,368)**	**57,437**

	2017/18	2018/19
Number of Band D Equivalents	33,893.5	34,484.4
Number of properties	44,151	44,654

Appendix 3

HOUSING REVENUE ACCOUNT

	Original Budget 2017/18	**Budget 2018/19**	**Variation**
	£'000s	£'000s	£'000s
Income			
Rental Income	(44,708)	(44,653)	55
Other Income	(2,113)	(2,080)	33
Interest	(79)	(209)	(130)
Total Income (a)	(46,900)	(46,942)	(42)
Expenditure			
Employees	3,510	3,647	137
Responsive Repairs	8,083	8,249	166
Cyclical and Planned	2,800	2,236	(564)
Other running Costs	1,898	1,848	(50)
Managed services	328	436	108
Support Services	2,650	2,673	23
Interest payable on Self Financing Debt	8,309	8,309	0
Total Expenditure (b)	27,577	27,398	(179)
Balance available to fund existing and future HRA capital programme (a - b) *	19,323	19,544	221
Total	**46,900**	**46,942**	**42**

*Transferred to Housing capital investment reserve

Appendix 3 (i)

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

	2018/19	**2019/20**	**2020/21**
	£000's	**£000's**	**£000's**
Total Investment needed excluding Future Developments as Appendix 1 (i)	10,140	9,030	9,030
HRA Improvements Slippage identified at Q3	2,104		
Other HRA investment schemes			
College Car Park affordable housing	10,260	9,000	
Purchase of properties	1,000	2,680	
151 London Road	250		
Kilnmead	3,714	1,669	
Southern Counties housing	4,766		
Telford Place Development	5,636	6,266	
Woolborough Road Northgate	1,217	555	
Goffs Park (Depot Site)	5,195	1,436	
83-87 Three Bridges Road	2,251	103	
Dobbins Place	1,283	225	
Barnfield Road	355		
Forgewood	4,618	10,917	
257/259 Ifield Road	940	300	
Prelims	100	400	
Total Future Developments	**41,585**	**33,551**	**9,030**
Total Investment Required including Future Developments	**53,829**	**42,581**	**9,030**

Appendix 4

COUNCIL TAX 2018/19 PER BAND CRAWLEY ELEMENT					
PROPERTY BAND	BAND RATIO	PROPERTY VALUATION IN 1991	NUMBER OF PROPERTIES IN RANGE	AMOUNTS PER BAND PROPOSED 2018/19	2017/18
				£	£
A	6/9	Under £40,000	1,157	132.66	129.36
B	7/9	£40,000 - £52,000	6,972	154.77	150.92
C	8/9	£52,000 - £68,000	21,507	176.88	172.48
D	9/9	£68,000 - £88,000	8,580	198.99	194.04
E	11/9	£88,000 - £120,000	3,754	243.21	237.16
F	13/9	£120,000 - £160,000	2,214	287.43	280.28
G	15/9	£160,000 - £320,000	461	331.65	323.40
H	18/9	above £320,000	9	397.98	388.08
TOTAL			**44,654**		

Appendix 5

Risks

Risk and Potential Impact	How Risk Will Be Managed including Probability of Occurrence
1. Budget Gap future years As outlined in the report, a budget gap of £0.6m has been projected for 2019/20. This is an early projection and the actual gap could be larger. Unless this gap is addressed it could threaten the medium-term financial strategy.	CMT and Members will be determining an approach to dealing with this gap which will be continued to be addressed through the transformation programme. There is an adequate General Fund reserve to be able to cover a shortfall in the short term.
2. Interest rates (section 9 refers).	Investment rates are monitored daily to ensure that the Council obtains the best returns whilst achieving its objective of maintaining an appropriate balance between security, liquidity and yield and ethical. The investment income budget is monitored monthly. If rates rise when we are in a borrowing position this will impact on the return on the Town Hall investment.
3. New Homes Bonus	Further changes to the scheme may reduce the income receivable in future years. The government has left it open to amend the baseline, and there is an option to also reduce the payment in relation to the number of planning appeals that are overturned.
4. The Business Rates valuation list was updated on 1 April 2017. There is no history of appeals to calculate a provision, so there is a risk that this is over/under provided for causing a volatility in the business rates retained over the lifetime of the valuation list.	There is a high probability of occurrence which can be managed through the use of the business rates equalisation reserve.
5. Increase in net costs to the Council as a result of changes to demand-led budgets. Provision in the 2018/19 Budget has been based on the latest available information. For example, an economic slowdown, changes in housing policy and welfare reform could meant that there are changes in demand	Provision in the 2018/19 Budget has been based on the latest available information but there could still be a significant change in demand as a result of external factors outside the control of the Council. This could affect either expenditure or income budgets; budgets such as Commercial Properties, Housing Benefits, Council Tax Reductions, Homelessness, Car Parking and Planning Fees will be monitored closely. The Council has sufficient reserves to cover unexpected overspendings.

6.	Reduction in availability of capital resources in future years. This would lead to a reduced capital programme and the likelihood of reduced investment income. Town Hall investment will result in borrowing for future investments.	A review of available capital resources will be undertaken as part of the July Budget Strategy report; the report will also consider the required level of investment income to support the revenue budget. It will be important to generate new capital receipts to fund future capital programmes. A future treasury management strategy will consider impacts of borrowing should the Town Hall project progress
7.	Failure to collect income. The Council is responsible for collecting annual income totalling almost £300 million. The economic climate could result in a reduction in collection rates, as could any delay in the Council approving the Budget and Council Tax levels.	There will be regular monitoring of debts and performance levels. The Council has good collection rates for Council Tax, NNDR and Housing Rents; these are the most significant areas of income. The welfare reforms will have an impact on Crawley Homes' rental income. This has been reflected in the HRA budgets
8.	Failure to maintain budgetary and financial control.	Variances between Quarter 3 and final outturn should be kept to a minimum. There will be regular monitoring and reporting by budget holders and reports to CMT, the Cabinet and through the Members Information Bulletin. It is inevitable that variances will occur but it is important that any projected variances are reported promptly to the Cabinet.
9.	The initiatives to mitigate the impact of high demand on the homelessness service may not be sufficient to avoid overspending the budget. The impact of the Homelessness Reduction Act 2018 is not known.	The initiatives are being well researched, and their success will be regularly monitored. This budget will be regularly monitored during 2018/19 with future budgets adjusted to mitigate the impact. There is an adequate General Fund reserve to be able to cover a shortfall in the short term.
10.	Impact of Housing and Planning Act on the HRA 30 year plan	High value assets sale – the detail is not yet available as this has been postponed and a revised date has not been issued. There is uncertainty as to when this will happen, there are pilots taking place for Right to Buy for tenants with Registered Social Landlords, these are being funded by the Government. Future investment plans will be adjusted to take the impact into consideration the impact once we know the details.
11.	The Impact of the decision to leave the EU; there are lots of unknowns around demands on services and income budgets, also Government	The impact of the implications of the decision will be closely monitored and changes will be made to forecasts which will be reported to CMT and to

	priorities beyond 2020 once the four year Settlement Financial is over .	Members through Cabinet and the Members Information Bulletin.
12.	Fair Funding Review	The government are currently consulting on the approach to measuring the relative needs of local authorities with a view to amend how resources are allocated between them. This will result in a new baseline funding allocation in 2020/21.
13.	Retained business rates review	The aim with this is to make local authorities self-sufficient, but there would be passing of risk from central government to local authorities. The Settlement announced that local share would increase from 50% to 75% and would include a transfer of public health and other grants. The impact of this is not yet known.
14.	Roll out of Universal Credit	Universal credit will be rolled out to new claimants of benefits later in 2018. Evidence has shown that this has impacted on arrears in pilot areas. We will work with tenants to assist them in managing their rent account and signpost them to funds and advice available.

Appendix 6

Crawley Borough Council Pay Policy Statement for 2018/19

Introduction

The Council is committed to a fair, equitable and transparent pay policy which recognises and rewards good performance at all levels in the organisation. The terms and conditions of Council employees are in accordance with the relevant national negotiating bodies which are:

Chief Executive	Joint Negotiating Committee for Local Authority Chief Executives
Chief Officers	Joint Negotiating Committee for Chief Officers of Local Authorities (this covers Deputy Chief Executive & Heads of Service)
All other staff	National Joint Council for Local Government Services

Key Elements of the Pay Package

The most significant element of the pay and benefit package is basic pay. A substantial pay review was undertaken in 2001/2, and the national scheme for job evaluation was adopted for all posts. This was undertaken in partnership with the trade unions, and was implemented successfully. Incremental pay scales were established for all posts, including Chief Officers, as part of this process. Progress within the scales occurs annually, subject to satisfactory performance. Annual cost of living increases are negotiated nationally.

In addition to basic pay there is a local flat rate payment entitled Crawley Allowance which is paid to all staff and is increased each year in line with RPI.

Enhanced rates for scales A-E were also agreed locally in 2011/12 following the Chancellor of the Exchequer's commitment to low paid staff in the 2010 Autumn Budget Statement.

A local pay agreement was implemented in October 2013 for all Community Services staff to ensure consistent payment of allowances for evening, weekend and bank holiday working.

A review of senior management took place at the end of 2014/15 which led to the deletion of Director posts. The salary scales for these roles were deleted. A new post of Deputy Chief Executive was created and a locally agreed grade was created for this role. The details are shown in the attached salary scales.

A review of the Job Evaluation Scheme was carried out in 2016 in consultation with the trade union. A further grade was created at the top of the staff salary scale. This was agreed in recognition of the increased level of responsibility at third tier management level following the review of senior management in 2014/15.

New employees will normally be appointed to the first point of the salary scale for their grade. There is discretion to increase this within the scale where the candidate is currently earning a higher salary or operating at a level commensurate with a higher salary.

The Section 151 Officer, the Monitoring Officer and their deputies are also paid locally agreed allowances which are increased in line with national pay awards.

All salary scales and the Local Pay Agreement are attached.

- Chief Officers salary scale
- Staff salary scale
- Local Pay Agreement
- Apprenticeships salary scale

Other Financial Benefits

- Discretionary reimbursement of a proportion of relocation expenses (including contribution to professional and removal fees, disturbance allowance and interim arrangements up to a maximum of £8,000.)
- Recruitment Incentive Scheme for hard to recruit posts
- Payment of professional fees where they are an essential requirement of the job
- Essential and casual car user allowances at NJC rates but subject to local criteria
- Loans for car purchase and public transport season tickets
- Free parking at the Town Hall for essential car users
- Salary sacrifice schemes for child care vouchers and bike to work available
- Voluntary Benefits scheme allowing access to a range of retail discounts for all staff
- Access to the Local Government Pension Scheme including local discretions
- Redundancy compensation at the rate of 2 weeks actual salary for each year of service up to a maximum of 104 weeks plus access to pension for staff over the age of 55. This will be reviewed in order to comply with the Government's proposed further reforms to exit payments when these are introduced.
- In exceptional circumstances other severance arrangements may be agreed. Any such payments will be subject to the agreement of the Chief Executive, Leader, Cabinet Member for Resources and Head of Legal and Democratic Services. The payment will take into account the Council's contractual and legal obligations, value for money, reputation of the Council and goodwill towards the employee. In the event of the Chief Executive being the subject of the payment then the Section 151 Officer would replace the Chief Executive in the authorisation process.
- All exit payments will be subject to compliance with the proposed Public Sector Exit Payment Regulations when these are introduced.

Chief Officers are subject to the same pay arrangements as all other staff and do not receive bonuses or performance related pay. The Chief Executive is appointed as Returning Officer for Crawley. The pay for this role is determined nationally for national elections, and for local elections the scale is set jointly by the West Sussex local authorities. The Chief Executive may appoint a Deputy Returning Officer to assist with this process whose pay will be determined in the same way.

Lowest Paid Employees

All staff are paid within relevant nationally negotiated salary scales and the lowest paid staff will be on spinal column point 6 for which the annual salary inclusive of Crawley Allowance is £19,284*. There is a pay ratio of 1:6 between these posts and the current top point of the scale for the Chief Executive. The Council feels that this is acceptable and is well within the Government's recommended pay ratio which is 1:20. There are a small number of apprentices who spend a significant amount of their time in training and are employed on a training contract at a locally agreed rate of 60% of Scale A.

The Council recognises the importance of the living wage and is accredited by the Living Wage Foundation. All staff, apart from apprentices, are paid above the living wage rate of £8.75 per hour.

Re-employment

Where an employee has left the authority on the grounds of redundancy and then seeks to be re-employed on a new contract, a period of 3 months must elapse before their application will be considered. They will have lost their entitlement to continuous service and abatement rules will apply if they are in receipt of a pension as a result of that redundancy.

Relationship between remuneration of Chief Executive and other employees

The median average salary of employees is £24907 per annum. The pay ratio between this and the Chief Executive's salary is 1:4.7

Any changes to the pay policy will be subject to agreement by Cabinet and Council. An updated pay policy statement will be issued each year.

Gender Pay Gap

The government have introduced a requirement for all employers of 250 employees or more to report on the gender pay gap. The first report must be published before 30th April 2018. The Council already reports on this data and our pay gap for all staff in 2016/17 was 1.6%. The national figure for all workers is 18.01%.

Lucasta Grayson
Head of People & Technology

11th January 2018

*This salary will take effect from 1.4.18 subject to confirmation of the national pay offer which is pending at the point of writing this policy.

CMT Pay scales
W.E.F 01/04/17

CATERGORY	TOTAL
CHIEF EXECUTIVE	£114,508 £111,972 £109,438 £106,898 £104,355
DEPUTY CHIEF EXECUTIVE	£99,613 £97,415 £95,219 £93,016 £90,812
HEAD OF SERVICE A FINANCE, REVS & BENS LEGAL & DEMOCRATIC SERVICES	£66,244 £64,787 £63,342 £61,884 £60,432
HEAD OF SERVICE B ECONOMIC & ENVIRONMENTAL SERVICES COMMUNITY SERVICES STRATEGIC HOUSING & PLANNING SERVICES CRAWLEY HOMES PARTNERSHIP SERVICES PEOPLE & TECHNOLOGY	 £70,611 £69,061 £67,514 £65,963 £64,418

STATUTORY RESPONSIBILITY ALLOWANCE

SECTION 151 OFFICER	£3,249.62
MONITORING OFFICER	£3,249.62
DEPUTY MONITORING OFFICER	£1,624.81
DEPUTY SECTION 151 OFFICER	£1,624.81

SCALES FROM 1ST April 2018 including £2,620 Crawley Allowance

Scale	Spinal point	Annual salary
B	6	£19,284
	7	£19,385
	8	£19,516
	9	£19,645
C	10	£19,753
	11	£19,897
	12	£20,063
	13	£20,281
D	14	£20,571
	15	£20,862
	16	£21,209
	17	£21,562
E	18	£21,760
	19	£22,336
	20	£22,709
	21	£23,431
F	22	£23,694
	23	£24,313
	24	£25,021
	25	£25,731
G	26	£26,486
	27	£27,277
	28	£28,083
	29	£29,090
H	30	£29,978
	31	£30,841
	32	£31,675
	33	£32,529
I	34	£33,376
	35	£34,021
	36	£34,853
	37	£35,756
J	38	£36,726
	39	£37,849
	40	£38,773
	41	£39,727
K	42	£40,672
	43	£41,622
	44	£42,581
	45	£43,478
L	46	£44,466
	47	£45,426
	48	£46,377
	49	£47,317
M	50	£48,268
	51	£49,231
	52	£50,195
	53	£51,168
N	54	£52,140
	55	£53,129
	56	£54,140
	57	£55,170

Apprenticeship scheme salary W.E.F. 1.04.2018

Percentage of spinal point 6	Annual Salary
60%	£11,570.40
65%	£12,534.60
70%	£13,498.80
75%	£14,463.00
NMW	£14,238.11
National Living wage	£15,106.29

Crawley Borough Council

Report to Overview & Scrutiny Commission
5 February 2018

Report to Cabinet
7 February 2018

Treasury Management Strategy 2018/2019

Report of the Head of Finance, Revenues and Benefits – **FIN/433**

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1. Purpose

1.1 The Strategy for 2018/19 covers two main areas:

Capital Issues
- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury Management Issues
- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

1.2 In respect of non-Housing Revenue Account activities, the Council's current policy is to remain debt free until the outcome of the Historic England review of the Town Hall is known building works commence; and invest according to the principles of security, liquidity and yield.

1.3 There are no material changes to the Investment Strategy in section 7 and Appendix 3 compared with the 2017/2018 Strategy.

2. Recommendations

2.1 To the Overview and Scrutiny Commission:

That the Commission considers the report and decides what comments, if any, it wishes to submit to the Cabinet.

2.2 To the Cabinet

The Cabinet is requested to recommend to Council the approval of:-

a) the Treasury Prudential Indicators and the Minimum Revenue Provision (MRP) Statement contained within Section 5;
b) the Treasury Management Strategy contained within Section 6;
c) the Investment Strategy contained within Section 7, and the detailed criteria included in Appendix 3;

3. Reasons for the Recommendations

3.1 The Council's financial regulations, in accordance with the CIPFA Code of Practice for Treasury Management, requires a Treasury Management Strategy to be approved for the forthcoming financial year. This report complies with these requirements.

4. Background

4.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

4.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

4.3 CIPFA defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

4.3 This report takes into account the revenue and capital implications arising in the 2018/19 Budget and Council Tax report (FIN/434). <u>This report excludes any other implications of the New Town Hall</u>. A revised Treasury Management Strategy will be presented when we know the outcome of the Historic England review; contracts have been signed and tender submissions received.

5. The Capital Prudential Indicators 2018/19 – 2020/21

5.1 The Capital Expenditure Plans

5.1.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

5.1.2 **Capital expenditure.** This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure £'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Cabinet	1,649	2,285	6,758	200	-
Resources	561	227	506	-	-
Environment Services & Sustainability	1,257	1,137	2,452	538	-
Planning & Economic Development	7,941	168	1,700	4,832	-
Public Protection & Community Engagement	20	95	-	-	-
Housing Services	958	631	4,746	70	-
Wellbeing	2,437	2,009	2,353	428	140
General Fund	**14,823**	**6,552**	**18,515**	**6,068**	**140**
HRA	**16,294**	**20,257**	**53,829**	**42,581**	**9,030**
Total	**31,117**	**26,809**	**72,344**	**48,649**	**9,170**

5.1.3 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of Capital Expenditure £'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Capital receipts	3,237	4,883	14,894	5,874	40
Capital reserves	8,123	25	-	-	-
1-4-1 receipts	3,495	3,183	12,895	9,110	-
Replacement funds	852	191	259	100	100
Capital grants	2,400	1,453	2,162	94	-
Major Repairs Reserve	13,009	17,074	42,134	33,471	9,030
Net financing need for the year	**-**	**-**	**-**	**-**	**-**

5.2 The Council's borrowing need (the Capital Financing Requirement).

5.2.1 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

5.2.2 The Council is asked to approve the CFR projections below:

£'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Capital Financing Requirement					
CFR – General Fund	0	0	0	0	0
CFR - HRA	260,325	260,325	260,325	260,325	260,325
Total CFR	**260,325**	**260,325**	**260,325**	**260,325**	**260,325**
Movement in CFR	**0**	**0**	**0**	**0**	**0**

Movement in CFR represented by					
Net financing need for the year (above)	0	0	0	0	0
Less MRP/VRP and other financing movements	0	0	0	0	0
Movement in CFR	**0**	**0**	**0**	**0**	**0**

5.2.3 The large CFR on the HRA is due to the self-financing settlement in 2011/12.

5.3 Minimum revenue provision (MRP) policy statement

5.3.1 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

5.3.2 Government regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

5.3.3 For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1)

This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.

5.3.4 From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3)

This option provides for a reduction in the borrowing need over approximately the asset's life.

5.3.5 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.

5.4 Core funds and expected investment balances

5.4.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources £'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Fund balances / reserves	60,875	50,152	27,310	14,739	25,709
Capital receipts*	41,395	40,851	19,562	11,088	17,548
Total core funds	**102,270**	**91,003**	**46,872**	**25,827**	**43,257**
Working capital	15,913	15,000	15,000	15,000	15,000
Under/over borrowing	0	0	0	0	0
Expected investments	**118,183**	**106,003**	**61,872**	**30,827**	**58,257**

* includes 1-4-1 receipts

5.5 Affordability prudential indicators

5.5.1 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

5.5.2 **Ratio of financing costs to net revenue stream.** This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
General Fund	-6.01%	-5.03%	-7.43%
HRA	16.86%	16.55%	16.07%

The estimates of financing costs include current commitments and the proposals in this budget report.

5.5.5 **HRA ratios**

	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
HRA debt £'000	260,325	260,325	260,325	260,325	260,325
HRA revenues £'000	47,642	47,331	48,047	49,606	51,331
Ratio of debt to revenues %	546%	550%	542%	525%	507%

	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
HRA debt £'000	260,325	260,325	260,325	260,325	260,325
Number of HRA dwellings	7,843	7,964	8,128	8,126	8,173
Debt per dwelling £	33,192	32,688	32,028	32,036	31,852

6. Borrowing

6.1 The capital expenditure plans set out in Section 5 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

6.2 Current portfolio position

6.2.1 The Council's treasury portfolio position at 31 March 2017, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
External Debt					
Debt at 1 April	260,325	260,325	260,325	260,325	260,325
Expected change in Debt	0	0	0	0	0
Other long-term liabilities (OLTL)	0	0	0	0	0
Expected change in OLTL	0	0	0	0	0
Actual gross debt at 31 March	**260,325**	**260,325**	**260,325**	**260,325**	**260,325**
The Capital Financing Requirement	260,325	260,325	260,325	260,325	260,325
Under / (over) borrowing	0	0	0	0	0

6.2.2 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

6.2.3 The Head of Finance, Revenues and Benefits reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

6.3 Treasury Indicators: Limits to Borrowing Activity

6.3.1 **The Operational Boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary £'000	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Debt	260,325	260,325	260,325	260,325
Other long term liabilities	0	0	0	0
Total	260,325	260,325	260,325	260,325

6.3.2 **The Authorised Limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

6.3.3 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all Councils' plans, or those of a specific council, although this power has not yet been exercised.

6.3.4 The Council is asked to approve the following Authorised Limit:

Authorised limit £'000	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Debt	270,325	270,325	270,325	270,325
Other long term liabilities	0	0	0	0
Total	270,325	270,325	270,325	270,325

6.3.5 Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA Debt Limit £'000	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
HRA debt cap	263,902	263,902	263,902	263,902
HRA CFR	260,325	260,325	260,325	260,325
HRA headroom	3,577	3,577	3,577	3,577

6.3.6 **Treasury indicators for debt**
There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest

rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;

- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;

- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

6.3.7 The Council is asked to approve the following treasury indicators and limits:

£'000	**2018/19**	**2019/20**	**2020/21**
Interest rate Exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates: • **Debt only** • **Investments only**	 270,325 140,000	 270,325 140,000	 270,325 140,000
Limits on variable interest rates • **Debt only** • **Investments only**	 10,000 40,000	 10,000 40,000	 10,000 40,000

Maturity Structure of fixed interest rate borrowing 2018/19		
	Lower	**Upper**
Under 12 months	0%	10%
12 months to 2 years	0%	10%
2 years to 5 years	0%	20%
5 years to 10 years	0%	40%
10 years to 20 years	0%	65%
20 years to 30 years	0%	15%
30 years to 40 years	0%	10%
40 years to 50 years	0%	10%

6.4 Prospects for Interest Rates

6.4.1 The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives Link's central view.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB View	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB View	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

6.4.2 Investment returns are likely to remain low during 2018/19 but to be on a gently rising trend over the next few years.

6.4.3 There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

6.5 Borrowing Strategy

6.5.1 The Council borrowed £260.325m in 2011/12 for the HRA self-financing settlement. The General Fund remains debt free, and this position is not expected to change during 2018/19.

6.6 Policy on borrowing in advance of need

6.6.1 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

6.6.2 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

6.7 Debt rescheduling

6.7.1 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

6.7.2 The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

6.7.3 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

6.7.4 All rescheduling will be reported to the Cabinet, at the earliest meeting following its action.

7. Annual Investment Strategy

7.1 Investment Policy

7.1.1 The Council's investment policy has regard to the Government's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second and then return.

7.1.2 In accordance with the above guidance from the Government and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

7.1.3 Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

7.1.4 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

7.1.5 Investment instruments identified for use in the financial year are listed in Appendix 3 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

7.2 Creditworthiness policy

7.2.1 This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

7.2.2 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour (and long term rating where applicable)	**Money Limit**	**Time Limit**
Banks *	yellow	unlimited	5 yrs
Banks	purple	£15m	2 yrs
Banks – part nationalised	blue	£15m	1 yr
Banks	orange	£10m	1 yr
Banks	red	£10m	6 mths
Banks	green	£10m	100 days
Banks	No colour	Not to be used	
Limit 3 category – Council's banker (not meeting Banks 1)	n/a	£1m	1 day
Corporate Bonds	AA- A-	£5m £2m	2 yrs 1 yr
Repurchase agreements	AA	£5m	5 yrs
DMADF	AAA	unlimited	6 months
Local authorities	n/a	£15m	5 yrs
Housing Associations	AA-	£2m	1 yr
Money market funds	AAA	£15m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark pink / AAA	£10m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	Light pink / AAA	£10m	liquid

** Please note: the yellow colour category is for UK Government debt, or its equivalent, constant NAV money market funds and collateralised deposits where the collateral is UK Government debt.*

7.2.3 Link Asset Services' creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

7.2.4 Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

7.2.5 All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of Link Asset Services' creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

7.2.6 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

7.3 Ethical Investment Policy

7.3.1 The Council will not undertake direct investment or borrowing activities with organisations whose core activities include:

- Armaments – weapon systems
- Gambling
- Pornography
- Tobacco
- Pay-day loans

7.3.2 In order to comply with treasury management guidance, the Council's investments will prioritise security, liquidity and yield in that order. The Ethical Investment Policy thereby becomes a fourth consideration in the decision making process.

7.3.3 The core activities in the Ethical Investment Policy above has been chosen after careful consideration of the Policy direction of the administration, the officer time in implementing the policy, the cost of external resources, and the timeliness of investment decisions.

7.4 Country limits

7.4.1 The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 4. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

7.5 Investment strategy

7.5.1 **In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

7.5.2 **Investment returns expectations.** Bank Rate is forecast to stay flat at 0.50% until quarter 4 2018 and not rise above 1.25% by quarter 1 2021. Bank Rate forecasts for financial year ends (March) are:

- 2017/18 0.50%
- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.25%

7.5.3 The suggested budgeted investment earnings rates for returns on investments placed for periods up to 6 months during each financial year are as follows:

2017/18	0.50%
2018/19	0.80%
2019/20	0.90%
2020/21	1.25%
2021/22	1.50%
2022/23	1.75%
2023/24	2.00%
Later years	2.75%

7.5.4 The overall balance of risks to these forecasts is currently probably slightly skewed to the updside and are dependent on how strong GDP growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.

7.5.5 **Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 365 days			
£m	**2018/19**	**2019/20**	**2020/21**
Principal sums invested > 365 days	£50m	£50m	£50m

7.5.6 **Investment Risk Benchmarking**. These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

7.5.7 Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- **0.15% historic risk of default when compared to the whole portfolio.**

7.5.8 Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £0.1m
- Liquid short term deposits of at least £2m available with a week's notice.
- Weighted Average Life benchmark is expected to be 0.7 years, with a maximum of 1.20 years.

7.5.9 Yield - local measures of yield benchmarks are:

- Investments – internal returns 0.2% above the 7 day LIBID rate

7.5.10 And in addition that the security benchmark for each individual year is:

	1 year	2 years	3 years	4 years	5 years
Maximum	**0.03%**	**0.22%**	**0.40%**	**0.56%**	**0.74%**

Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

7.5.11 A the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

7.6 Treasury management consultants

7.6.1 The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

7.6.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon external service providers.

7.6.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

8. Implications

8.1 There are no significant legal implications as a result of the recommendations in this report. Compliance with the CIPFA Code of Practice for Treasury Management in the public services, the Local Government Investment

Guidance provides that the council's investments are and will continue to be, within its legal powers conferred under the Local Government Act 2003.

9. Background Papers

Treasury Management Strategy for 2017/2018 – Cabinet, 8 February 2017 [report FIN/404 refers].
Treasury Management Mid-Year Review 2017/2018 – Cabinet, 29 November 2017 [report FIN/426 refers].
2018/2019 Budget and Council Tax – Cabinet, 7 February 2018 [report FIN/434 refers].
"Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes", 2017 Edition – Chartered Institute of Public Finance and Accountancy.
"The Prudential Code for Capital Finance in Local Authorities", 2017 Edition – Chartered Institute of Public Finance and Accountancy.

Report author and contact officer:
Paul Windust
Chief Accountant
01293 438693

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

Link Asset Services Interest Rate View													
	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB rate	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB rate	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB rate	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

APPENDIX 2: Economic Background

GLOBAL OUTLOOK. World growth looks to be on an encouraging trend of stronger performance, rising earnings and falling levels of unemployment. In October, the IMF upgraded its forecast for world growth from 3.2% to 3.6% for 2017 and 3.7% for 2018.

In addition, **inflation prospects are generally muted** and it is particularly notable that **wage inflation** has been subdued despite unemployment falling to historically very low levels in the UK and US. This has led to many comments by economists that there appears to have been a fundamental shift downwards in the Phillips curve (this plots the correlation between levels of unemployment and inflation e.g. if the former is low the latter tends to be high). In turn, this raises the question of what has caused this? The likely answers probably lay in a combination of a shift towards flexible working, self-employment, falling union membership and a consequent reduction in union power and influence in the economy, and increasing globalisation and specialisation of individual countries, which has meant that labour in one country is in competition with labour in other countries which may be offering lower wage rates, increased productivity or a combination of the two. In addition, technology is probably also exerting downward pressure on wage rates and this is likely to grow with an accelerating movement towards automation, robots and artificial intelligence, leading to many repetitive tasks being taken over by machines or computers. Indeed, this is now being labelled as being the start of the **fourth industrial revolution.**

KEY RISKS - central bank monetary policy measures

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as Quantitative Easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation is coming towards its close and a new period has already started in the US, and more recently in the UK, on reversing those measures i.e. by raising central rates and (for the US) reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of an on-going reduction in spare capacity in the economy, and of unemployment falling to such low levels that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this then also encouraged investors into a search for yield and into investing in riskier assets such as equities. This resulted in bond markets and equity market prices both rising to historically high valuation levels simultaneously. This, therefore, makes both asset categories vulnerable to a sharp correction. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery by taking too rapid and too strong action, nor, alternatively, let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.**

There is also a potential key question over whether economic growth has become too dependent on strong central bank stimulus and whether it will maintain its momentum against a backdrop of rising interest rates and the reversal of QE. In the UK, a key vulnerability is the **low level of productivity growth**, which may be the main driver for increases in wages; and **decreasing consumer disposable income,** which is important in the context of consumer expenditure primarily underpinning UK GDP growth.

A further question that has come to the fore is whether **an inflation target for central banks of 2%**, is now realistic given the shift down in inflation pressures from internally generated inflation, (i.e. wage inflation feeding through into the national economy), given the above mentioned shift down in the Phillips curve.

- Some economists favour a shift to a **lower inflation target of 1%** to emphasise the need to keep the lid on inflation. Alternatively, it is possible that a central bank could simply 'look through' tepid wage inflation, (i.e. ignore the overall 2% inflation target), in order to take action in raising rates sooner than might otherwise be expected.
- However, other economists would argue for a **shift *UP* in the inflation target to 3%** in order to ensure that central banks place the emphasis on maintaining economic growth through adopting a slower pace of withdrawal of stimulus.
- In addition, there is a strong argument that central banks should **target financial market stability**. As mentioned previously, bond markets and equity markets could be vulnerable to a sharp correction. There has been much commentary, that since 2008, QE has caused massive distortions, imbalances and bubbles in asset prices, both financial and non-financial. Consequently, there are widespread concerns at the potential for such bubbles to be burst by exuberant central bank action. On the other hand, too slow or weak action would allow these imbalances and distortions to continue or to even inflate them further.
- Consumer debt levels are also at historically high levels due to the prolonged period of low cost of borrowing since the financial crash. In turn, this cheap borrowing has meant that **other non-financial asset prices**, particularly house prices, have been driven up to very high levels, especially compared to income levels. Any sharp downturn in the availability of credit, or increase in the cost of credit, could potentially destabilise the housing market and generate a sharp downturn in house prices. This could then have a destabilising effect on consumer confidence, consumer expenditure and GDP growth. However, no central bank would accept that it ought to have responsibility for specifically targeting house prices.

UK. After the UK surprised on the upside with strong economic growth in 2016, **growth in 2017 has been disappointingly weak**; quarter 1 came in at only +0.3% (+1.8% y/y), quarter 2 was +0.3% (+1.5% y/y) and quarter 3 was +0.4% (+1.5% y/y). The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the EU referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 80% of GDP, has seen weak growth as consumers cut back on their expenditure. However, more recently there have been encouraging statistics from the **manufacturing sector** which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year while robust world growth has also been supportive. However, this sector only accounts for around 10% of GDP so expansion in this sector will have a much more muted effect on the overall GDP growth figure for the UK economy as a whole.

While the Bank of England is expected to give forward guidance to prepare financial markets for gradual changes in policy, the **Monetary Policy Committee, (MPC), meeting of 14 September 2017** managed to shock financial markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise soon. The Bank of England Inflation Reports during 2017 have clearly flagged up that it expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. The Bank revised its forecast for the peak to just over 3% at the 14 September meeting. (Inflation actually came in at 3.1% in November so that may prove now to be the peak.) This marginal revision in the Bank's forecast can hardly justify why the MPC became so aggressive with its wording; rather, the focus was on an emerging view that with unemployment having already fallen to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that **the amount of spare capacity in the economy was significantly diminishing** towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of automation and globalisation. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a *decrease* in such globalisation pressures in the UK, and so this would cause additional inflationary pressure over the next few years.

At Its 2 November meeting, the MPC duly delivered a 0.25% increase in Bank Rate. It also gave forward guidance that they expected to increase Bank Rate only twice more in the next three years to reach 1.0% by 2020. This is, therefore, not quite the 'one and done' scenario but is, nevertheless, a very relaxed rate of increase prediction in Bank Rate in line with previous statements that Bank Rate would only go up very gradually and to a limited extent.

However, some forecasters are flagging up that they expect growth to accelerate significantly towards the end of 2017 and then into 2018. This view is based primarily on the coming fall in inflation, (as the effect of the effective devaluation of sterling after the EU referendum drops out of the CPI statistics), which will bring to an end the negative impact on consumer spending power. In addition, a strong export performance will compensate for weak services sector growth. If this scenario was indeed to materialise, then the MPC would be likely to accelerate its pace of increases in Bank Rate during 2018 and onwards.

It is also worth noting the **contradiction within the Bank of England** between action in 2016 and in 2017 **by two of its committees**. After the shock result of the EU referendum, the **Monetary Policy Committee (MPC)** voted in August 2016 for emergency action to cut Bank Rate from 0.50% to 0.25%, restarting £70bn of QE purchases, and also providing UK banks with £100bn of cheap financing. The aim of this was to lower borrowing costs, stimulate demand for borrowing and thereby increase expenditure and demand in the economy. The MPC felt this was necessary in order to ward off their expectation that there would be a sharp slowdown in economic growth. Instead, the economy grew robustly, although the Governor of the Bank of England strongly maintained that this was *because* the MPC took that action. However, other commentators regard this emergency action by the MPC as being proven by events to be a mistake. Then in 2017, we had the **Financial Policy Committee (FPC)** of the Bank of England taking action in June and September over its concerns that cheap borrowing rates, and easy availability of consumer credit, had resulted in too rapid a rate of growth in consumer borrowing and in the size of total borrowing, especially of unsecured borrowing. It, therefore, took punitive action to clamp down on the ability of the main banks to extend such credit! Indeed, a PWC report in October 2017 warned that credit card, car and personal loans and student debt will hit the equivalent of an average of £12,500 per household by 2020. However, averages belie wide variations in levels of debt with much higher exposure being biased towards younger people, especially the 25 -34 year old band, reflecting their lower levels of real income and asset ownership.

One key area of risk is that consumers may have become used to cheap rates since 2008 for borrowing, especially for mortgages. It is a major concern that **some consumers may have over extended their borrowing** and have become complacent about interest rates going up after Bank Rate had been unchanged at 0.50% since March 2009 until falling further to 0.25% in August 2016. This is why forward guidance from the Bank of England continues to emphasise slow and gradual increases in Bank Rate in the coming years. However, consumer borrowing is a particularly vulnerable area in terms of the Monetary Policy Committee getting the pace and strength of Bank Rate increases right - without causing a sudden shock to consumer demand, confidence and thereby to the pace of economic growth.

Moreover, while there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two to three years will actually pan out.

EZ. Economic growth in the eurozone (EZ), (the UK's biggest trading partner), had been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and has now gathered substantial strength and momentum thanks to this stimulus. GDP growth was 0.6% in quarter 1 (2.1% y/y), 0.7% in quarter 2 (2.4% y/y) and +0.6% in quarter 3 (2.6% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in November inflation was 1.5%. It is therefore unlikely to start on an upswing in rates until possibly 2019. It has, however, announced that it will slow down its monthly QE purchases of debt from €60bn to €30bn from January 2018 and continue to at least September 2018.

USA. Growth in the American economy was notably erratic and volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounding to 3.1% and quarter 3 coming in at 3.2%. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.1%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has started on a gradual upswing in rates with four increases in all and four increases since December 2016; the latest rise was in December 2017 and lifted the central rate to 1.25 – 1.50%. There could then be another four increases in 2018. At its September meeting, the Fed said it would start in October to gradually unwind its $4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

JAPAN. GDP growth has been gradually improving during 2017 to reach an annual figure of 2.1% in quarter 3. However, it is still struggling to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

Brexit timetable and process

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
- March 2019: initial two-year negotiation period on the terms of exit. In her Florence speech in September 2017, the Prime Minister proposed a two year transitional period after March 2019.
- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy will leave the single market and tariff free trade at different times during the two year transitional period.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.

- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.
- The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.

APPENDIX 3: Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. A maximum of 70% will be held in aggregate in non-specified investment

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

Specified investments	Minimum credit criteria / colour band	£ limit per institution	Max. maturity period
DMADF – UK Government	N/A	unlimited	6 months
UK Government gilts	UK sovereign rating	unlimited	1 year
UK Government Treasury bills	UK sovereign rating	unlimited	1 year
Bonds issued by multilateral development banks	AA	unlimited	1 year
Money market funds	AAA	£15m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	£10m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	£10m	Liquid
Local authorities	N/A	£15m	1 year
CDs or term deposits with banks and building societies	Yellow Purple Blue Orange	£15m £15m £15m £10m	1 year

Non-specified investments	Minimum credit criteria / colour band	£ limit per institution	Max. maturity period
UK Government gilts	UK sovereign rating	unlimited	5 years
Bonds issued by multilateral development banks	UK sovereign rating	unlimited	5 years
Local authorities	N/A	£15m	5 years
Housing Associations	AA-	£2m	1 year
CDs or Term deposits with banks and building societies	Yellow Purple Blue Orange Red Green No Colour	unlimited £15m £15m £10m £10m £10m	Up to 5 years Up to 2 years Up to 1 year Up to 1 year Up to 6 Months Up to 100 days Not for use
Corporate bonds	AA- A-	£5m £2m	1 year
Repurchase agreements	AA	£5m	5 years

APPENDIX 4: Approved countries for investments

This list is based on those countries which have sovereign ratings of AA- or higher and also have banks operating in sterling markets which have credit ratings of green or above in the Link Asset Services credit worthiness service.

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- Hong Kong
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- U.K.

AA-

- Belgium
- Qatar

APPENDIX 5: Treasury Management Scheme of Delegation

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Cabinet

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Overview and Scrutiny Commission

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

APPENDIX 6: The Treasury Management Role of the Section 151 Officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe.
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees.
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following *:-*
  - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
  - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*

- *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*

- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*

- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

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Crawley Borough Council

Report to Overview and Scrutiny Commission
5 February 2018

Report to Cabinet
7 February 2018

Allocating Monies Collected Through Community Infrastructure Levy – Infrastructure Business Plan and Governance

Report of the Head of Economic & Environmental Services – **PES/264**

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1. Purpose

1.1. The purpose of this report is to seek Cabinet approval for the Community Infrastructure Levy (CIL) Infrastructure Business Plan (IBP) (Appendix B) and the Governance of the Strategic Infrastructure Strand (Appendix C), both of which Cabinet previously considered and endorsed on 4 October 2017 ahead of a two month public consultation period which expired on 8 December 2017.

1.2. The Infrastructure Business Plan (IBP) has been reviewed with some proposed adjustments (section 5 below) to take account of the consultation responses (section 4.2). The IBP outlines the projects identified as a priority to be funded by monies collected through the CIL and it now goes on to outline the proposed funding programme for the first four years 2018/19 to 2021/22.

1.3. In the light of the public consultation responses, the Governance proposals remain unchanged.

2. Recommendations

2.1. To the Overview and Scrutiny Commission:

That the Commission consider the report and decide what comments, if any, it wishes to make to the Cabinet.

2.2. To the Cabinet:

2.2.1. Approve the proposed CIL strategic infrastructure spend priorities presented in the Infrastructure Business Plan as a priority for delivery and the funding programme set out in section 5 below for the period 2018/19 to 2021/22.
2.2.2. Note that the Infrastructure Business Plan, including the funding programme, will be reviewed on an annual basis to take into account any changes in strategic infrastructure priorities and fluctuations in CIL receipts compared to the forecast. The first review is proposed to take place in January-March 2019.
2.2.3. Approve the Governance of the Strategic Infrastructure Strand (Appendix C).

3. Background

3.1. The expected overall CIL income in Crawley is based upon residential growth trajectories produced alongside the Crawley Local Plan 2015-2030. An estimated total of £7,200,000 is forecasted to be collected 2017-2030. CIL regulations state that 15% of the total CIL contributions collected are to be allocated for spending in agreement with local neighbourhoods. Deducting the 15% means that £6,120,000 would remain to be spent upon strategic infrastructure. Councils are unable to borrow against anticipated levy income but CIL funds can be used to reimburse expenditure on infrastructure that has already been incurred.

3.1.1. NB: CIL Liability Notices issued to date by the Council: £878,535, of which it has received £64,812, with a further £21,740 due by Mar-2018. Notices are issued when planning permission is granted, and payments are made on commencement of development. It should be noted that not all permissions granted are implemented.

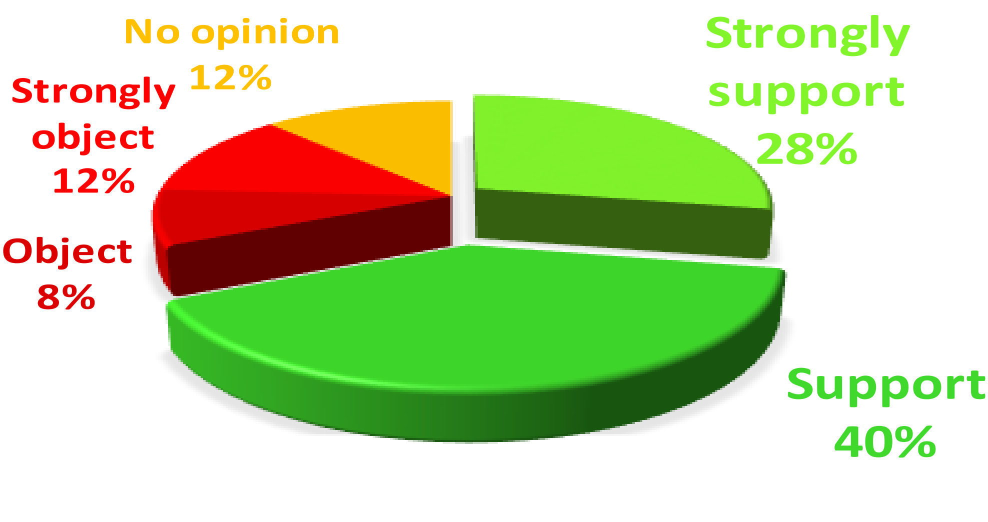
3.2. In October 2017 Cabinet approved a crowdfunding model as the preferred option for the future governance of the CIL Neighbourhood Improvement Strand, and approved the implementation of a one year Crowdfunding pilot, update report to the Overview and Scrutiny Commission after 6 months, including an equality impact assessment.

3.3. In October 2017, Cabinet delegated authority to the Head of Economic and Environmental Services in consultation with the Cabinet Member for Planning and Economic Development to commence the procurement process for a provider to run the “Crowdfunder” platform, to finalise guidance, eligibility criteria, terms and conditions and to implement a one year pilot of the Neighbourhood Improvement Strand and its associated procedures. The intention is to launch the crowdfunding platform for the CIL neighbourhood Improvement Strand in spring 2018.

4. CIL – Strategic Infrastructure Strand and Consultation

4.1. Officers based the priority projects outlined in the Infrastructure Business Plan on the Crawley Infrastructure Delivery Schedule, presented to Cabinet in October 2017, which is already in place through the Local Plan process and which identified all strategic infrastructure requirements as a result of the growth forecasts in the Local Plan. The projects outlined in the Infrastructure Business Plan have all been classified as Critical or as high scoring essential projects, when assessed against the criteria.

4.2. The projects outlined in the IBP have been subjected to a 2 month public consultation. There were 25 respondents with more than 2 out of 3 in support:



4.3. Participants were again asked to record any comments or suggestions. Not everyone responded to this section but for the comments and suggestions recorded in response to this question, please see Appendix A.

4.4. WSCC also responded to the consultation and made the following comments

4.4.1. The Infrastructure Delivery Schedule should be updated to reflect the latest information from the County in the Crawley Strategic Infrastructure Package.

4.4.2. The A23 London Road/ Manor Royal junction improvement scheme is included in the WSCC capital programme as part of the Crawley Growth Programme - allocating CIL to this project will help support its delivery.

4.4.3. The A2011 Crawley Avenue/ A2004 Northgate Avenue and the A23 Crawley Avenue/ Ifield Avenue Roundabouts are not currently included in the WSCC capital programme. They are included in the Crawley Strategic Infrastructure Package, produced by County, since they have been identified as needing to be delivered in the next 5-10yrs. As part of the current feasibility study for the Crawley Area Sustainable Transport package, WSCC have stated they will consider the feasibility of these projects.

4.4.4. WSCC would like greater clarity over the scale and timing of the CIL contributions to help them to produce project delivery plans. This will be addressed through the annual review process.

4.4.5. WSCC have stated that Education infrastructure improvements are essential to mitigate the impact of development and should therefore be prioritised for funding through CIL. This is being addressed in our proposals.

4.4.6. WSCC welcome the relatively high priority that public transport is given.

4.4.7. WSCC recommend that the Council should consider opportunities through relatively small allocations.

4.4.8. WSCC have suggested that the Governance table should identify that the County Council and other infrastructure providers be included in the initiate section for the preparation of the IBP.

5. Proposals

5.1. Based upon the consultation responses received, officers propose that the Strategic Infrastructure strand be allocated in the following way (see IBP, appendix B):

5.1.1. An initial 4 year Funding Programme 2018/19– 2021/22 – CIL to be used as part-funding contributions and be allocated to the following projects identified for Short Term Delivery:

5.1.1.1. Three Bridges Railway Station project, £1.1m
5.1.1.2. A23/ Manor Royal junction project £0.432m
5.1.1.3. Bewbush Medical Centre £1.242m

5.1.2. The following projects have been identified as being for Mid Term delivery (2022/23 to 2026/27) -, CIL contributions will be carried forward and allocated once the details of these projects have been finalised:
5.1.2.1. A2011 Crawley Avenue/ A2004 Northgate Avenue
5.1.2.2. A23 Crawley Avenue/ Ifield Avenue Roundabout
5.1.2.3. A contribution to Education, Early Years Provision – Locations to be determined in conjunction with WSCC in addition to dependencies /site availability.

5.2. How the Strategic Infrastructure strand is allocated will be reviewed annually. During this process all projects in the Infrastructure Delivery Schedule will be reviewed. Amended proposals would be presented to Members to take account of additional projects from the West Sussex County Council Crawley Strategic Infrastructure Package.

5.3. Following the first annual review, officers intend to present an updated Infrastructure Business Plan to the Crawley Growth Board followed by Cabinet in February 2019.

6. CIL – Strategic Infrastructure Strand, Governance (Appendix C).

6.1. It is proposed that the allocation and spend of the Strategic Infrastructure Strand CIL funding will be governed jointly by both the Council and West Sussex County Council through the Crawley Growth Board, with proposals for key decisions then put to the Council's Cabinet for approval.

6.2. It is proposed that the CIL Member Advisory Group, comprising Member representatives from the Council and WSCC, will operate through the existing Council Economic Regeneration Working Group (ERWG), chaired by the Cabinet Portfolio Holder for Planning and Economic Development. The ERWG will review proposals for CIL spend and make recommendations to the Cabinet Portfolio Holder for Planning and Economic Development (EWRG Chair) and Head of Economic and Environmental Services , to be fed back to the Crawley Growth Board. Officers will work with WSCC officers to consult with WSCC members as appropriate.

7. Financial Implications

7.1. Currently, the Council has received £64,812 CIL contributions, with a further £21,740 due by Mar-18. Officers project that a further £1,436,670 will be received by the Council in 2018-19 and £1,092,420 in 2019-20, subject to the anticipated new residential developments being taken forward.

7.2. There is a risk that the spend profiles of projects identified as a priority in the Infrastructure Business Plan will be mismatched against the receipts of CIL contributions. Councils are unable to borrow against anticipated levy income but CIL receipts can be used to repay expenditure on infrastructure that has already been incurred, provided that expenditure is in line with recognised priority infrastructure schemes as identified within the CIL Infrastructure Business Plan.

8. Staffing Implications

8.1. The Council will continue to manage CIL funding and programmes using existing resources with the exception of the Neighbourhood Improvement Strand and Crowdfunding platform, which will be paid for by CIL funds. CIL's impact on staff will be reviewed during the annual review of the IBP

9. Background Papers

Report to Cabinet 4 October 2017 – Community Infrastructure Levy – Governance, Prioritisation and Spend Proposals.

Contact Officer:

Clem Smith, Head of Economic and Environmental Services

01293 438567, clem.smith@crawley.gov.uk

Appendix A

Additional comments to Question 1 (see section 4.3):

- I think the three junction improvements schemes would not achieve their stated goal e.g. to improve traffic flow and air quality. They would simply lead to greater traffic which would again result in the same traffic congestion and increased air quality issues. Beside this, increased traffic would lead increased vehicle parking issues which is already prevalent across the town.
- Confused why CBC are funding road junction improvements that are under WSCC remit?
- The improvements to Three Bridges fail to deal with the current problem of vehicle traffic and passenger drop off at the station. The plans cut off users from pound hill accessing the station by car and Instead this funding is being side-lined in favour of cycle users who's numbers do not warrant the investment. A poor use of public funds.
- Three bridges station is too congested outside. Drop off and taxi system needs to be reworked
- What about Tushmore Roundabout, this is a major cause of congestion, the improvements to A23 Ifield Ave are likely to just move the congestion to Tushmore.
- All the proposed schemes need to meaningfully improve safety, access and usability for public and self-powered transport (buses, cycles, mobility scooters, pedestrians etc) rather than just focusing on improving car journey times (which, in turn, will increase traffic volumes, therefore increasing journey times and leading us back to square one).
- All bar one of these are traffic schemes. The Medical Centre is commendable, but what about public transport infrastructure (GET RID OF THE FASTWAY LANES) or large energy projects - there's a new solar farm being built at Westhampnett. I'm not saying Crawley is suitable for one like this, but with blackouts more and more likely what's the harm in generating our own energy from time to time?
- Every 'improvement' you have made over the last 20 years has made things worse. Any junction with traffic lights added actually flows better when the power is cut off and the lights don't work. I have no confidence in your plans.
- All the major use roundabout needs revision - especially at peak travel times.
- First two are all about motor traffic. This is the wrong solution to the problem of congestion. The proper solution is to encourage active travel. The vast majority of motor traffic to Manor Royal is traffic from distances that would be easily cycled and yet cycling provision is abysmal and not being addressed at all. The Three Bridges improvements were mooted 2-3 years ago now and already consulted on. Nothing has happened until recently (and I'm not entirely sure what *is* happening right now). The new entrance to the station on Station Hill does not seem to be happening yet would provide a very convenient entrance to those of us that do choose active travel over motorised travel.

APPENDIX B - Infrastructure Business Plan Outline.

Introduction

- Summary
- Projects identified as critical and proposal for the first 4 year funding programme
- Additional information for the schemes identified for potential funding
- Date for next annual review

1. **Summary**

1.1. This Infrastructure Business Plan (IBP) has been prepared by officers from Crawley Borough Council with input from West Sussex County Council and other Infrastructure Providers. It sets out the proposed priority infrastructure schemes required to support the delivery of the Crawley Local Plan to 2030.

1.2. This document sets out anticipated Community Infrastructure Levy receipts, which have been based upon housing development trajectories, identifies the projects that Crawley Borough Council intend to fund / enable using Community Infrastructure Levy (CIL) and presents an initial four year funding programme. This IBP project list represents the current understanding of projects appropriate to fund via the CIL and therefore confirms that no double counting will take place.

1.3. It should be noted that in time the information within this document may be revised in the future, subject to process,to allow for additional unforeseen infrastructure requirements that might be be identified. As the anticipated CIL funds are only an estimation, this document will also be reviewed each year to reflect how much money has been received.

1.4. This document is only concerned with the Strategic Infrastructure Strand of CIL. All figures exclude the 15% of the total CIL contributions collected, that CIL regulations state are to be allocated for spending in agreement with local neighbourhoods where development is taking place. The process for allocating CIL funds within the Neighbourhood Improvement Strand was approved by Cabinet in October 2017.

1.5. A charging authority may apply CIL to administrative expenses incurred by it in connection with CIL. This is providing that it does not exceed 5% of total CIL contributions collected. Administrative costs can only be paid using the Strategic Infrastructure Strand of CIL.

1.6. Where an authority spends less than its permitted allowance on administrative expenses, it must transfer the remaining allowance for use on capital infrastructure projects. If Crawley BC does not apply the discretionary administrative expenses then a maximum of 85% of CIL collected in Crawley will be spent on strategic infrastructure.

1.7. The levy should not be used to remedy pre-existing deficiencies in infrastructure provision unless the deficiencies are exacerbated by new development.

2. Anticipated CIL Income

2.1. The expected overall CIL income into Crawley is based upon residential growth trajectories produced alongside the Crawley Local Plan 2015-30. An estimated total of £7,200,000 is forecasted to be collected between 2017 and 2030 from charges on new residential developments. It should be noted that the exact figure collected from CIL will be unknown until potential developments are under construction, therefore the Council can only provide a forecast which predicts the levels to be collected each year.

2.2. CIL regulations state that 15% of the total CIL contributions collected are to be allocated for spending in agreement with local neighbourhoods where development is taking place. This means that the "Neighbourhood Improvement Strand" for Crawley would amount to £1,080,000 of CIL funds – the process for allocating these funds was agreed by Cabinet in October 2017.

2.3. Therefore, when deducting the above amount, £6,120,000 would remain to be spent on strategic infrastructure. In accordance with CIL regulations this should fund a wide range of infrastructure to enable the Borough and County to address the cumulative impact on Crawley from growth and new development sites, provided that it accords with Crawley's regulation 123 list.

2.4. The following tables illustrate anticipated CIL receipts in the 5 yr. period 2017/18 to 2021/22. It also illustrated the year that the funds will be able to be released.

	1st 5 Year Period					
	2017/18	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**Total**
Amount of CIL Due	£ 74,004.40	£ 1,436,670.00	£ 1,092,420.00	£ 1,037,340.00	£ 284,580.00	**£3,925,014.40**
CIL Available to Spend	£ -	£ 74,004.40	£ 1,436,670.00	£ 1,092,420.00	£ 1,037,340.00	**£3,640,434.40**

3. Projects identified as critical and proposal for the first 4 year funding programme 2018-19 to 2021-22

3.1. This section identifies how much CIL is likely to be generated in each financial year, and sets out the proposed CIL spending priorities.

3.2. Projects identified as a priority to receive a contribution from CIL are proposed / presented in the table below. Officers have based the priority projects outlined in the Infrastructure Business Plan on the Crawley Infrastructure Delivery Schedule, which is already in place through the Local Plan process and identified all strategic infrastructure requirements as a result of the growth forecast indicated in the Local Plan. The projects outlined below for this Infrastructure Business Plan have all been assessed as Critical or as high scoring essential projects.

Priority Projects identified for CIL Funding	IDS Status	Criteria Met	Score	%	Phasing	Total Potential CIL Contributions
Bewbush Medical Centre	Critical	ABCGHIJKL	390	98%	Short Term	£1,242,000
A23 London Road/ Manor Royal	Critical	ABCFIJKL	375	94%	Short Term	£432,000
Improvement to Three Bridges Railway Station	Essential	ABDFHIJK	370	93%	Short Term	£1,100,000
A2011 Crawley Avenue/ A2004 Northgate Avenue/	Critical	ABCGIJKL	365	91%	Medium Term	£360,000
A23 Crawley Avenue/ Ifield Avenue roundabout	Critical	ABCFJKL	355	89%	Medium Term	£1,080,000
New early years provision, location to be determined	Critical	ABCGJKL	345	86%	Medium Term	£1,800,000
						£6,014,000
Total anticipated CIL Contributions to 2030	**£6,120,000**					

3.3. Funding Programme

3.3.1. Funds received within the 1st 4 year funding programme, will be concentrated on the priority projects identified for delivery in the Short Term 2018/19-2021/22. The following table outlines proposed spend on four priority projects over the 4 year period to end March 2022.

	1st 5 Year Period				
	2017/18	2018/19	2019/20	2020/21	2021/22
Amount of CIL Due	£ 74,004.40	£ 1,436,670.00	£ 1,092,420.00	£ 1,037,340.00	£ 284,580.00
Amount of CIL Brought Forward	£ -	£ 74,004.40	£ 1,436,670.00	£ 1,051,094.40	£ 836,434.40
CIL Available to Spend	£ -	£ 74,004.40	£ 1,436,670.00	£ 1,051,094.40	£ 836,434.40
Amount of CIL Spent	£ -	£ 74,004.40	£ 1,477,995.60	£ 1,252,000.00	£ 10,000.00
Amount Carried Forward	**£ 74,004.40**	**£ 1,436,670.00**	**£ 1,051,094.40**	**£ 836,434.40**	**£ 1,111,014.40**

			Short Term					
Project	**Phasing**	**Total Amount Required**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**Remainder to be funded 2022/23 - 2026/27**
Crowdfunder Platform Administration	Short Term	£ 90,000.00	£ -	£ 10,000.00	£ 10,000.00	£ 10,000.00	£ 10,000.00	£ 50,000.00
Improvement to Three Bridges Railway Station	Short Term	£ 1,100,000.00	£ -	£ 64,004.40	£ 1,035,995.60	£ -	£ -	£ -
A23 London Road/ Manor Royal	Short Term	£ 432,000.00	£ -	£ -	£ -	£ 432,000.00	£ -	£ -
Bewbush Medical Centre	Short Term	£ 1,242,000.00	£ -	£ -	£ 432,000.00	£ 810,000.00	£ -	£ -
A2011 Crawley Avenue/ A2004 Northgate Avenue/	Medium Term	£ 360,000.00	£ -	£ -	£ -	£ -	£ -	£ 360,000.00
A23 Crawley Avenue/ Ifield Avenue roundabout	Medium Term	£ 1,080,000.00	£ -	£ -	£ -	£ -	£ -	£ 1,080,000.00
New early years provision, location to be determined	Medium Term	£ 1,800,000.00	£ -	£ -	£ -	£ -	£ -	£ 1,800,000.00
		£ 7,394,000.00	**£ -**	**£ 74,004.40**	**£ 1,477,995.60**	**£ 1,252,000.00**	**£ 10,000.00**	**£ 4,580,000.00**

3.3.2. There is a risk that the spend profiles of projects for delivery within the Short Term will be mismatched against the receipts of CIL contributions. Councils are unable to borrow against anticipated levy income but they can be used to repay expenditure on infrastructure that has already been incurred.

3.3.3. It will also be necessary to pay administrative costs associated with using a crowdfunding platform to distribute the CIL Neighbourhood Improvement Strand.

3.3.4. In the 1st 4yr funding programme, CIL receipts will be used as part funding for the above projects identified. We anticipate receiving £3,925,014 in CIL receipts for Strategic Infrastructure Projects during that period. The priority projects identified for delivery in this period represent a total spend of £2,814,000 with the remaining £1,111,014 being carried forward into the next 5 year funding programme 2022/23-2027/28.

3.3.5. The priority projects identified for delivery in the Medium Term will be progressed in the next 5 year funding programme 2022/23 -2027/28 as funds become available and details are finalised.

4. Governance

4.1.1. In line with the Crawley Growth Deal between CBC and WSCC, it is proposed that the allocation and spend of CIL funding will be governed jointly by the two authorities through the Crawley Growth Board, chaired by the CBC Chief Executive, which meets every 2 months with agreed recommendations then put to CBC Cabinet when key decisions are required on CIL funding allocations to individual infrastructure schemes.

4.1.2. The existing Economic Regeneration Working Group will review proposals for CIL spend and make recommendations to the Chair and Head of Environment and Economic Development, WSCC Cabinet members will be consulted as appropriate.

4.1.3. For proposed Governance structure see Appendix C.

5. CIL 4 Year Programme 2018 – 2022, Proposed Projects Background Information and Assessment Outcome.

5.1. Transport Rail - Three Bridges Railway Station

Location – Three Bridges.

Status – Essential

Score – 370/400 – 93%

CIL Contribution - £1,100,000

Lead Organisation – CBC

The Three Bridges Corridor Programme is part of the Crawley Growth Programme and comprises the following schemes:

Three Bridges Station Access.
Station Forecourt Improvements
Eastern Access

The scheme objectives are to transform the quality of the public realm outside the main entrance of Three Bridges Station and to improve access to the station for multiple modes of transport, particularly sustainable forms of transport (cycling and pedestrians). This scheme will be designed and delivered by CBC liaising with GTR, WSCC and Network Rail. Revised concept designs are being finalised.

Supporting Evidence

The requirements for improvements to Three Bridges Station to mitigate development impacts from Operations Centre and Maintenance Depot at Three Bridges Station & Forge Wood conditions, which led to the AECOM study. The AECOM study concluded that vehicular traffic currently dominates the front of the station, with uncontrolled drop-off and pick-up areas in an area which is too small to cater for all traffic. Pedestrian movements are uncontrolled in the forecourt area with little provision for safe crossing or routing through the forecourt. Taxis often dominate the formal 20 minute waiting area and exceed the provision of the dedicated taxi rank. In turn this encourages setting down of passengers in front of the station building which can results in queuing back on the public highway. Connectivity to buses is fragmented, with routing to bus stops affected by the severance caused by Haslett Avenue East.

Project Funding

It is proposed to allocate £1,100,000 of CIL contributions to this Three Bridges Station interchange and wider improvements schemes. The project has already secured the following sources of funding:

- £430,000 S106 - Transport and Interchange Improvements at Three Bridges Station
- £1.500,000 – Crawley Borough Councils Capital Programme
- £70,000 - Forge Wood developer contribution - Bus shelter and pedestrian crossings

5.2. Transport Project – A23 London Road/ Manor Royal, Junction Improvement

Location – Manor Royal, junction with London Road.

Status – Critical

Score – 375/400 94%

CIL Contribution - £432,000.00

Lead Organisation – West Sussex County Council

The Manor Royal, junction with London Road is part of the Crawley Growth Programme. It is intended to improve the capacity and carry out localised carriageway widening to reduce traffic delays and congestion and enable Strategic Development sites identified in the Crawley Local Plan 2030 to be delivered.

Supporting Evidence
The Crawley Local Plan Transport Study, concluded that a number of junctions will need improving to enable growth associated with the Local Plan 2030 to be delivered. A transport modelling appraisal has been undertaken to assess the predicted impact of Crawley Borough Council's proposed Local Plan land-use allocation, on the transport network for the morning rush hour in 2029, to determine if the proposed allocation of land-use developments around Crawley could be accommodated without unacceptable stress on the transport network. The study found that this junction merits mitigation, because its ratio of flow to capacity would be significantly greater than the current position.

Project Funding
It is proposed to allocate £432,000 of CIL contributions to Manor Royal, junction with London Road as part of the Crawley Growth Programme..

5.3. Healthcare Project – Bewbush Medical Centre.

Location - Bewbush.

Status – Critical

Score – 390/400 – 98%

CIL Contribution - £1,242,000.

Lead Organisation – Crawley Borough Council

Details of Project
To convert an existing building into a Health Centre, increasing the number of GPs within the Bewbush area from 2 to 5 thus increasing patient capacity. Plans have been drawn up in conjunction with the existing medical practice doctors for the conversion of the building into a new Medical Centre for Bewbush. In order to accommodate the services they need to provide, the ground floor will need to be extended by 84m2, giving a total area of 634m2. The current accommodation provides extremely restricted clinical space with only three consulting rooms available. The accommodation is CQC (Care Quality Commission) non-compliant and has been highlighted as a priority for development for several years.

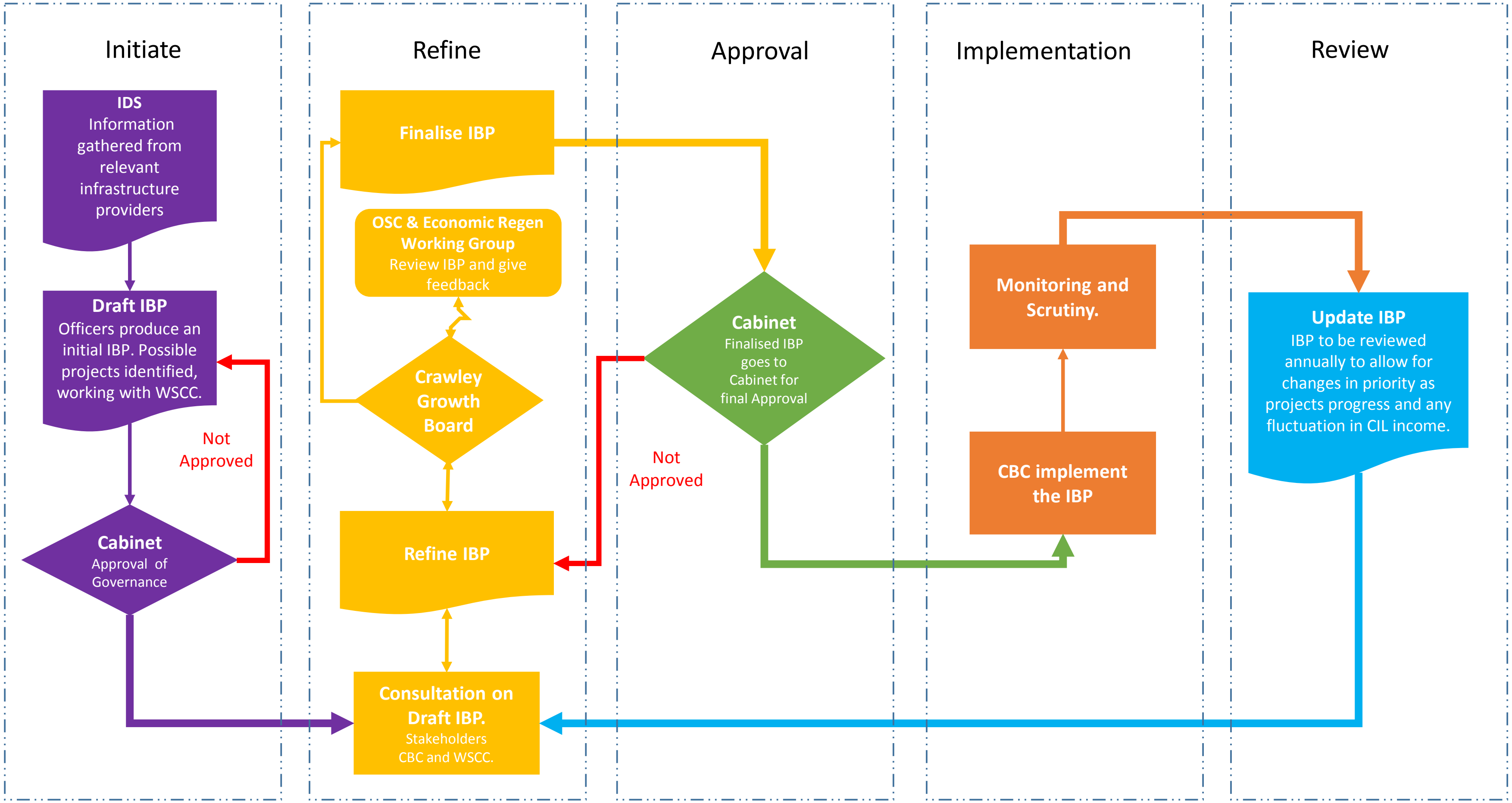
Supporting Evidence
The NHS West Sussex PCT Strategic Service Delivery Plan 2009-10 highlighted this practice as a 'red' priority for development which was further confirmed by Crawley CCG in their 2014 Strategic Estates Development Plan. A need for expansion within the Bewbush area was identified in the Infrastructure delivery plan.

Project Funding
It is proposed to allocate £1,242,000 of CIL contributions to the Bewbush Medical Centre Project and there is potentially a further £480,000 from NHS England providing conditions are met.

6. Date of next annual review

6.1. Proposals to revise the Infrastructure Business Plan will be presented to Cabinet for approval in February 2019.

APPENDIX C –Governance



Strategic Infrastructure Strand Governance and Consultation

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Crawley Borough Council

Report to Cabinet
7th February 2018

2017/2018 Budget Monitoring - Quarter 3

Report of the Head of Finance, Revenues & Benefits - **FIN/431**

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1. Purpose

1.1 The report sets out a summary of the Council's actual revenue and capital spending for the third Quarter to December 2017. It identifies the main variations from the approved spending levels and any potential impact on future budgets.

2. Recommendations

2.1 The Cabinet is recommended to:

a) **Note the projected outturn for the year 2017/2018 as summarised in this report.**

b) **Approve a virement of £65,000 for programmed repairs from the provision for Northgate Parade roofing for lighting works at the Hawth Theatre car park, as outlined in section 6.**

3. Reasons for the Recommendations

To report to Members on the projected outturn for the year compared to the approved budget.

4. Background

4.1 As part of the Budget Strategy, the Council has in place robust budget monitoring systems to ensure that unapproved overspends are avoided. The Council also manages and analyses underspending to identify potential savings that could help meet current and future years' priorities.

4.2 Budget monitoring is undertaken on a monthly basis with budget holders. There are quarterly budget monitoring reports to Cabinet with the Corporate Management Team receiving monthly update reports on key areas and any other areas of concern. The Overview and Scrutiny Commission also have the opportunity to scrutinise expenditure. Quarterly monitoring information is also included in the Councillors' Information Bulletin.

4.3 This report outlines the projected outturn for 2017/2018 as at the end of December 2017.

5. Budget Monitoring Variations

5.1 General Fund

The table below summarises the projected variances in the relevant Portfolio at Quarter 3.

[F indicates that the variation is favourable, U that it is unfavourable]

Further details of these projected variances are provided in Appendix 1(i & ii) attached to this report.

	Variance at Quarter 3 £'000		Variance at Quarter 2 £'000
Cabinet	5	U	(17)
Public Protection & Community Engagement	20	U	16
Resources	81	U	79
Environmental Services & Sustainability	(69)	F	(97)
Housing	(690)	F	(674)
Wellbeing	(60)	F	(107)
Planning & Economic Development	128	U	(69)
Investment Interest	(203)	F	(228)
New Homes Bonus	(8)	F	(8)
TOTAL SURPLUS	**(796)**	F	**(1,105)**

In addition there is £76,000 available for investment in Tilgate Park and Nature Centre (this was £69,000 at quarter 2).

The £250 additional payment to staff in the December pay is reflected in the above variance.

5.2 Significant variances variations over £20,000

5.2.1 Cabinet

There are no significant variations to report this quarter.

5.2.2 Public Protection & Community Engagement

There are no significant variations to report this quarter.

5.2.3 Resources

Within the ICT section there are various variances – The Data Centre project has been hit by delays. On deeper investigation the internal infrastructure was out of date and many components, such as proxy servers, network switches and firewalls needed to be replaced or upgraded. This was not part of the original scope of the data centre migration and was not included in the original costs.

Work on the completion of some of the upgrades to the infrastructure, a stated pre-requisite of the migration by the Data Centre Migration supplier, were eventually taken out of scope from the external supplier to enable the project to be taken in house and move forward with the migration more efficiently – most of these have now been completed, with the exception of the removal of the old proxy server.

Since May 2017, there has been the completion of the migration of approximately 60% of all servers and applications, planned for the next 20% and will continue this process through to completion in March 2018.

There are vacancies within the HR team, a review of the service and a recruitment campaign are underway.

5.2.4 **Environmental Services & Sustainability Services**

There is projected additional income from recycling of materials of £44,000.

As part of the patch working roll out, additional equipment has been purchased including additional bins and equipment for the patch working operatives.

5.2.5 **Housing Services**

There are more overpaid housing benefit claims being identified through HMRC data matching, this is where income has not been disclosed to the benefits team. This is an initiative which matches data from several sources such as pay and pension income. A provision for these overpayments has been built into future financial projections, latest projections are lower than anticipated at quarter 2 with fewer referrals in the third quarter.

Homelessness –
The projected underspend is a result of the amendments to the Allocations Policy as agreed by Council and implemented in November to assist with the prevention of homelessness and moving applicants through temporary accommodation (TA) more efficiently. This followed on from the temporary policy giving additional priority to homeless applicants in TA to facilitate the throughput as it had become stagnant and was impacting on the numbers in nightly paid. It is also as an ongoing drive by all staff to prevent and discharge homelessness where possible whilst still meeting our legal duties to accommodate. There has been up to 15 households in nightly paid during the last quarter. There is still the possibility of SWEP (severe weather emergency protocol) accommodation being utilised during the coming quarter.

5.2.6 **Wellbeing**

Tilgate Park & Nature Centre was projecting additional income of £69,000 at quarter two. This projection has increased to £76,000 as at quarter three. The surplus is transferred to a reserve for reinvestment in the park at the end of each financial year as part of the five year Tilgate Park investment plan.

5.2.7 **Planning & Economic Development**

Commercial property rent reviews not agreed with tenants are being progressed through the courts, also an increase in vacant properties and previously anticipated back rents has resulted in a projected shortfall in commercial property income of £133,000; this is in comparison to a projected surplus of £60,000 at quarter 2.

5.2.8 **Investment Income**

A review of interest projections have been undertaken, taking into account the latest projections in the capital programme. The recent increase in interest rates has also been factored into these projections.

6. Virements

Virements up to £50,000 can be approved by Heads of Service under delegated powers and reported to Cabinet for information.

The Head of Partnership Services has approved a virement of £35,000 from programmed maintenance works to the roofs at the parade in Northgate to Orchard Way for electrical works. The parade works will be undertaken over the next two years; the budget set for these works was less than tender prices; negotiations will be undertaken with the tenants of the parade shops to contribute towards the works when they take place.

Virements over £50,000 require approval from Cabinet -

The outside Car Park and Street Lighting at the Hawth Theatre date back to original installation (1987) and has been maintained accordingly. It has now become evident that the lighting to these areas is failing on a regular basis and is no longer compliant with health & safety standards requiring upgrading and replacement. It was envisaged to carry out these works over the next 12/18 months through the planned maintenance programme, but recent testing has shown the equipment has deteriorated to a point that now requires a full replacement scheme to be brought forward. The works involve excavating and installing new ducting and power cables and removal and replacement of new lighting columns/lighting. Complaints have been received over the last 12 months from WSCC Highways and Parkwood Leisure regarding the poor quality of lighting to immediate areas.

Due to the nature and urgency of these works an Electrical contractor was employed to design a new replacement scheme to bring it up to current standard.

Cabinet are recommended to approve a virement of £65,000 between the programmed maintenance budgets shown above.

7. Council Housing Service – Revenue

7.1 The table below provides details of the 2017/2018 HRA variances.

HOUSING REVENUE ACCOUNT

	Q3 Variation £000's		Q2 Variation £000's
Income			
Rental Income	(118)	F	(118)
Other Income	149	U	(47)
Interest Received on balances	(45)	F	0
	(14)	F	(165)
Expenditure			
Employees	84	U	63
Repairs & Maintenance	(343)	F	(253)
Other running costs	6	U	(10)
Support services	0	-	0
	(252)	F	(199)
Net (Surplus) / Deficit	(266)	F	(364)
Available to fund future investment in housing	266		364

Further details of these projected variances are provided in Appendix 1(iii & iv).

The £250 additional payment to staff in the December pay is reflected in the above variance

7.2 The charge to leasehold properties for major works was less than anticipated, this is offset by a predicted underspend on cyclical maintenance. Repairs and finance staff are working more closely to ensure that future projections are more robust.

7.3 Due to delays in the capital programme as outlined below there is more projected investment interest for the HRA.

8. Capital

8.1 The table below shows the 2017/18 projected capital outturn and proposed carry forward into 2018/19. Further details on the Capital Programme are provided in Appendix 2 to this report.

	Latest Budget 2017/18	Spend to Qtr 3	Estimated Outturn 2017/18	Re-profiled to/(from) future years	Under Spend/ (overspend)
	£000's	£000's	£000's	£000's	£000's
Cabinet	2,305	1,670	2,285	22	(2)
Resources	281	183	227	56	(2)
Environmental Services & Sustainability	1,301	746	1,137	149	15
Planning & Economic Development	168	168	168	0	0
Public Protection & Community Engagement	95	82	95	0	0
Housing Services	925	447	631	294	0
Wellbeing	2,730	1,325	2,009	717	4
Total General Fund	7,805	4,621	6,552	1,238	15
Council Housing	26,760	10,652	20,257	5,762	741
Total Capital	**34,565**	**15,274**	**26,809**	**7,000**	**756**

9.2 Queensway - A planning application has been submitted with an anticipated decision date of 29 January 2018. The total budget remains at £2,200,000 and detailed costings are being obtained as part of the detailed design process. Documentation is being prepared for the procurement of a construction contractor. The programme currently expects completion by mid-Summer 2019.

9.3 Solar PV - three small systems are being installed. The balance of this budget has been moved to 2018/19 and will be used at Tilgate Nature Centre. This project has been delayed pending the construction on new animal enclosures and changes to parking arrangements which will impact on the size and location of the PV system. Any balance of funding remaining will be used to install further systems on the Council's operational buildings.

9.4 The cost of reconfiguring offices in the Town Hall as part of the initial decant project is projected to be £32,300 more than the current budget, these costs included moving the comms room. The projected overspend on revenue is in respect of costs of desks and office equipment for staff occupying less space.

9.5 A budget of £100,000 has been added to the capital programme for professional fees associated with the Town Hall project. This is the first draw down from the budget that was approved at Full Council in February 2017 DCE/02. The Budget Report elsewhere on this Agenda shows a further drawdown of £2m for demolition and professional costs in 2018/19; further sums will be drawn down when the outcome of the review by Historic England is determined.

9.6 The balance on the cemetery will be used for the provision for further concrete landings.

9.7 Feasibility works on the Heat Network is funded from HNIP grant (Heat Network Investment Project).

9.8 Flooding
Creasey's Drive has slipped £44,196 due to new parameters being introduced for the hydraulic scheme; this is a study of how the water flows into a structure and then comes out and its impacts. The period for detail design has been extended to allow for more in depth water hydraulic remodelling. Start on site will now be in the financial year 2018/19.

Waterlea has slipped £58,910 due to the design having to be revisited after the Environment Agency review. The design requires approval from the Environmental Agency, who now require amendments leading to minor redesign. Start on site will now be in the financial year 2018/19.

Titmus Lake has slipped the whole budget of £42,000 to 2018-19 with the design ongoing. Design discussions with the Reservoir Engineer and the Environment Agency have been slow and are still ongoing. Concept design period has been extended.

9.9 Due to delays in manufacturers lead in times there is slippage of £95,000 in respect of purchase of vehicles.

9.10 Practical completion of the Museum construction and conservation works was agreed on November 3rd 2017. Exhibition fit out works are currently taking place and are due for completion by the end of January 2018. Over the coming months, Crawley Museum Society will be moving further artefacts from Goffs Park House to the Tree with the Formal opening proposed for May 15th. The Project is currently projecting an underspend of approximately £60,000 and as yet the contingency budget of £111,000 has not been used.

9.11 The Worth Park Discovery Trail project has unfortunately not been progressed this year due to delays for the Community Services project team following recruitment for a replacement Project Officer. Now with the new project officer in post the range of projects are getting back on track. The Play Area capital programme and the Worth Park Discovery Trail is within the priorities for 2018/19 alongside the continuing Play Area programme and a range of projects for Memorial Gardens.

9.12 HRA Improvements - Some of the main projects that were identified for 2017/18 will now be completed in 2018/19, these include –

Milton Mount – Major renovation including Kitchen & Bathroom works (delayed due to the inclusion of the installation of new Gas riser mains by Southern Gas Networks and requirement for planning permission).

Dalewood Gardens – Major renovation of communal areas, emergency lighting and external maintenance, delayed due to the section 20 process & the weather.

Five Acres – Structural balcony renovation delayed due to extended consultation with leaseholders and works now weather dependant.

Broadfield/Bewbush - External Timber Frame Insulation & renovation (delayed due to building regulations sign off and architect detail design, and review of fire safety requirements).

9.13 Other Housing -

Purchase of properties
The budget is underspent as fewer opportunities for value for money purchases.

Goffs Park
A revised schedule of payments due has been received by the builder, as a result there will be slippage into 2018/19.

Kilnmead
There were some issues with the project as part of the planning process (design, site layout, conservation and environmental comments), which delayed the programme by approx. 8 weeks due to redesign required in some areas.

Dobbins Place
There were some issues highlighted through the planning process. The rectification of these issues were not quick fixes delaying the planning process by approximately 11 weeks. Further reports were also required on the site due to the contamination causing a further few weeks' delay to the programme.

83-87 Three Bridges Rd – Project slightly ahead of programme so slightly increased expenditure forecast in the current year.

Forge Wood Phases 2 & 3 – Works behind contractors anticipated programme due to delays in the planning process.

9.14 In the third quarter of 2017/2018 eleven Council Houses with a sale value of £1,856,000 were sold, compared to thirteen in the third quarter last year. Of these receipts £258,000 was paid over to the Government with the balance being retained by the Council with £439,000 available for general capital investment and £1,159,000 set aside for 1-4-1 receipts. [The 1-4-1 arrangement is one where the Council retains a larger proportion of right to buy receipts than they otherwise would, in return for a commitment to spend the additional receipts on building or acquiring properties.]

9.15 The total cumulative 1-4-1 receipts retained is £25,569,000 which can be used to fund 30% of any expenditure on new affordable housing. It cannot be used on schemes supported by HCA Funding or for shared ownership/equity schemes.

10. Background Papers

2017/18 Budget and Council Tax FIN/401
Treasury Management Strategy 2017/18 FIN/404

Cabinet Reports 6th September 2017
- Budget Strategy 2018/19 – 2022/23 FIN/417

2017/2018 Budget Monitoring – Quarter 2 FIN/427

Contact Officer: - Karen Hayes, Head of Finance, Revenues and Benefits.
Direct Line: - 01293 438263.

Agenda Item 9

Appendix 1(i)

REVENUE MONITORING SUMMARY 2017/18
GENERAL FUND

	Original Estimate £000's	Latest Estimate £000's	Projected Outturn £000's	**Variance £000's**	
Cabinet	1,435	1,393	1,398	**5**	U
Public Protection & Community Engagement	1,595	1,545	1,565	**20**	U
Resources	1,129	1,273	1,354	**81**	U
Environmental Services & Sustainability	5,917	5,949	5,879	**(69)**	F
Housing	3,131	3,131	2,441	**(690)**	F
Wellbeing	7,098	7,066	7,006	**(60)**	F
Planning & Economic Development	(2,561)	(2,561)	(2,433)	**128**	U
	17,745	17,795	17,210	**(585)**	F
Depreciation	(3,425)	(3,425)	(3,425)	**0**	
Renewals Fund	400	400	400	**0**	
NET COST OF SERVICES	14,720	14,770	14,184	**(585)**	F
Investment Interest	(645)	(695)	(897)	**(203)**	F
Council Tax	(6,624)	(6,624)	(6,624)	**0**	U
RSG	(1,036)	(1,036)	(1,036)	**0**	U
NNDR	(4,983)	(4,983)	(4,983)	**0**	U
New Homes Bonus	(1,432)	(1,432)	(1,440)	**(8)**	F
	(14,720)	(14,770)	(14,980)	**(211)**	F
Net contribution from / (-to) Reserves before Business Rates retention	**0**	**(0)**	**(796)**	**(796)**	F

Main Variations identified for 2017/18 - General Fund

Appendix 1 (ii)

	Q3 Variation £000's	Q2 Variation £000's	
Cabinet			
Corporate Policy - vacant post	(32)	(36)	one-off
Minor variations - various	37	19	
	5	**(17)**	
Public Protection & Community Engagement			
Minor variations (community development and NASB)	20	16	
	20	**16**	
Resources			
IT Business - various	58	33	one-off
HR - vacancies	(29)	-	one-off
Legal & Democratic Services - vacancies / audio equipment	(14)	(13)	one-off
Print Services – vacant posts	(14)	(13)	one-off
Contact centre – no vacancies	38	19	one-off
Town Hall – decant running costs	38	19	one-off
Minor variations – various areas	4	34	
	81	**79**	
Environmental Services & Sustainability			
Community Warden – standby and vacant hours	(16)	(16)	one-off
Gatwick - Imported food disposal charges	(30)	(27)	ongoing
Environment unit – survey costs	12	-	
Increased recycling income	(44)	-	
Patch working – agency – additional bins and equipment	27	-	
Minor variations including additional income and vacancies in several areas	(18)	(54)	
	(69)	**(97)**	
Housing			
Benefits Administration – vacant posts	(61)	(69)	one-off
Increased benefit overpayments recovered – included in the budget strategy	(464)	(492)	ongoing
Temporary accommodation – reduced numbers in nightly paid accommodation (not included in budget strategy because of new Homelessness Reduction Act requirement)	(208)	(149)	one-off
Minor variations	43	36	
	(690)	**(674)**	

	Q3 Variation £000's	Q2 Variation £000's	
Wellbeing			
Community Arts – vacant post	(20)	(30)	one-off
Street scene – vacant posts which are being filled	(43)	(47)	one-off
Minor variations - various	3	(30)	
	(60)	**(107)**	
Planning & Economic Development			
Commercial property – reduced income projected	133	(60)	ongoing
Minor variations	(5)	(9)	
	128	**(69)**	
TOTAL GENERAL FUND VARIANCES	**(585)**	**(869)**	
Investment interest above budget	(203)	(228)	Ongoing / updated strategy
New Homes Bonus	(8)	(8)	
TRANSFER TO GENERAL FUND RESERVE	**(796)**	**(1,105)**	

Appendix 1 (iii)

HOUSING REVENUE ACCOUNT			
Expenditure Description	**Latest Estimate** £'000s	**Projected Outturn** £'000s	**Variation** £'000s
Income			
Rental Income	(44,951)	(45,069)	(118)
Other Income	(1,791)	(1,641)	149
Interest received on balances	(79)	(124)	(45)
Total income	**(46,821)**	**(46,835)**	**(14)**
Expenditure			
Employees	3,433	3,517	84
Repairs & Maintenance	10,883	10,540	(343)
Other running costs	2,212	2,218	6
Support services	2,650	2,650	0
	19,177	**18,906**	**(252)**
Net (Surplus) / Deficit	**(27,643)**	**(27,909)**	**(266)**
Use of Reserves:			
Debt Interest Payments	8,309	8,309	0
Depreciation, Revaluation & Impairment	14	14	0
Financing of Capital Programme & Transfer to Housing Reserve for Future Investment	19,321	19,586	266
Total	**27,643**	**27,909**	**266**

Main Variations Identified - Housing Revenue Account

	Q3 Variation £'000s	Q2 Variation £'000s
Income		
Rental Income		
Dwellings rental income - Voids re-let at target rent	(70)	(70)
83, 85 & 87 Three Bridges Road Hostel rental income - delay in decant	(55)	(55)
Shared Owners shortfall due to 3 buy backs	7	7
Other Income		
Income recovered for Fire & Travellers Insurance Claims	(29)	(29)
83, 85 & 87 Three Bridges Road Hostel service charge - delay in decant	(11)	(11)
Increased Lifeline Income due to an increase in Customers	(12)	(7)
Less than anticipated major works for leasehold service charges – resulting in fewer fees recoverable	201	
Higher interest rates	(45)	
	(14)	**(165)**
Employees		
Leasehold Services Post part year vacancy	(25)	(33)
Repairs Team - Maternity leave	(22)	(27)
Programmed Works Team - Vacant post/unfilled hours	(24)	(20)
Sheltered Management Restructure - Including Temporary worker for the rest of the year	56	60
Vacancy Provision not met within services due to no vacant posts	58	68
Minor Variations	41	15
	84	**63**
Repairs & Premises Costs		
Cyclical Maintenance savings due to systems thinking review	(330)	(230)
Minor Variations	(13)	(23)
	(343)	**(253)**
Other Running Costs		
Leasehold Premises Insurance Premium - following a tender, the premium rate was reduced significantly	(54)	(54)
Council Tax due to continuous extensive voids work	15	15
Housing Management - Document Archiving	52	37
Minor Variations	(6)	(7)
	6	**(10)**
TOTAL VARIANCES	**(266)**	**(364)**

Quarter 3 Capital Monitoring 2017/18

APPENDIX 2

Scheme Description	Latest Budget 2017/18	Spend to Date	Variance	Projected Outturn	Under/(Over Spend)	Slippage	Budget 2018/19	Budget 2019/20
Crawley Growth Programme							2,620,000	
Queens Square Env Imp	1,587,800	1,299,389	288,411	1,531,100		56,700	56,700	
Queensway	36,000	28,958	7,042	131,000		(95,000)	1,860,000	200,000
Town Centre Signage	191,000	5,500	185,500	191,000				
Town Centre General							71,100	
High Street Safety Improvmnts	30,000	3,807	26,193	30,000				
Town Hall Refurbishment	84,000	83,726	274	84,000				
Solar Pv Cbc Operational Bldgs	90,000	2,160	87,840		30,000	60,000	150,000	
New Town Hall Design	57,900	22,773	35,128	57,900				
Town Hall - Decant	127,700	143,265	(15,565)	160,000	(32,300)			
Town Hall - Professional Fees	100,000	80,545	19,455	100,000				
TOTAL CABINET PORTFOLIO	**2,304,400**	**1,670,123**	**634,277**	**2,285,000**	**(2,300)**	**21,700**	**4,757,800**	**200,000**

Scheme Description	Latest Budget 2017/18	Spend to Date	Variance	Projected Outturn	Under/(Over Spend)	Slippage	Budget 2018/19	Budget 2019/20
Ict Capital - Future Projects	40,400		40,400			40,400	40,400	
On Line Self Service	110,200	78,439	31,761	110,200				
Enterprise Content Migration	16,200	671	15,529	671		15,529	115,529	
Relocation Of Data Centre	10,500	11,580	(1,080)	11,580	(1,080)			
Mobile Working (Ict)	30,000	29,961	39	30,000				
Ict Replacements	4,200		4,200	4,200				
Navmap Replacement	15,500	15,767	(267)	15,767	(267)			
Q - Matic	16,100	16,143	(43)	16,143	(43)			
Modern Gov	21,000	21,500	(500)	21,500	(500)			
Online Planning	17,325	8,663	8,663	17,325				
TOTAL RESOURCES PORTFOLIO	**281,425**	**182,723**	**98,702**	**227,386**	**(1,890)**	**55,929**	**155,929**	

Scheme Description	Latest Budget 2017/18	Spend to Date	Variance	Projected Outturn	Under/(Over Spend)	Slippage	Budget 2018/19	Budget 2019/20
New Cemetery	441,800	355,569	86,231	370,569		71,231	71,231	
Cycling Signage Infrastructure	3,300	439	2,862	3,300				
K2 Crawley Heat Network (Heat N Power)		4,530	(4,530)	4,530		(4,530)	620,970	
Cycle Paths							25,300	
High St Sussex Hse Cycle Path	2,000	255	1,745	2,000				
Boulevard Cycle Path								94,000
A2crawters-B1/14mall Cycle Pth	103,000	24,095	78,905	103,000				
Heat Network	2,000	68,903	(66,903)	80,000		(78,000)	1,169,400	
Ifield Drive	20,500	372	20,128	372	14,208	5,920	5,920	
Camber Close	64,800	34,518	30,282	64,800				
Lavant Close	85,900	51,575	34,325	85,900				
Fisher Close	46,000	25,212	20,788	46,000				
Scallows Close	83,000	49,806	33,194	83,000				
Flooding Emergency Works	30,000	15,823	14,177	30,000				

Ifield Mill Pond Improvements	41,300	21,901	19,399	41,300				
Tilgate (Ea Flood Alleviation)	1,900		1,900			1,900	1,900	
Grattons Park P/Hill Flood Wks	14,100	11,417	2,683	11,417		2,683	2,683	
Creaseys Dr B/Field Flood Wks	65,100	10,904	54,196	20,904		44,196	44,196	
Cheals Broadfield Pond	50,000	3,421	46,579	45,000		5,000	5,000	
Titmus Lake Tgate & F/Green	42,000		42,000			42,000	42,000	
Stafford Bridge Ifield Green								78,900
Waterlea Furnace Grn Flood Wks	124,900	23,399	101,501	65,990		58,910	58,910	
Billington Drive Maidenbower							28,000	
Tilgate Silt Lake Flood Works	1,000		1,000		1,000			
Balcombe Road P/Hill Flood Wks							34,700	
Broadfield Brook Flood Works							115,000	
River Mole Flood Works							30,000	
Telemetry Measuring Equipment	30,000	2,029	27,971	30,000				
Northgate Add Flood Atten Wrk								42,000
Crabbett Prk P/Hill Flood Wks								33,000
Crawters Brook Flood Wrks								100,000
Leat Stream Ifield Flood Allev	49,200	41,911	7,289	49,200				
TOTAL ENVIRONMENT PORTFOLIO	**1,301,800**	**746,079**	**555,721**	**1,137,282**	**15,208**	**149,310**	**2,255,210**	**347,900**

Scheme Description	Latest Budget 2017/18	Spend to Date	Variance	Projected Outturn	Under/(Over Spend)	Slippage	Budget 2018/19	Budget 2019/20
Community Safety Initiatives	95,000	81,683	13,317	95,000				
TOTAL PUBLIC PROTECTION & COMMUNITY ENGAGEMENT PORTFOLIO	**95,000**	**81,683**	**13,317**	**95,000**				

Scheme Description	Latest Budget 2017/18	Spend to Date	Variance	Projected Outturn	Under/(Over Spend)	Slippage	Budget 2018/19	Budget 2019/20
Investment Property Aquisition	168,000	168,000		168,000				4,832,000
Manor Royal Business Group							200,000	
Three Bridges Station							1,500,000	
TOTAL PLANNING & ECONOMIC DEVELOPMENT PORTFOLIO	**168,000**	**168,000**		**168,000**			**1,700,000**	**4,832,000**

Scheme Description	Latest Budget 2017/18	Spend to Date	Variance	Projected Outturn	Under/(Over Spend)	Slippage	Budget 2018/19	Budget 2019/20
Housing Enabling	20,000		20,000			20,000	1,220,000	
Future Schemes							1,842,800	
Temp Accom Acquisitions	273,700		273,700			273,700	273,700	
Disabled Facilities Grants	580,000	408,076	171,924	580,000			414,330	
Home Insulation Grants	1,082	1,082	0	1,082				
Improvement/Repair Loans	50,000	37,636	12,364	50,000			50,000	54,700
TOTAL HOUSING (GENRAL FUND) PORTFOLIO	**924,782**	**446,793**	**477,989**	**631,082**		**293,700**	**3,800,830**	**54,700**

Scheme Description	Latest Budget 2017/18	Spend to Date	Variance	Projected Outturn	Under/(Over Spend)	Slippage	Budget 2018/19	Budget 2019/20
Vehicle Replacement Programme	265,500	170,457	95,043	170,457		95,043	95,043	
Travellers Prevention Measures							15,000	
Broadfield Barton -Play Refurb	56,500	48,748	7,752	52,500	4,000			

Refurb Playgrounds Future Sche							39,600	
Skate Park Equipment							46,000	
Memorial Gardens Imprvmnt	36,900		36,900			36,900	36,900	
New Museum Tree (Hlf)	742,300	96,235	646,065	242,300		500,000	500,000	
K2 Crawley-Poolside Timing Equipment	95,207	95,207		95,207				
K2 Crawley-Poolside Sauna & Steam Room	40,000		40,000	40,000				
Brdfld Stad Gas Water Replace	45,000		45,000	45,000				
Pm-Ch/Lane Cc Windows & Doors							10,400	
Worth Park Discovery Trail	40,000		40,000			40,000	40,000	
Pm-Mbower Cc Toilet Refurb	10,549	10,549		10,549				
Pm-Sgate West Cc Roof Improve							46,000	
P/H Wakehams 15/16 Ply Refurb							65,000	
West Green 15/16 Ply Refurb							5,000	
K2 Crawley-Replace Artificial Turf Pch							185,000	
K2 Crawley -Expansion Of Fitness Area	939,078	649,584	289,494	939,078				
Tilgate Park & Nature Centre	119,500	70,472	49,028	139,500		(20,000)	130,000	
Nature Ctre Wildlife Ctre	174,300	151,552	22,748	174,300			109,000	
Railey Road Allotments								
Ifield Rd West Grn Allotments								
Tilgate Pk&Nc Sustainable Heat	25,000		25,000	25,000			224,000	
Ditchling Hill 17/18 Play Rfb							65,000	
Ewhurst Rd 17/18 Play Rfb							65,000	
Gainsborough Rd 17/18 Play Rfb	65,000		65,000			65,000	65,000	
Kilnmead Cl 17/18 Play Rfb	13,000		13,000	13,000				
Three Bridges Play Area							61,500	
Tilgate Park Access Road	34,000	22,755	11,245	34,000				
Pm-Vehicle Wkshp Heat Plnt Rep							19,000	
Tilgate Pk Pedestrian Crg	8,000	7,992	8	8,000				
Adventure Playgrounds								400,000
K2 Crawley Additional Parking	20,178	1,984	18,194	20,178			150,000	
TOTAL WELLBEING PORTFOLIO	**2,730,012**	**1,325,536**	**1,404,476**	**2,009,069**	**4,000**	**716,943**	**1,972,443**	**400,000**

Scheme Description	Latest Budget 2017/18	Spend to Date	Variance	Projected Outturn	Under/(Over Spend)	Slippage	Budget 2018/19	Budget 2019/20
TOTAL GENERAL FUND	**7,805,419**	**4,620,937**	**3,184,482**	**6,552,819**	**15,018**	**1,237,582**	**14,642,212**	**5,834,600**

Rewiring	1,215,491	316,260	899,231	550,000	665,491		1,200,000	1,200,000
Roof Structure (I.E Soffits)	366,862	405,009	(38,147)	500,000	(133,138)		600,000	600,000
Windows	332,719	295,144	37,575	300,000	32,719		300,000	300,000
Structural Works	183,696	66,125	117,571	145,000	38,696		80,000	80,000
Renovation And Refurbishment	208,821	8,621	200,200	200,000	8,821		200,000	200,000
Insulation	262,635	73,763	188,872	100,000	12,635	150,000	400,000	250,000
Kitchens	849,602	788,754	60,848	799,602		50,000	900,000	850,000
Bathrooms	547,383	331,776	215,607	350,000	97,383	100,000	650,000	550,000
Common Areas	66,727	77,663	(10,936)	90,000	(23,273)		20,000	20,000
Adaptations For The Disabled	262,889	155,195	107,694	200,000	(37,111)	100,000	400,000	300,000
Sheltered Major Works	502,424	346,453	155,971	350,000	2,424	150,000	250,000	100,000
Boilers	1,756,894	1,238,377	518,517	1,750,000	6,894		1,800,000	1,800,000
Disabled Adaptations-Mjr Room	981,388	528,328	453,060	850,000	131,388		950,000	950,000
Legionella	60,708	35,167	25,541	50,000	10,708		50,000	50,000
Energy Efficency- Lighting	216,907	240,937	(24,030)	280,000	(63,093)		80,000	80,000

External Environmental Work	70,137	42,469	27,668	70,137			100,000	100,000
Intercom Upgrade	88,460	71,297	17,163	80,000	8,460		50,000	50,000
Major Insulation Energy Efficy	2,790,645	955,918	1,834,727	1,600,000	(9,355)	1,200,000	3,000,000	1,800,000
Hostels	184,325	125,269	59,056	130,325		54,000	554,000	250,000
Ren Con Studio Flats Blocks	350,160	164,007	186,153	210,000	(159,840)	300,000	400,000	100,000
Garages	351,435	176,320	175,115	200,000	151,435		200,000	200,000
TOTAL HRA IMPROVEMENTS	**11,650,308**	**6,442,851**	**5,207,457**	**8,805,064**	**741,244**	**2,104,000**	**12,184,000**	**9,830,000**

Scheme Description	Latest Budget 2017/18	Spend to Date	Variance	Projected Outturn	Under/(Over Spend)	Slippage	Budget 2018/19	Budget 2019/20
151 London Road (New Build)							250,000	
College C/Pk - Affordable Hsg	2,940,000		2,940,000	2,940,000			10,260,000	9,000,000
Acquisitions Buy Back Of Dwgs	320,000	320,000		320,000				
Purchase Of Properties	1,680,000		1,680,000			1,680,000	1,000,000	2,680,000
Kilnmead - Hra	310,000	71,103	238,897	199,067		110,933	3,713,740	1,669,493
Gales Place (Hra New Build)	30,000		30,000	30,000				
Forge Wood (Hra Development)	300		300	69,150		(68,850)	1,869,190	684,030
Southern Counties Hsg	2,836,600		2,836,600	2,793,212		43,388	4,765,788	
Telford Place Development	20,000	23,090	(3,090)	38,536		(18,536)	5,636,490	6,266,174
Woolborough Road Northgate	21,956	23,883	(1,927)	30,000		(8,044)	1,217,044	555,000
Goffs Park -Depot Site - Hra	2,000,000	51,584	1,948,416	511,979		1,488,021	5,195,025	1,435,996
83-87 Three Bridges Road - Hra	185,000	59,737	125,263	223,212		(38,212)	2,250,638	103,150
Dobbins Place -Hra	255,000	41,630	213,370	186,994		68,006	1,283,824	225,182
Barnfield Road- Hra	450,000	131,375	318,625	395,000		55,000	355,000	
Forge Wood Phase 2	1,983,000	1,531,945	451,055	1,759,821		223,179	1,162,460	7,064,300
257/259 Ifield Road	25,000	29,467	(4,467)	30,000		(5,000)	940,000	300,000
Forge Wood Phase 3	1,953,000	1,924,984	28,017	1,924,984		28,016	1,586,080	3,168,250
Prelims	100,000		100,000			100,000	100,000	400,000
TOTAL OTHER HRA	**15,109,856**	**4,208,796**	**10,901,060**	**11,451,955**		**3,657,901**	**41,585,279**	**33,551,575**

Scheme Description	Latest Budget 2017/18	Spend to Date	Variance	Projected Outturn	Under/(Over Spend)	Slippage	Budget 2018/19	Budget 2019/20
TOTAL HRA	**26,760,164**	**10,651,647**	**16,108,517**	**20,257,019**	**741,244**	**5,761,901**	**53,769,279**	**43,381,575**
TOTAL CAPITAL PROGRAMME	**34,565,583**	**15,272,584**	**19,292,999**	**26,809,838**	**756,262**	**6,999,483**	**68,411,491**	**49,216,175**
FUNDED BY								
Capital Receipts	5,681,553	3,600,115	2,555,706	4,883,186	15,828	782,539	11,121,138	5,740,600
Capital Reserve	25,000			25,000				
Disabled Facilities Grant	580,000	408,076	171,924	580,000			414,330	
Lottery & External Funding	884,928	365,754	224,174	589,928		295,000	1,421,200	
MRR	23,012,384	9,531,424	13,480,960	17,073,861	741,244	5,197,279	42,073,888	34,271,048
Replacement Fund/Revenue Financing	285,357	178,262	52,827	191,124	(810)	95,043	159,043	
Section 106	348,581	68,731	179,850	283,581		65,000	326,500	94,000
1-4-1	3,747,780	1,120,222	2,627,558	3,183,158		564,622	12,895,392	9,110,528
TOTAL FUNDING	**34,565,583**	**15,272,584**	**19,292,999**	**26,809,838**	**756,262**	**6,999,483**	**68,411,491**	**49,216,175**

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