

# Crawley Borough Council

## Report to Overview & Scrutiny Commission 10 February 2014

### Report to Cabinet 12 February 2014

## 2014/15 Budget and Council Tax

Report of the Head of Finance, Revenues and Benefits - FIN/328

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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, 2014. During 2013 the Council reviewed its spending plans, considered options to amend spending to meet new priorities and consider comments received as part of the consultation process. This report will set the budget and level of Council Tax for the year 2014-2015 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 2014/15 budget:**

- (a) to approve the proposed 2014/15 General Fund budget as set out in section 6 and Appendix 2,
- (b) to approve the proposed 2014/15 Housing Revenue Account budget as set out in section 10 and Appendix 3,
- (c) to approve the 2013/14 to 2016/17 capital programme and funding as set out in paragraph 11.10,
- (d) to agree that the Council's share of Council Tax for 2014/15 be frozen at £187.83 for a band D property,
- (e) to approve the pay policy statement as outlined in paragraph 16.3 and appendix 6.

### **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 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).
- 4.2 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. Income from investments has fallen due to low interest rates. At the same time the costs of demand led services, such as homelessness and benefits have increased.
- 4.3 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.
- 4.4 The 2014/15–2018/19 Budget Strategy was approved by the Cabinet in July 2013. The strategy was based on a number of key assumptions:
- Annual Government grant reductions (formula funding) of 10.0% annually with an initial reduction in 2014/15 of 30%.
  - An annual increase in Council Tax income for 2014/15 of between 0% and 2%.
  - An average investment rate of 1.11% for 2014/15 increasing to 1.65% for 2015/16, 2.25% for 2016/17, 3.25% for 2017/18 and 4.00% for 2018/19.
  - A 1% pay award for 2014/15 and 2015/16 and 1.5% per annum in following years.
  - No increase to the pension fund for 2014/15 however an actuarial revaluation is due in 2014/15 and the Strategy pointed out that the budget gap would increase if contributions had to go up, as was expected to happen.
  - An inflation provision of 3.0% for contract expenditure with no inflation allowance for general running expenses.
  - An overall increase in fees and charges of 2%.
  - A council tax increase of 0-2% a year
- 4.5 Based on these assumptions; a budget gap of £2,001,000 was identified. This was in addition to the £71,000 savings already approved for 2014/15 by Council in February 2013. The figures assumed a 1% increase in Council Tax.

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

- Increased pension contributions.
- Changes in grant settlement figures,
- Additional cost of insurance,
- Increased investment income.

4.7 The table below summarises the changes between the July 2013 Cabinet report and the proposed 2014/15 Budget. Further details are provided in section 5 of the report

	<b>£'000s</b>	<b>Paragraph</b>
July Cabinet Budget Gap	2,001	
Council Tax Base/Surplus	(95)	5.5.1
Reduced New Homes Bonus	101	5.5.2
Lump sum contribution to pension scheme	118	5.5.3
Increased pension contributions	134	5.5.3
Gvt Grant more than budgeted	(286)	5.2
Retained Business Rates	(201)	5.5.6-8
2014/15 Savings	(1,565)	See section 6.4
Recycling credits	44	5.5.4
Refuse vehicle hire	41	5.5.5
Capitalised repairs	(251)	Section 11
Additional cost of insurance	40	See elsewhere on this agenda
Additional investment income	(88)	
Other minor variations (various)	7	
<b>Gap now</b>	<b>0</b>	

## 5. Analysis

5.1 The Government determines the amount of grant it will provide the Council and the basis on which the amount of rates the Council will retain are determined. The following table sets this out in terms of the 'Settlement Funding Assessment Elements' for 2014/15. The percentage change relates to the change compared with 2013/14.

2014/15	Revenue Support Grant	Business Rates	Total
	£	£	£
Formula funding	3,443,295	3,116,728	6,560,023
Council tax freeze compensation	100,828	69,809	170,637
Council tax support funding (now included in Formula funding)	0	0	0
Homelessness prevention funding	82,079	57,860	139,939
2013/14 Council Tax Freeze compensation	69,900		69,900
Other	8,554		8,554
Total Start Up Assessment	3,704,657	3,244,397	6,949,054

<b>Change in year</b>	<b>- 1,079,208</b>	61,822	<b>- 1,017,386</b>
<b>Percentage Change</b>	<b>- 22.56%</b>	<b>1.94%</b>	<b>- 12.77%</b>

- 5.2 Assuming that the figures are confirmed in the final settlement, the Council will receive the RSG of £3,704,657. The provisional settlement indicates a reduction in the RSG element for 2014/15 of 22.56%. The assumption in the July Strategy was for a 30% reduction.
- 5.3 The amount of RSG received by the Council will be determined annually by the Government. The Government's fiscal plans mean that the amount will continue to decrease over the next few years.
- 5.4 It should be noted that there is significant potential volatility in business rates income, for both practical and technical reasons. It is possible that the final amount retained by the Council in 2014/15 will vary by several hundred thousand pounds from the current estimate.
- 5.5 As detailed in paragraph 4.7 above, a balanced budget has been achieved. The budget strategy identified a gap of £2,001,000. The main factor in closing that gap has been the identification of savings in excess of £1.5 million. The following paragraphs identify other factors.
- 5.5.1 Council Tax Base/Surplus  
As a result of net increases in the number of properties in Crawley, the 2014/15 Council Tax base has changed. This has resulted in additional income of £23,000 compared to that previously assumed. In addition, the Council will receive a share of the Collection Fund surplus in 2014/15 of £71,695.
- 5.5.2 New Homes Bonus  
The Council is paid an amount by the Government in respect of every new home completed. The amount payable is based on new builds as at October 2013. We now know the amount that will be paid. Because less new homes were completed than had been anticipated in July, the grant that will be received will be £101,000 less.

### 5.5.3 Pension contributions

The tri-annual review of the Council's pension valuation is about to be finalised. There is a deficit on the fund which will result in an annual employer's contribution increase of 1% for each of the next three years and an additional lump sum contribution of £118,000. The cost of the increased 1% employer's contribution in 2014/15 will be £134,000.

### 5.5.4 Recycling Credits

In September 2013, a cross county working group on recycling recognised that the existing support mechanism was not sufficiently robust to cater for the combined effects of a fall in quantities of recycling (due to the recession) and a fall in the market price of recycled materials. They agreed to the introduction of an 8% reduction in recycling grant payments for Waste Collection Authorities for 2014/2015, equating to a £44,000 reduction in income for Crawley. A working group has been formed to review the mechanism. It will bring back an initial report in February 2014 with options being worked up in the new financial year based on income for the 2013/2014 year. A final report will be produced by the autumn of 2014.

### 5.5.5 Refuse vehicle hire

The new refuse and recycling contract will deliver significant savings that are reflected in the budget, when it starts in February 2014. However, the introduction of new emission control regulations (Euro VI) for Large Goods Vehicles, which came into force in December 2013, has created a shortage in supply of Refuse Collection Vehicles of the appropriate specification for the new contract. This delay has resulted in the need to hire a temporary fleet for the first three months; the cost for April is covered in the budget

### 5.5.6 Retained Business Rates

Although the Council will collect in excess of £100 million in business rates, the amount it retains is much smaller. One of the main reasons for this are 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 the Councils' retained share is more than 7.5% below a Government set figure (safety net) or above it (a levy of 50%).

### 5.5.7 The projected retained rates amount for 2014/15 is set out in the table below. Neither the safety net nor the levy will apply if this amount is correct.

	£
Council's share of non-domestic rates income	44,120,356
Tariff	-40,887,585
Levy	0
Safety net	0
Total scheme funding	<u>3,232,771</u>

### 5.5.8 When the budget strategy was agreed in July, it had been assumed that the Council would retain a lower amount and be in a safety net position. As further information has emerged during the year, that assumption has been revised and the estimated net amount retained increased by £201,000.

5.6 Council Tax reduction scheme

In April 2013, the Council introduced its local council tax reduction scheme. The cost of the scheme reduces the amount of council tax collected, and is reflected in the council tax collection fund. In practice this means that the cost of the scheme is shared between the Council and the precepting authorities (West Sussex County Council and the Sussex Police & Crime Commissioner) in proportion to their council tax level. In 2013/14, the Council's share was 12.62%. The actual figure for 2014/15 will depend on the council tax set by the Council and the precepting authorities.

5.7 At its meeting in December 2013, Full Council agreed to changes in the local scheme. The net cost of those changes is estimated at approximately £60,000 a year. The cost has been included in the calculation of the council tax the Council will receive in 2014/15.

**6. 2014/15 General Fund Budget**

6.1 Details of the proposed 2014/15 Budget are set out in Appendix 2 and is summarised in the table below:

<b>2014/15 General Fund Budget</b>	<b>£'000s</b>
Net Cost of Services	15,355
Investment Income	(900)
Transfer from Reserves	0
<b>Net Expenditure</b>	<b>14,455</b>
<b>Funded by</b>	
Revenue Support Grant	3,705
Redistributed Business Rates	3,233
<b>Sub total</b>	<b>6,938</b>
Council Tax Freeze Grant	70
Other Grants	16
New Homes Bonus	1,317
Council Tax	6,042
Collection Fund surplus	72
<b>Total</b>	<b>14,455</b>

6.2 Estimated service expenditure is summarised in the table below:

<b>2014/15 Budget – Service Expenditure</b>	
<b>Portfolio</b>	<b>£'000s</b>
Cabinet	(701)
Community Engagement	1,484
Customer and Corporate Services	66
Environmental Services	5,731
Housing Services	3,020
Leisure & Cultural	7,071
Planning & Economic Development	1,378
Depreciation	(3,095)
Contribution to Renewals Funds	400
<b>Net Cost of Services</b>	<b>15,355</b>

6.3 The report of the Budget Advisory Group (BAG) Chair is attached at Appendix 1. There were two savings proposed by officers that the BAG had major concerns about – these related to extending the current K2 contract and Crawley Live. These savings have been excluded from the budget as presented. If the Cabinet were minded to reinstate either one or both of the savings, the budget would need to be amended accordingly.

6.4 The table below summarises the savings included in the 2014/15 Budget and those identified for 2015/16:

<b>Summary of Savings 2014/15 &amp; 2015/16</b>		
	<b>2014/15</b>	<b>2015/16</b>
	<b>£'000s</b>	<b>£'000s</b>
Policy Implications	134	0
Already Identified	758	30
Efficiency	673	475
<b>Total</b>	<b>1,565</b>	<b>505</b>

## **7. 2015/16 Budget Projections**

7.1 The Budget Strategy for 2015/16 to 2019/20 is scheduled to be considered at the July 2014 Cabinet. There is a projected reduction in Revenue Support Grant for 2015/16 of 31.55%. This is based upon information given from the DCLG as part of the provisional settlement for 2014/15. The Government assumes that the loss of funding will be met in part from increases in New Homes Bonus and Business Rates. The assumptions below budget for this decreased grant and assume that Business Rates increase by the 2.0% inflation increase and growth of 0.5%, based on the base calculated for the 2014/15 budget.

7.2 The table below summarises the 2015/16 Budget projections based on the following headline assumptions:

- A zero increase in Council Tax.
- Average investment rate of 0.98%.

- An inflation provision of 3.5% for contract expenditure with no allowance for general running expenses.
- A pay award of 1.0%.
- An overall increase in fees and charges of 2%.

	2015/16 £'000s
Base budget	15,462
Investment interest	(963)
Net budget	14,499
Funded by:	
Council Tax	6,091
Retained business Rates	3,441
Council Tax freeze grant	71
Formula Grant	2,536
New Homes Bonus	1,467
<b>Indicative Budget Gap</b>	<b>893</b>

7.3 Investment interest will again be a key factor for the 2015/16 Budget. An average investment rate of 0.98% has been assumed based on the latest advice from Capita. However, there is considerable uncertainty about the timing of the future interest rate increases. It is very possible that there will be variations in future investment income. For 2015/16 a variation of 0.25% equates to around £228,000.

## 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. 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 Member's Room.

## 9. Investment Income

9.1 Interest on investments provides a significant source of funding for the Council. For the 2014/15 Budget, it represents 5.9% 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 base rate has been at 0.5% since March 2009. The latest assumptions, based on advice from the Council's treasury management advisors, are that the base rate will remain at 0.5% for the whole of 2014/15 and most of 2015/16.
- 9.3 The table below shows the projected short-term interest rates as provided by Capita, the Council's treasury management advisers.

Quarter ending	Base Rate	Money Rates	
		3 month	12 month
Dec 2013	0.50	0.50	0.80
Mar 2014	0.50	0.50	0.80
Jun 2014	0.50	0.50	0.80
Sep 2014	0.50	0.50	0.80
Dec 2014	0.50	0.50	0.80
Mar 2015	0.50	0.50	0.80
Jun 2015	0.50	0.50	0.80
Sep 2015	0.50	0.50	1.00
Dec 2015	0.50	0.50	1.20
Mar 2016	0.50	0.50	1.40
Jun 2016	0.75	0.60	1.60
Sep 2016	1.00	0.70	1.80
Dec 2016	1.00	0.90	2.00
Mar 2017	1.25	1.30	2.30

- 9.4 Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth has rebounded during 2013 to surpass all expectations. Growth prospects remain strong for 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. One downside is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. A rebalancing of the economy towards exports has started but as 40% of UK exports go to the Eurozone, the difficulties in this area are likely to continue to dampen UK growth. There are, therefore, concerns that a UK recovery currently based mainly on consumer spending and the housing market, may not endure much beyond 2014. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.
- 9.5 The average yield from investments in 2014/15 is projected at 1.00%. This is due to having some longer term investments at higher interest rates. This higher yield has provided some protection from the significant reduction in investment rates that has been experienced.
- 9.6 Due to the potential volatility of the market, investment rate assumptions have been constantly revised in recent months. The 2014/15 budget is based on the following assumptions:
- Average yield of 0.50% for new internal investments.
  - Cashflows have been calculated from the revenue and capital budgets reported in this report.
  - Cashflows relating to the capital programme are spread evenly through the year.

- Cashflows relating to revenue are based on the timings of previous year's income and expenditure.

- 9.7 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 2014/15 and any projected variances will be highlighted in budget monitoring reports.
- 9.8 Appendix 5 identifies that the volatility of interest rates is a key risk associated with the 2014/15 budget and the medium term budget strategy. The base rate assumptions identified in paragraph 9.3 represent the latest advice provided by the Council's treasury management advisors, Capita.

## **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 2013/14 budget and 2014/15 budget are as follows.
- 10.2 Rental income has increased by 4.16% in line with DCLG guidance on moving social housing towards target rent. Dwelling rental income is calculated on the basis of Retail Prices Index (3.2%) + an additional 0.5% plus an additional £2.00. However as a result of the increased discount on Right to Buy the number of properties has reduced impacting on rental income
- 10.3 Cyclical and Planned Repairs – includes provision for increased painting of £1.1 million to reflect the cost of two additional neighbourhoods to be painted as part of a six year programme.
- 10.4 The enhanced capital programme as outlined in section 11 below and in Appendix 3 (i) is funded from HRA resources and the use of HRA capital reserves
- 10.5 The Crawley Homes Advisory Group was asked to consider revenue and capital proposals at its meeting on 30<sup>th</sup> January 2014.

## **11. Capital Programme**

- 11.1 The July Budget Strategy report identified a provision of £2.5 million available for funding of capital schemes for 2016/17. Appendix 1 sets out the recommendations of the Budget Advisory Group which total £1.941m. In addition to this, the January Cabinet agreed to set aside up to £92,500 for a multi agency management of a County wide transit camp as Crawley's contribution.

The recommended Capital programme is shown in the following table.

	£'000s
Disabled Facilities Grants	325
Discretionary repair and renovation loans	100
Community Safety Improvement Project	80
Town Hall air conditioning	120
Water management - Stafford Bridge and health & safety improvements	100
Water management - Cheals Broadfield Pond	150
Water management - Titmus Lake	50
K2 athletics track replacement	93
K2 gymnastics replacement equipment	51
Bewbush Healthy Living Centre - gym equipment	55
Broadfield 3G pitch replacement	25
Skate Park replacement equipment	23
Hawth - replacement flying equipment	117
Hawth - flat floor replacement	20
Hawth - replacement lights & dimmers in main auditorium	38
Tilgate Park - Green Gym	20
Parks - car park operational improvements	30
Memorial Gardens improvements	40
	<b>1,437</b>
<b>Programmed repairs schemes</b>	
<b>Town Hall</b>	
Refurbish old building passenger lift	77
Replace obsolete fire doors	30
Replace main heating plant	67
Replace electrical installation	60
Refurbish Toilets (new building)	30
Fixed Plant replacement	50
<b>K2</b>	
Fixed plant replacement	38
Replace ductwork insulation on roof	110
<b>Hawth</b>	
Replace cold water storage tanks (Legionella)	22
Fixed Plant replacement	20
	<b>504</b>
<b>TOTAL</b>	<b>1,941</b>

11.2 The proposed programme of £1.941m is incorporated into the financial projections contained in other sections in this report.

- 11.3 The table below sets out the proposed capital programme and funding for 2013/14 to 2016/17 based on the existing approved programme amended for items identified in the Quarter 3 Budget Monitoring report. It is proposed to bring forward twelve schemes to 2014/15 and ten schemes to 2015/16 as outlined below.
- 11.4 The HRA Investment priorities were approved at Cabinet on 10 October 2012. The approved budget is included as amended in the report to the Crawley Homes Advisory Group at its meeting on 30 January 2014. This amends the programmed repairs budget in 2014/15 from that previously reported. It is based on more up to date housing repairs needs. A schedule of the Crawley Homes 2014/15 capital programme is given in Appendix 3 (i).
- 11.5 Following the HRA self financing the Council has available funding within the HRA for a development programme. Development schemes are agreed on a case by case basis with funding agreed within the budget.
- 11.6 One of the restrictions being faced is the availability of land that the Council is able to build on and therefore the Head of Property has been asked to identify suitable sites for development.
- 11.7 The Head of Property, in consultation with the Leader and ward members and the Head of Finance, Revenues and Benefits has delegated authority for the acquisition of land or property on behalf of the Council up to a value of £500,000 for an individual plot, or £750,000 where the site is more than one plot.
- 11.8 At present there is not an agreed budget to enable purchases to be finalised. It is proposed that a budget is created within the HRA to enable the delegated powers above to be utilised should specific sites move to completion. An initial budget of £3m over 4 years is suggested and has been included in the table above.
- 11.9 If a property became available through auction where the price would be over the delegated authority limits specific authority will be sought from the Leader to enter a bid.

11.10 2013/14 to 2016/17 Capital Programme

	2013/14 £'000s	2014/15 £'000s	2015/16 £'000s	2016/17 & future years £'000s	Total £'000s
Existing Programme (agrees with Q3 elsewhere on this Agenda)	17,425	29,111	23,557	14,016	84,109
Programmed repairs adjustment (11.4)		-755		0	-755
HRA Land purchase (11.8)	400	600	1,000	1,000	3,000
<u>New Schemes</u>					
Disabled Facilities Grants				325	325
Discretionary repair and renovation loans			50	50	100
Community Safety Improvement Project				80	80
Town Hall air conditioning		120			120
Water management - Stafford Bridge and health & safety improvements		100			100
Water management - Cheals Broadfield Pond		30	120		150
Water management - Titmus Lake		50	0		50
K2 athletics track replacement		93	0		93
K2 gymnastics replacement equipment		19	15	17	51
Bewbush Healthy Living Centre - gym equipment				55	55
Broadfield 3G pitch replacement			25		25
Skate Park replacement equipment			9	14	23
Hawth - replacement flying equipment		37	39	41	117
Hawth - flat floor replacement		20			20
Hawth - replacement lights & dimmers in main auditorium			38		38
Tilgate Park - Green Gym		20			20
Parks - car park operational improvements		12	18		30
Memorial Gardens improvements		20	20		40
Capitalisation of programmed repairs		338	166		504
<b>TOTAL</b>	<b>17,825</b>	<b>29,815</b>	<b>25,057</b>	<b>15,598</b>	<b>88,295</b>

<b>Funded by -</b>					
Capital Receipts	3,419	6,212	9,066	2,308	21,005
Capital Reserve	1,403	5,038	3,095	3,116	12,652
Replacement Funds	354	156	225	113	848
HRA revenue contribution	11,412	15,506	11,375	9,968	48,261
Section 106 contributions	0	100	40	93	233
Lottery/external funding	895	2,468	931	0	4,294
Disabled Facilities Grant	342	335	325	0	1,002
<b>TOTAL</b>	<b>17,825</b>	<b>29,815</b>	<b>25,057</b>	<b>15,598</b>	<b>88,295</b>

11.11

**Recommendation 2.2 (d): to approve the 2013/14 to 2016/17 capital programme and funding as set out in 11.10.**

## **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 2013/14-2017/18 was approved by the Cabinet on 10<sup>th</sup> July 2013. Key objectives of the Strategy are:
- A Council Tax increase of between 0% and 2.0% for 2014/15.
  - Provision of £2.5 million for new capital schemes in 2016/17.
- 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 and maintained front-line services. The challenges will become more demanding from 2015/16. Despite the healthy level of reserves, it is unlikely that it will be able to continue to achieve a balanced budget and maintain current service levels.
- 12.4 In compiling the 2014/15 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.
- 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, land charges and benefit and Council Tax Reduction payments. For such budgets, the latest information on usage 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. That risk has reduced with the more promising economic news of recent months. However, not all economic commentators are convinced that the recovery is sustainable. Revenue budgets are monitored by officers on a monthly basis and the Corporate Management Team receives a monthly update on "hotspot" budgets while a quarterly revenue and capital budget monitoring report is considered by the Cabinet and the Performance Monitoring Scrutiny Panel. 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 2014/15 Budget preparation. The table below summarises the estimated level of reserves available for 2014/15:

	Estimated Available Balance at 31/3/14 £'000s	Paragraph
<b>General Fund Reserves</b>		
General Fund Reserve / Balance	8,492	12.8.1
Usable Capital Receipts	33,619	12.8.4
Capital Reserve	18,085	12.8.4
Development of Facilities for Young People	174	12.8.4
Restructuring Impact	1,946	12.8.5
Housing & Planning Delivery Grant	460	12.8.6
Vehicles & Plant	291	12.8.7
ICT Replacement	237	12.8.7
Specialist Equipment – Hawth & K2	50	12.8.7
Town Centre Regeneration	620	12.8.8
Other	1,061	12.8.9
<b>Total General Fund</b>	<b>65,035</b>	
<b>HRA Reserves</b>		
Housing Revenue Account	3,321	12.8.10
Housing Capital Investment reserve	16,216	12.8.11
<b>Total HRA</b>	<b>19,537</b>	
<b>Total</b>	<b>84,572</b>	

- 12.8.1 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.

- 12.8.2 The current balance of the reserve is £8.5 million. The Head of Finance Revenues and Benefits is satisfied that this level of reserve is adequate for 2014/15. However, there are a number of challenges in subsequent years that means that the amount may need to be increased. These include significant reductions in Government grant and the volatility of business rates income.

- 12.8.3 Subject to the 2013/14 outturn, the Council may need to consider whether it creates a business rates collection fund equalisation reserve.

- 12.8.4 The projected balance of useable capital receipts at the end of March is £33.619m at the end of March. Usable capital receipts can only be used for capital spending. 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 £18.185m. In addition to this there is £0.174m in the Developing Facilities for Young People reserve. In addition to this there is an estimated £6.851 million of 1-4-1 receipts from right to buy. There are additional restrictions on these receipts, including that they can only make a 30% contribution towards housing capital expenditure. It is intended that they are used on affordable housing schemes such as Forge Wood.
- 12.8.5 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.
- 12.8.6 The balance of the Housing and Planning Delivery Grant (HPDG) reserve is projected to be £0.460 million; this is fully committed.
- 12.8.7 The approved Capital Strategy identified three new funds to replace the Renewals Fund; these are ICT Replacement, Specialist Equipment – Hawth & K2 and Vehicles & Plant. The use of these funds is determined by the appropriate Cabinet member under delegated powers.
- 12.8.8 The purpose of the Town Centre and Regeneration Reserve is to provide pump priming and partnership finance for potential town centre regeneration schemes.
- 12.8.9 There are a number of reserves which are earmarked for a specific purpose, e.g. Risk Management, Insurance. Therefore, these reserves are not available to support the revenue budget. Investment interest on these reserves is credited to the General Fund.
- 12.8.10 The Housing Revenue account balance is estimated to be just over £3 million at the end of the current financial year. This brings it back to an acceptable balance after previous investment in the Decent Homes standard.
- 12.8.11 In line with the HRA Business Plan and the capital programme, the balance on the Housing capital investment reserve will be used of future housing development programmes.

### **13. Council Tax**

- 13.1 The 2014/15 Budget Strategy assumed an increase in Council Tax income of between 0% and 2%. The Government subsequently offered a grant of £70,609 in both 2014/15 and 2015/16 only (equivalent of a 1.0% increase) if the council Tax is frozen. It is proposed that there should be no increase in Council Tax for 2014/15.
- 12.2 It is assumed that West Sussex County Council will freeze their share of the Council Tax for 2014/15. It is understood that the Police and Crime Commissioner will be increasing their share of the Council Tax by about 3.6%. This will be confirmed at the Council meeting on 26 February. A breakdown of the Crawley Borough Council charge per Council Tax band is given at Appendix 4.

**Recommendation 2.2(e): to agree that the Council's share of Council Tax for 2014/15 be frozen at £187.83 for a band D property.**



## **14. Collection Fund**

- 14.1 Each year, a forecast is made of the amount of Council Tax to be collected in the following financial year. Statutory provisions require the difference in the actual amount collected from this forecast to be met from the Council Tax for the coming year. There is currently an overall surplus position of £565,060 of which £71,695 is the Council's share.

## **15. National Non Domestic Rates (NNDR)**

- 15.1 The Department for Communities and Local Government has advised the provisional business rate multiplier for 2014/15 as follows:-
- i) Standard Multiplier – 48.2p per £ (47.1p in 2013/14)
  - ii) Small Business Multiplier – 47.1p per £ (46.2p in 2013/14)
- 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 2014/15 budget and how they will be managed are shown in the Appendix 5. 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. 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 reduce the Council's staffing establishment by 15.5 full time equivalent (FTE's) posts most of which are vacant or relate to changes already implemented. 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 this will be updated annually from April each year. The policy statement for 2014/15 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 2014/15, 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.
- 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 2014/15 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 [DRAFT] 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 2014/15.

## **17. Background Papers**

[Capital Strategy 2009/10-2013/14 \(FIN/173\) OSC 23 March 2009 & Cabinet 25 March 2009](#)

[Budget Strategy 2014/15 - 2018/19 \(FIN/360\) OSC 8 July 2013](#)

[HRA Investment priorities CH/104 OSC 8 October 2012 & Cabinet 10 October 2012](#)

Quarterly Budget Monitoring Quarter 3 (FIN/325) – Cabinet 12 February 2014

Treasury Management Strategy 2012/13 (FIN/323) – Cabinet 12 February 2014

2013-14 Grant Settlements – DCLG

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### Report of the Budget Advisory Group

The Group has had four meetings, during which it considered savings and capital programme proposals put forward by officers. It has been able to question Directors on both the savings and capital programme proposals and receive further information where requested.

#### Revenue Savings

Given the severity of the financial challenges facing the Council, the Group is generally supportive of the saving proposals being put forward. There are, however, two major exceptions that it would wish the Cabinet to consider very carefully.

#### K2 Contract Extension

The Group has reservations about the proposal to negotiate a five year extension (2018-2023) to the current contract in return for an increased payment in the order of £30,000 to £100,000 a year. Those reservations arise from two major concerns.

The first is that, without going out to the market, there is no certainty that the Council could not get a much better deal than that proposed. No evidence was forthcoming to indicate that the proposal would provide better value than going out to the market.

The second concern is that the current contract still has several years to run, and it is not possible to know what the market will be like at that time. The Group felt it was unwise to look at an extension this far ahead of a contract ending.

#### Crawley Live

The Group felt that Crawley Live was a value means of communicating and engaging with residents. It noted that the current distribution was very patchy and that new arrangements will need to be put in place when Crawley News ceases being delivered to any households.

It recognises that the proposal was based on the proposed introduction of legislation limiting the number of editions. However, it believes that there is still uncertainty as to whether the legislation will be enacted and, if it is, when that will be.

It believes that there is a need for a thorough review of how Crawley Live operates – some authorities have been able to reduce costs by increasing the frequency of their publications. This had been possible due to increasing advertising revenue. It would urge the Cabinet to require such a review to be undertaken before agreeing to any savings.

The Group noted that there were a range of reviews planned where officers were anticipating savings will emerge. The Director of Housing and Transformation talked through the approach, and the Group raised no issues with the areas being examined. However, because details are not yet known, the Group were unable to consider the detailed impact of these savings.

#### Capital Programme

The Group considered capital bids totalling £2,831,000. They are recommending that Cabinet approves bids to a value of £1,941,000. The attached appendix details the bids,

indicating both the original bid and the recommended value. The reasons for recommending a different figure from the original bid are set out below.

a. Home insulation grants – original bid £70,000 recommended nil

There are a variety of Government schemes and utility company obligations that provide support for home insulation. It isn't clear where this scheme fits in. There is money in the capital programme for 2014/15 and 2015/16, and it is understood that it has to be marketed to get the current level of take up.

Given this, the Group feel that it would appropriate for a review of the desirability and value of the scheme to be undertaken before any further sums are allocated.

b. Discretionary repair and renovation loans – original bid £290,000 recommended £100,000

The Group felt that the sum allocated for 2016/17 could be reduced given the current low level of take up. This would provide sufficient funds for an increase over current levels to be met.

c. Tilgate Park development/spend to save – original bid £250,000 recommended nil

The Group were concerned at the lack of supporting evidence available to identify the level of additional income that would be generated. Officers with the Cabinet member have subsequently deferred the bid until the feasibility study reviewing car parking and access arrangements at the Park is published.

The Group would urge Cabinet to ensure that any proposals that do come forward are robust and supported by good quality evidence and analysis.

d. Tilgate Park – Green Gym – original bid nil recommended £20,000

The green gym was originally part of the previous bid. The Group was happy to recommend that it be approved as a stand alone item.

e. Parking – original bid £400,000 recommended nil

The Group were advised that there is already sufficient money allocated to accommodate all planned residential developments. Given this, and the intended review into residential parking, improvements and grass verges, the Group feel that it would be premature to allocate additional sums.

Whilst supporting the original bids for the other schemes, the Group did have some further comments they wish Cabinet to consider:

- Town Hall Air Conditioning – they would urge that this is considered in conjunction with current work looking at whether building space in the Town Hall is effectively used.
- Car Park Operational Improvements – as this proposal is still being developed, more information and statistics should be made available and considered before the scheme is agreed. Officers will arrange for this to be provided to the Cabinet member in advance of considering the budget report

### Capital Bids recommended by the Budget Advisory Group

	2014/15 £'000	2015/16 £'000	2016/17 £'000	Total £'000	Initial Bid £'000
Disabled Facilities Grants			325	325	325
<b>Home Insulation Grants</b>			<b>0</b>	<b>0</b>	<b>70</b>
<b>Discretionary repair and renovation loans</b>		<b>50</b>	<b>50</b>	<b>100</b>	<b>290</b>
Community Safety Improvement Project			80	80	80
Town Hall air conditioning	120			120	120
Water management - Stafford Bridge and health & safety improvements	100			100	100
Water management - Cheals Broadfield Pond	30	120		150	150
Water management - Titmus Lake	50			50	50
K2 athletics track replacement	93			93	93
K2 gymnastics replacement equipment	19	15	17	51	51
Bewbush Healthy Living Centre - gym equipment			55	55	55
Broadfield 3G pitch replacement		25		25	25
Skate Park replacement equipment		9	14	23	23
Hawth - replacement flying equipment	37	39	41	117	117
Hawth - flat floor replacement	20			20	20
Hawth - replacement lights & dimmers in main auditorium		38		38	38
<b>Tilgate Park development / spend to save Initiative</b>				<b>0</b>	<b>250</b>
<b>Tilgate Park - Green Gym</b>	<b>20</b>			<b>20</b>	<b>0</b>
Parks - car park operational improvements	12	18		30	30
Memorial Gardens improvements	20	20		40	40
<b>Parking</b>					<b>400</b>
Capitalisation of programmed repairs	338	166		504	504
<b>Total value of bids</b>	<b>859</b>	<b>500</b>	<b>582</b>	<b>1,941</b>	<b>2,831</b>

## Appendix 2

### GENERAL FUND REVENUE BUDGET 2014/2015

#### Summary of Service Requirements

2013/14		2014/15	
Original Estimate		Original Estimate	Variation
£		£	£
(568,860)	Cabinet	(700,740)	(131,880)
1,668,440	Community Engagement	1,484,270	(184,170)
65,450	Customer and Corporate Services	65,740	290
6,219,440	Environmental Services	5,731,100	(488,340)
2,870,570	Housing Services	3,020,290	149,720
7,190,460	Leisure & Cultural	7,071,390	(119,070)
1,472,130	Planning & Economic Development	1,377,690	(94,440)
(3,027,910)	Depreciation	(3,095,170)	(67,260)
200,000	Contribution to Renewals Fund	400,000	200,000
16,089,720	<b>NET COST OF SERVICES</b>	15,354,570	(735,150)
(1,105,167)	Interest on Balances	(899,545)	205,622
0	Grant & External Funding	0	0
14,984,553		<b>14,455,025</b>	(529,528)
0	Transfer to / from ( ) reserves	0	0
<b>14,984,553</b>	<b>NET EXPENDITURE</b>	<b>14,455,025</b>	<b>(529,528)</b>
	<b>FUNDED BY</b>		
(7,727,329)	External Support – see below	(6,937,428)	789,901
(69,748)	Council Tax Freeze Grant	(70,609)	(861)
(16,402)	Other Grants	(16,402)	0
(26,102)	Local Council Tax support transitional grant	0	26,102
(5,971,116)	Council Tax	(6,042,115)	(71,000)
(1,142,550)	New Homes Bonus	(1,316,776)	(174,226)
(31,306)	collection Fund (Surplus)/Deficit	(71,695)	(40,389)
<b>(14,984,553)</b>		<b>(14,455,025)</b>	<b>529,528</b>

	2013/14		2014/15	
	Per Property		Per Property	
	£	£	£	£
<b>External Support</b>				
- Redistributed Business Rates	(2,943,723)	(92.60)	(3,232,771)	(100.50)
- Revenue Support Grant	(4,783,606)	(150.48)	(3,704,657)	(115.17)
Sub Total	(7,727,329)	(243.07)	(6,937,428)	(215.66)
- Other Grants	(16,402)	(0.52)	(16,402)	(0.51)
- New Homes Bonus	(1,142,550)	(35.94)	(1,316,776)	(40.93)
- Council Tax Freeze Grant	(69,748)	(2.19)	(70,609)	(2.20)
- Local Council Tax support Transitional grant	(26,102)	(0.82)		0.00
Total External Support	(8,982,131)	(282.55)	(8,341,215)	(259.30)
Surplus/(deficit) on Collection Fund	(31,306)	(0.98)	(71,695)	(2.23)
Council Tax	(5,971,116)	(187.83)	(6,042,115)	(187.83)
Total	(14,984,553)	(471.36)	(14,455,025)	(449.36)

**Number of Band D Equivalents**

31,790

32,168

**Number of Properties**

42,961

43,061

## HOUSING REVENUE ACCOUNT

	Original Budget 2013/14	Budget 2014/15	Variation
<b>Income</b>	£'000s	£'000s	£'000s
Rental Income (paragraph 10.2)	(43,201)	(44,606)	(1,405)
Other Income	(1,772)	(1,704)	68
Interest	(51)	(69)	( 18)
<b>Total Income</b>	<b>(45,024)</b>	<b>(46,379)</b>	<b>(1,355)</b>
<b>Expenditure</b>			
Employees	3,386	3,522	136
Responsive Repairs	6,364	6,497	133
Cyclical and Planned (paragraph 10.3)	2,768	3,925	1157
Estate Improvement	33	34	1
Other running Costs	2,194	2,112	(82)
Managed services	271	279	8
Rent rebates	296	147	(149)
Support Services	2,792	2,792	0
<b>Sub total</b>	<b>18,104</b>	<b>19,308</b>	<b>1,204</b>
Interest payable on Self Financing Debt	8,309	8,309	0
Transfer to fund existing and future capital programme	18,611	18,762	151
<b>Total Expenditure / transfer</b>	<b>45,024</b>	<b>46,379</b>	<b>1,355</b>
<b>Revenue (Surplus) /Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

Any future surplus/deficit will be transferred to/from a fund for future housing investments.



<b>Capital HRA - Planned works Proposals 2014/15</b>	
<b>Scheme Description</b>	<b>Latest Budget 2014/15</b>
Capitalisation Of Repair Work	100,000
Rewiring	800,000
Roof Structure (i.e Soffits)	250,000
Windows	250,000
Structural Works	150,000
Renovation And Refurbishment	300,000
Insulation including works from loft surveys	650,000
Kitchens	350,000
Bathrooms	200,000
Common Areas	150,000
Sheltered Works & fire stopping	450,000
Boilers	1,800,000
Legionella	50,000
Energy & Emergency Lighting	100,000
Hard Landscape, General needs	100,000
Intercom Upgrade	200,000
Renovation Deerswood Court and Fire Risk Assessment work	750,000
Garages	500,000
Major Energy, Insulation, External Wall Insulation, Photo Voltaic	1,800,000
Hostels	700,000
151 London Road (New Build)	209,300
Disabled Adaptations-Major Room	870,000
Adaptations For The Disabled	300,000
Brunel Place (Own Build)	1,227,000
Breezehurst Drive (Own Build)	2,900,000
Acquisitions Buy Back Of Dwellings	500,000
Purchase Of Properties	250,000
<b>Sub total of existing programme</b>	<b>15,906,300</b>
Purchase Of Land (new bid see paragraph 11.8)	600,000
<b>TOTAL HRA reported to Crawley Homes Advisory Group</b>	<b>16,506,300</b>

COUNCIL TAX 2014/15 PER BAND CRAWLEY ELEMENT					
PROPERTY BAND	BAND RATIO	PROPERTY VALUATION 1N 1991	NUMBER OF PROPERTIES IN RANGE	AMOUNTS PER BAND	
				PROPOSED 2014/15	2013/14
				£	£
A4	6/9	Under £40,000	841	125.22	125.22
B	7/9	£40,000 - £52,000	6,600	146.09	146.09
C	8/9	£52,000 - £68,000	20,924	166.96	166.96
D	9/9	£68,000 - £88,000	8,351	187.83	187.83
E	11/9	£88,000 - £120,000	3,714	229.57	229.57
F	13/9	£120,000 - £160,000	2,172	271.31	271.31
G	15/9	£160,000 - £320,000	450	313.05	313.05
H	18/9	above £320,000	9	375.66	375.66
<b>TOTAL</b>			<b>43,061</b>		

Risks

Risk and Potential Impact	How Risk Will Be Managed including Probability of Occurrence
<p>1. Budget Gap 2015/2016 As outlined in the report, a budget gap of £0.9m has been projected for 2015/16. 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.</p>	<p>CMT and Members will be determining an approach to dealing with this gap. An outline to the approach will be reported to the Cabinet at its July meeting</p>
<p>2. Auto Enrolment</p>	<p>In October 2017 the Council must enrol all staff not in the pension scheme. They do then have the opportunity to opt out but if they stay in the scheme the Council will be liable for all employers related pension costs. If all staff not in the scheme chose not to opt out, the additional cost would be £240,000 across the General Fund and HRA. Staff will be made aware of the changes to the scheme, how these will affect their pay and the benefits of being in the scheme. They will also be advised how to opt out.</p>
<p>3. Continued low interest rates (section 9 refers). Investment income less than the budget could result in a significant budget shortfall.</p>	<p>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. The investment income budget is monitored monthly.</p>
<p>4. Increase in net costs to the Council as a result of changes to demanded budgets. Provision in the 2014/15 Budget has been based on the latest available information. The continued economic downturn could mean that there will be changes in demand.</p>	<p>Provision in the 2014/15 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.</p>
<p>5. High level of slippage in the capital programme resulting in delayed implementation of schemes. The anticipated use of capital receipts and capital reserves in</p>	<p>Capital budget monitoring reports will be considered by the Cabinet on a quarterly basis. Some slippage will inevitably occur on capital schemes; however, there has</p>

<p>2014/15 is £11.2 million. Slippage of 25% would result in additional 2014/15 interest of approximately £27,000.</p>	<p>been a significant improvement in the delivery of the capital programme in recent years.</p>
<p>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.</p>	<p>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.</p>
<p>7. Failure to collect income. The Council is responsible for collecting annual income totalling over £280 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.</p>	<p>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</p>
<p>8. Failure to maintain budgetary and financial control.</p>	<p>Variations 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 Performance Management Scrutiny Panel. It is inevitable that variations will occur but it is important that any projected variations are reported promptly to the Cabinet.</p>
<p>9. The initiatives to mitigate the impact of high demand on the homelessness service may not be sufficient to avoid overspending the budget</p>	<p>The initiatives are being well researched, and their success will be regularly monitored (including via the hotspots report)</p>
<p>10. The volatility in business rates income, could threaten the spending plans. Because of the gearing effect a relatively small percentage variation would have a significant impact on the estimate.</p>	<p>Business rates income is continuously monitored. The Council is purchasing external services to help improve the quality of forecasting. The level of the General Fund Reserve was increased in 2013/14 to be able to deal with variations in business rates income,</p>

### Crawley Borough Council Pay Policy Statement for 2014/15

#### 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 Directors and 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 and there were no pay awards for NJC employees from April 2010 till March 2013. The Council made a one off payment to staff of £175 in June 2012. There have been no pay awards for Chief Executive and Chief Officers since April 2009 but the rest of the workforce received a 1% pay award in April 2013 in line with the national NJC settlement.

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 Amenity Services staff to ensure consistent payment of allowances for evening, weekend and bank holiday working.

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 for information.

#### 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 seasonal travel tickets

- Free parking at the Town Hall for essential car users
- Subsidised parking at the Town Hall for all other staff
- Salary sacrifice schemes for child care vouchers and bike to work scheme available
- 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.
- 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 Customer and Corporate Services 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.

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 would 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 5 for which the annual salary inclusive of Crawley Allowance is £14,944. There is a pay ratio of 1/7.4 between these posts and the 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 £7.65 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 £23,718 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.

**Lucasta Grayson**  
**Head of People & Technology**  
**16<sup>th</sup> January 2014**

FINAL: AGREED BY FULL COUNCIL 23 OCTOBER 2013

**Amenity Services  
Local Pay Agreement  
Crawley Borough Council**

**FULL IMPLEMENTATION 1<sup>st</sup> APRIL 2013**

This Amenity Services Local Pay Agreement sets out remuneration for working weekends, Bank Holidays, unsociable and additional (overtime) hours. It also sets out remuneration for working on 'rest-days', as well as working between Christmas and New Year (shut-down period).

Pay issues not covered by this local pay agreement will be covered by the Council's current Employee Handbook. Pay issues not addressed by either of these documents will be covered by the current NJC Green Book.

A claim form will need to be submitted to receive the enhanced rates of pay.

Enhancements do not apply to those participating in the Council's flexi-time system.

This Local Pay Agreement supersedes the Amenity Services Productivity & Flexibility Agreement which was fully implemented on 1<sup>st</sup> April 2004.

**Basic Pay:**

Pay grades (basic pay) are assessed through the Council's Job Evaluation scheme.

Each pay grade is divided into four spinal points. For example, grade B is split into spinal points 7, 8, 9 and 10. Moving up through the spinal points attracts a higher rate of pay. Staff will normally be recruited at the lowest spinal point, though they may be recruited higher up the grade if they have considerable and relevant previous experience, skills, abilities and qualifications. Each April, following satisfactory performance, staff will move up one spinal point at a time, until they reach the top of the grade.

Where a job is career graded (for instance B/C) staff will only move to the upper grade (for instance from B to C) once they can undertake all the tasks described within the job description, meet all the essential requirements of its candidate specification, and where their performance and attendance are satisfactory. For some jobs, for example, this may mean having the skills and requirement to drive a road going vehicle, and having a full current driving licence, before moving to the upper grade. For other jobs, it may mean passing a relevant qualification, or ability and requirement to use specialist machines and equipment, as listed essential on the candidate specification for that job. Should staff be unable to fulfil all elements of the job description, and/ or essential criteria on the candidate specification, for instance if they are banned from driving and this is an essential requirement of the job, their grade and/ or position may need to be reassessed.

Please see the Council's Employee Handbook for more information about basic pay.

**Weekend working (as part of the normal working week):**

Some Amenity Services staff are employed to work each weekend (Saturdays or Sundays or both) as part of their normal working week. Other weekend working is

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voluntary. This will be explained at interview and written into the 'special conditions' part of job descriptions.

Remuneration for working weekends (as part of the normal working week) is as follows:

- *14% enhancement on the basic rate of pay (excluding Crawley Allowance) for those weekend hours worked.*

Between 8pm and 6am ('unsociable hours work') weekends, 'third pay' enhancement only is payable, and not the additional 14% enhancement.

Please see the section 'working on rest days' for remuneration when volunteering to work weekends at the request of management, and when weekend working is not part of the normal working week.

### Weekend working flexibility:

Each financial year (1 April to 31 March), staff working as part of street cleansing (a large team), will be able to swap up to 6 weekends (12 weekend days) with their week-days (rest-days). As this is at the request of staff, no enhancements will be paid. A maximum of five street cleansing staff can have a weekend off work at any one time and their hours must be made up within 30 calendar days. Requests for weekend swaps will need to be made well in advance to allow managers the time to plan and arrange sufficient cover.

Staff working within smaller teams may also request weekend swaps, however there are reduced opportunities for this as it is more difficult to find cover within smaller and specialist teams. For these teams (e.g. Leisure Rangers and Nature Centre staff) flexibility for weekend day swaps will be allowed on a case-by-case basis, by agreement with the manager, providing minimum service needs can be met. This is in line with current arrangements.

### Bank Holiday working:

Some Amenity Services staff are employed to work on Bank Holidays as part of the normal working week. Other Bank Holiday working is voluntary. This will be explained at interview and written into the 'special conditions' part of job descriptions.

Remuneration for working Bank Holidays is as follows:

- *Voluntary bank holiday working: normal salary + double pay*
- *Compulsory bank holiday working: normal salary + plain time (i.e. double time) + 1 day off in lieu*

### Unsociable hours work (8pm to 6am)

Some Amenity Services staff are employed to work unsociable hours as part of the normal working week. Other unsociable hours working is voluntary. This will be explained at interview and written into the 'special conditions' part of job descriptions.

Remuneration for working unsociable hours, whether as part of the normal working week or voluntarily, is as per the NJC terms:



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- *Normal salary + third time (i.e. time and a third)*

### **Working on rest-days:**

Rest-days are the days on which staff are not contracted to work. For instance rest-days are Saturday and Sunday for staff working Monday to Friday. Rest-days are Monday and Tuesday for staff working Wednesday to Sunday. Rest-days are Sunday and Monday for staff working Tuesday to Saturday, and so on...

Remuneration for staff working on rest-days, at the request of management, is as follows (day-swap enhancement):

- *Normal salary + half pay (normal working day is 'swapped' with a non-working day).*

Where staff request weekend day-swaps no enhancements are payable (see 'weekend working flexibility' above). Equally, where staff decide between themselves to swap working days, as often happens at the kiosk, shop and café, again no enhancements are payable.

### **Working over Christmas and New Year (shut-down period):**

This covers the period from Christmas Day to New Year's Day (inclusive). If New Year's Day falls on a weekend, it also includes the first Bank Holiday of the New Year.

- *Voluntary Bank Holiday working on a rest day: double pay*
- *Voluntary Bank Holiday working on normal working day: normal salary + double pay*
- *Voluntary Christmas week-day working: normal salary + double pay*
- *Voluntary Christmas weekend working i.e. the last weekend of the calendar year (e.g. street cleaning staff): normal salary + double pay*

All Amenity Services work on these days is voluntary.

### **Additional (overtime) hours:**

Staff may be asked to work additional hours over and above their contracted hours. 37 hours per week are contractual for full-time staff, less hours per week for part-time staff (as written into job descriptions).

Remuneration for full-time staff agreeing to work additional hours is as per the NJC terms, for a minimum of two hours:

- *Monday to Saturday: normal salary + half time (i.e. time and a half)*
- *Sundays and Bank Holidays: normal salary + plain time (i.e. double time)*

Part-time employees are entitled to these enhancements only at times and in circumstances in which full-time employees would qualify.

Please note that working on rest-days will normally be treated as per the section above, and not paid as 'overtime'. Additional 'overtime' hours are an additional and unplanned cost to the service and can only be worked and claimed for with the approval of the Head of Amenity Services.

FINAL: AGREED BY FULL COUNCIL 23 OCTOBER 2013

**REVIEWS & TERMINATION OF THE LOCAL PAY AGREEMENT:**

A light touch review of this agreement will be undertaken by the Head of Amenity Services, the Head of People & Technology and UNISON 12 months after implementation.

Afterwards, this agreement may be reviewed periodically at the request of any of the signatories. However, as it represents a considerable investment in terms of time and effort, it will not normally be reviewed more frequently than annually.

This agreement may be terminated by the Head of Amenity Services giving three months notice to the Head of People & Technology and UNISON.

**SIGNATORIES:**

Signed Head of Amenity Services ..... *Chris Harris* .....  
Signed on behalf of UNISON Crawley Borough Council ..... *[Signature]* .....  
Signed Head of People & Technology ..... *Lucasta Grayson* .....  
Date: *24 October 2013* .....

**APPENDIX**

**Timetable and consultations:**

Week starting **Monday 4 March 2013** – all affected Amenity Services staff invited to face-to-face discussions with the negotiating panel to gather their ideas, suggestions and feedback

**March - July 2013** – negotiating panel discuss staff feedback and agree proposal

**July 2013** – start of formal 30 day consultation of Amenity Services staff

**August 2013** – Local Pay Agreement agreed, subject to Member approval

**23<sup>rd</sup> October 2013** – Members agree new Local Pay Agreement at Full Council, backdated to 1 April 2013

**Negotiating Panel:**

- Chris Harris, Head of Amenity Services
- Karen Rham, Cemetery & Sportsgrounds Manager
- Helen Frazer (until end March 2013) UNISON Branch Administrator...
- then John Braidley, UNISON Branch Administrator
- Lee Adamson, UNISON representative (Metcalf Depot)
- Glenn Burroughs, UNISON Representative (Metcalf Depot)
- Lynda Murphy, UNISON Representative (Metcalf Depot)
- Eric Chipperfield, UNISON representative (Tilgate Park & Nature Centre)
- Lucasta Grayson, Head of People and Technology
- Helen Spencer, HR Officer

CATEGORY	ANNUAL SALARY
<b>CHIEF EXECUTIVE</b>	£112,035 £109,549 £107,065 £104,576 £102,083
<b>DIRECTOR</b>	£84,485 £82,621 £80,765 £78,904 £77,046
<b>HEAD OF SERVICE (65%)</b>	£55,100 £53,890 £52,684 £51,474 £50,265
<b>HEAD OF SERVICE (70%)</b>	£59,298 £57,997 £56,687 £55,393 £54,092
<b>HEAD OF SERVICE (75%)</b>  FINANCE, REVS & BENS LEGAL & DEMOCRATIC SERVICES	£63,497 £62,098 £60,709 £59,307 £57,912
<b>HEAD OF SERVICE (80%)</b> REGULATORY SERVICES COMMUNITY SERVICES PEOPLE & TECHNOLOGY PROPERTY CRAWLEY HOMES AMENITY SERVICES STRATEGIC HOUSING & PLANNING SERVICES	£67,695 £66,205 £64,719 £63,228 £61,742

**STATUTORY RESPONSIBILITY ALLOWANCE**

SECTION 151 OFFICER	£3,123.13
MONITORING OFFICER	£3,123.13
DEPUTY MONITORING OFFICER	£1,561.56
DEPUTY SECTION 151 OFFICER	£1,561.56

**NJC LG SERVICES SALARY SCALES FROM 1ST OCT 2013**

Scale	Spinal point	Annual salary
A	5	£14,944
B	6	£15,123
	7	£15,424
	8	£15,830

	9	£16,234
C	10	£16,522
	11	£17,389
	12	£17,698
	13	£18,107
D	14	£18,391
	15	£18,724
	16	£19,113
	17	£19,507
E	18	£19,842
	19	£20,489
	20	£21,147
	21	£21,826
F	22	£22,073
	23	£22,656
	24	£23,323
	25	£23,990
G	26	£24,699
	27	£25,444
	28	£26,201
	29	£27,148
H	30	£27,983
	31	£28,795
	32	£29,579
	33	£30,383
I	34	£31,178
	35	£31,784
	36	£32,567
	37	£33,416
J	38	£34,328
	39	£35,384
	40	£36,254
	41	£37,150
K	42	£38,040
	43	£38,932
	44	£39,834
	45	£40,678
L	46	£41,607
	47	£42,510
	48	£43,404
	49	£44,288
M	50	£45,183
	51	£46,089
	52	£46,995
	53	£47,910

**Apprenticeship scheme salary W.E.F. 1.10.2013**

Percentage of spinal point 5	Annual Salary
60%	£8,966.40
65%	£9,713.60
70%	£10,460.80
75%	£11,208.00