

Crawley Borough Council

Cabinet

Agenda for the **Cabinet** which will be held in **Committee Rooms A & B**, Town Hall, Crawley, on **Wednesday 6 September 2017** at **7.30pm**

PLEASE BRING THE CABINET/OSC REPORTS BOOKLET TO THIS MEETING

Nightline Telephone No. 07881 500 227



Head of Legal and Democratic Services

Membership:

Councillor	P K Lamb	(Chair of Cabinet and Leader of the Council)
	S J Joyce	(Deputy Leader of the Council and 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 Smith	(Cabinet Member for Planning and Economic Development)
	G Thomas	(Cabinet Member for Environmental Services and Sustainability)

Please contact Chris Pedlow (Legal and Democratic Services Division) if you have any queries regarding this agenda.

Telephone number: 01293 438549

Email: chris.pedlow@crawley.gov.uk

Published 24 August 2017

Emergency procedure for meetings will be circulated to Members and visitors attending this meeting. Please familiarise yourself with these procedures and the location of fire exits.

Part A Business – (Open to the Public)

1. Apologies for Absence

2. Members' Disclosures of Interest

In accordance with the Council's Code of Conduct, members of the Council are reminded that it is a requirement to declare interests where appropriate.

3. Minutes

To approve as a correct record the minutes of the Cabinet held on 28 June 2017.
(Enclosure A).

4. Public Question Time

To answer any questions asked by the public which are relevant to the functions of the Cabinet.

Public Question Time will be concluded by the Chair when all questions have been answered or on the expiry of a period of 15 minutes, whichever is the earlier.

5. Matters referred to the Cabinet

To consider any matters referred to the Cabinet (whether by a scrutiny committee or by the Council) for reconsideration in accordance with the provisions contained in the Scrutiny Procedure Rules, the Budget Procedure Rules and the Policy Framework Procedure Rules set out in Part 4 of the Council's Constitution.

6. Report from the Chair of the Overview and Scrutiny Commission

To receive a report from the Chair of the Overview and Scrutiny Commission on matters relating to Cabinet business considered by the Commission.

7. Budget Strategy 2018/19 – 2022/23 The Leader's Portfolio

To consider Report FIN/417 of the Head of Finance, Revenues and Benefits, which was referred to the meeting of the Overview and Scrutiny Commission held on 4 September 2017.

This is **Enclosure 1** in the OSC/Cabinet joint reports booklet for this meeting.

8. 2017/2018 Budget Monitoring - Quarter 1 The Leader's Portfolio

To consider Report FIN/418 of the Head of Finance, Revenues and Benefits.
(Enclosure B)

9. Supplemental Agenda

Any urgent item(s) complying with Section 100(B) of the Local Government Act 1972.

This information is available in different formats and languages. If you or someone you know would like help with understanding this document please contact the Democratic Services Team on 01293 438549 or email: democraticservices@ Crawley.gov.uk

Crawley Borough Council



Minutes of Cabinet

Wednesday 28 June 2017 at 7.30pm

Present:

Councillor	
P K Lamb	(Chair of Cabinet and Leader of the Council)
M G Jones	(Cabinet Member for Public Protection and Community Engagement)
S J Joyce	(Deputy Leader of the Council and Cabinet Member for Housing)
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)

Also in Attendance:

Councillors	B J Burgess and D Crow
-------------	------------------------

Officers Present:

Natalie Brahma-Pearl	Chief Executive
Ann-Maria Brown	Head of Legal and Democratic Services
Peter Browning	Deputy Chief Executive
Karen Dodds	Head of Crawley Homes
Karen Hayes	Head of Finance, Revenues and Benefits
Mez Matthews	Democratic Services Officer

1. Apologies for Absence:

No apologies for absence were received.

2. Members' Disclosure of Interests

The following disclosures of interests were made by Members:-

Member	Minute Number	Subject	Type and Nature of Disclosure
Councillor M G Jones	Minute 14	Authority to Appoint a Contractor for Goffs Park Development	Personal Interest – member of the Environmental and Community Services Select Committee at West Sussex County Council
Councillor P C Smith	Minute 10	Financial Outturn 2016/2017	Personal Interest – Board Member for Manor Royal Business Group

3. Minutes

The minutes of the meeting of the Cabinet held on [22 March 2017](#) were approved as a correct record and signed by the Chair.

4. Public Question Time

There were no questions from the public.

5. Further Notice of Intention to Conduct Business in Private and Notifications of any Representations

The Head of Legal and Democratic Services reported that no representations had been received in respect of report CH/172.

6. Matters Referred to the Cabinet

It was confirmed that no matters had been referred to the Cabinet for further consideration.

7. Report from the Chair of the Overview and Scrutiny Commission

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.

8. Treasury Management Outturn for 2016/17

The Cabinet considered report [FIN/412](#) of the Head of Finance, Revenues and Benefits. The Cabinet was informed that Councillors were required under regulations to regularly review and scrutinise the Council's treasury management policy and performance. The report provided details of the outturn position for treasury activities and highlighted compliance with the Council's policies previously approved by Councillors.

The Cabinet noted the Overview and Scrutiny Commission's comments including their support from its meeting on 26 June 2017. The Leader responded to an issue raised at the Overview and Scrutiny Commission and confirmed that the company in question was not involved in armaments. The Cabinet then agreed the recommendations.

RESOLVED

That the Cabinet:

1. Approve the actual 2016/17 Prudential and Treasury Indicators as set out in report FIN/412.

2. Note the Annual Treasury Management Report for 2016/17.

Reason for Decision

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2016/17. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

9. K2 Crawley – Leisure Management Procurement

The Cabinet considered report [HPS/009](#) of the Head of Partnership Services which considered options for the future management of K2 Crawley and made recommendations for the preferred procurement route and service priorities to be reflected in the procurement process.

The Cabinet noted the comments which had been made by the Overview and Scrutiny Commissions in particular:

- Concern regarding the length of the contract (featured in recommendation 'a'). As a result the Commission recommended to Cabinet that 10 or 15 years be offered simultaneously, together with the consideration of incentives and break clauses.
- Support for establishing a cross party working group (recommendation 'd'). However it was felt that the size was currently too small and the Commission therefore recommended to Cabinet that the membership of the cross party working group be 4:3.

The Cabinet supported the Commission's proposal that the membership of the working group be increased to 4:3, however it was of the view that more detailed financial information was necessary before a decision could be taken on the length of the contract. The Cabinet then agreed the recommendations with the revised working group ratio.

RESOLVED

That the Cabinet:

1. Approve the recommended procurement approach and process for the future management of K2 Crawley, Broadfield 3G Pitch and Bewbush Gym, as set out in paragraphs 6.2 to 6.10 of report HPS/009.
2. Approve the recommended tender evaluation model as set out in paragraphs 6.11 to 6.12 of report HPS/009.
3. Approve a supplementary capital estimate of £170,000 to provide a further 79 car parking spaces (subject detailed design and planning approval) within the main K2 Crawley car park as outlined in paragraph 6.13 of report HPS/009. The supplementary capital estimate to be funded from useable capital receipts.
4. Agree to establish a cross party working group (4:3) to oversee the proposed procurement and tender evaluation process as set out in paragraph 6.15 of report HPS/009 and for the Head of Legal and Democratic Services to liaise with Group Leaders to obtain nominations.

5. Note that a further report will be brought to Cabinet in due course seeking approval of a preferred leisure management contractor.

Reason for Decision

The recommendations are required to ensure management arrangements for K2 Crawley are in place after the expiry of the current contract in November 2018. The recommended procurement process aims to provide a balance between financial sustainability and supporting the Council's Budget Strategy whilst ensuring a high quality inclusive service which continues to support the wider health and wellbeing agenda for residents.

10. Financial Outturn 2016/2017

The Cabinet considered report [FIN/411](#) of the Head of Finance, Revenues and Benefits which set out a summary of the Council's outturn for the year for both revenue and capital spend. The Cabinet congratulated officers on achieving such a positive outturn for the year and agreed the recommendations.

RESOLVED

That the Cabinet:

1. Note the outturn for the year 2016/2017 as summarised in report FIN/411.
2. Approve an allocation of £11,000 from the £0.966m capital programme budget allocated for the Town Centre in 2017/18 to undertake design, style and format proposals for new signs as outlined in Paragraph 8.17 of report FIN/411. A further recommendation to draw down from this budget will be made at a later date to undertake this project.
3. Note the three S106 funded schemes that were added to the capital programme as outlined in Paragraph 9.1 of report FIN/411.
4. Approve a capital budget of £82,100 to be funded from S106 contributions for the Manor Royal Cycle Path as outlined in Paragraph 9.2 of report FIN/411.
5. Approve a capital budget of £23,000 which will be funded from S106 contributions for the County Mall Cycle Path as outlined in Paragraph 9.3 of report FIN/411.
6. Approve a capital budget of £30,000 which will be funded from S106 contributions for High Street Safety Improvements as outlined in Paragraph 9.4 of report FIN/411.
7. Approve the Play refurbishment schemes as identified in Paragraph 9.5 of report FIN/411 to be funded from S106 contributions.

That the Cabinet request that Full Council:

8. Approve an amended supplementary capital estimate as detailed in Paragraph 8.21 of report FIN/411 below of £3.465m, funded from £2.550m of 1-4-1 receipts and £915,000 from useable capital receipts.

Reason for Decision

To report to Councillors on the outturn for the year compared to the approved Budget for 2016/17.

11. Crawley Homes Gas Repair Servicing and Renewal, Responsive Repairs, Voids and Planned Works Options for Service Provision

The Cabinet considered report [CH/173](#) of the Head of Crawley Homes which outlined options for the future delivery and management of Crawley Homes repairs services at the expiration of the current contracts in 2019. The report also sought direction from the Cabinet as to the preferred option.

The Cabinet Member for Housing proposed that a cross party working group be established with a membership of 3:2 to evaluate the options for service provision, the proposal was agreed by the Cabinet. The Cabinet then agreed the recommendations contained within the report including the establishment of a cross party working group.

RESOLVED

That the Cabinet:

1. Note the options for the delivery and management of Crawley Homes repair services as set out in report CH/173.
2. Approve the outsourcing model of service provision for Crawley Homes gas repair servicing and renewal and for the provision of responsive repairs, voids and planned works.
3. Delegate authority to the Head of Crawley Homes in consultation with the Cabinet Member for Housing to commence an OJEU procurement exercise for gas repairs, servicing and renewal for a contract to commence 1st April 2019.
4. Delegate authority to the Head of Crawley Homes in consultation with the Cabinet Member for Housing to commence an OJEU procurement exercise for responsive repairs, voids and planned works for a contract to commence 1st April 2020.
5. Note that further Cabinet authority will be required for the award of any contract for the provision for gas repair and servicing and the provision of responsive repairs, voids and planned works.
6. Authorise the Head of Crawley Homes to procure the appointment of Procurement and Specialist Legal Advisors, which will be met from existing budgets as outlined in Paragraphs 7.2 and 7.3 of report CH/173.

7. Delegate to the Head of Crawley Homes in consultation with the Cabinet Member for Housing to evaluate the options for alternative provision of a repairs contact centre. To note that the estimated additional cost to the Council for this service is £148,041 outlined in Paragraphs 6.6 and Appendix 1 of report CH/173, and the aim of the review would be to mitigate the additional costs or find acceptable alternatives.
8. Subject to a satisfactory review as outlined in Paragraph 2.7 of report CH/173, delegate authority to the Head of Crawley Homes in consultation with the Cabinet Member for Housing and Head of Finance, Revenues and Benefits, to negotiate with the current contractors Mears and Mitie to put in place an agreed alternative which might include the in-house option with transfer to the Council (TUPE), of call handling staff and for the Council to deliver this aspect of the service in advance of the appointment of a contractor for gas repair and servicing in 2019.
9. Note that additional ICT support may be required as set out in Paragraph 7.4 of report CH/173 to be funded through the current HRA Consultancy Budget with any additional costs for work required to be included within the HRA budget for 2018/19 as outlined in Paragraph 7.5 of report CH/173.
10. Agree to establish a cross party working group (3:2) to evaluate the options for service provision.

Reason for Decision

To ensure that the provision of repairs and maintenance continues to be provided to Council tenants and leaseholders.

12. Terms of Reference and Nominations for 2017-2018

The Cabinet considered report [LDS/131](#) of the Head of Legal and Democratic Services which sought approval of the Terms of Reference for the advisory group, working groups and support group which related to Cabinet functions. The Cabinet noted that, in relation to the Local Plan Working Group, the Labour Group had nominated Councillors M Ayling, C Cheshire, S Joyce, T Lunnon, A Skudder, P Smith and G Thomas.

RESOLVED

That, subject to the inclusion of Councillors M Ayling, C Cheshire, S Joyce, T Lunnon, A Skudder, P Smith and G Thomas on the membership of the Local Plan Working Group, the Terms of Reference and representatives for the Budget Advisory Group, Local Plan Working Group, Economic Regeneration Working Group and Member Development Executive Support Group be as indicated in report LDS/131.

13. Exclusion of the Public

RESOLVED

That in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act by virtue of the paragraph specified against the item.

14. Authority to Appoint a Contractor for Goffs Park Development

(Exempt Paragraph 3 (information relating to financial and business affairs of any particular person (including the Authority holding that information)))

The Cabinet considered report CH/172 of the Head of Crawley Homes which sought approval for the authority to enter into a Design and Build Contract for construction at Goffs Park Depot, Southgate, Crawley.

RESOLVED

That, subject to planning permission being granted, approve the appointment of the company identified in Paragraph 2.1 of report CH/172 under a single stage Design and Build Contract for the development at the Goffs Park Depot site. That the contractor work with the Council to undertake the detailed design and construction of the final scheme.

Reason for Decision

1. To provide housing for Crawley residents in need from the Housing Register.
2. To continue the delivery of dwellings funded from the HRA as part of the HRA Business Plan and the Council's Right to Buy receipts (one-for-one) funding programme.

15. Closure of Meeting

With the business of the Cabinet concluded, the Chair declared the meeting closed at 8.00pm.

P K LAMB
Chair

Crawley Borough Council

Report to Overview and Scrutiny Commission 4 September 2017

Report to Cabinet 6 September 2017

Budget Strategy 2018/19 – 2022/23

Report of the Head of Finance, Revenues and Benefits, **FIN/417**

1. Purpose

- 1.1 The 2018/2019 General Fund and Housing Revenue Account Budgets and the updated capital programme will be determined by the Full Council in February 2018. This report sets out the projected financial position for 2018/19 to 2022/23 for the General Fund and the underlying assumptions.
- 1.2 The report also sets the policy framework for the budget process recognising that there are a range of options for capital investment, income generation, savings and Council Tax levels, none of which can be considered in isolation. The overall objective is to work towards a balanced General Fund budget over a three year period.
- 1.3 A separate report on the Housing Revenue Account's capital investment programme will be considered by the Budget Advisory Group ahead of the Budget report to Cabinet and Full Council in February 2018.
- 1.4 At this stage any implications associated with providing the New Town Hall and the re-tendering of the K2 Crawley Leisure contract have been excluded from assumptions. Once decisions on these two projects are agreed the budget projections will be updated.

2. Recommendations

2.1 To the Overview & Scrutiny Commission

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

2.2 To the Cabinet:

The Cabinet is asked to recommend to Full Council the approval of the Budget Strategy 2018/19 to 2022/23 and to:

- (a) **Note, for the purpose of projections, the current budget deficit of £84,000 for 2018/19 on the basis of a Council tax increase of £4.95 on a Band D in 2018/19.**

- (b) **Work towards balancing this over a three year period, including putting back into reserves when the Budget is in surplus.**
- (c) **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, this will include areas where additional resources need to be redirected.**
- (d) **Note that items for the Capital Programme are driven by the need for the upkeep of council assets and environmental obligations and schemes will also be considered that are spend to save or spend to earn.**

3. Reasons for the Recommendations

- 3.1 To set a Strategy for savings and income generation and working towards a balanced budget over three years. Including putting back into reserves when in surplus.
- 3.2 To determine the criteria for capital programme bids.

4. Background

- 4.1 The local government finance system has become increasingly complex. The difficulty of predicting what factors such as interest rates, grant funding and energy costs will be in two to five years' time is further complicated by uncertainty regarding the financial impact of the Government's welfare reform programme and future income from retained business rates. It is however certain that the amount of money available to district and borough councils will continue to reduce over the next five years.

- 4.2 This Budget Strategy report has been delayed from June due to the General Election. On the 21 June 2017, the Queen's Speech outlined the Government's intention with regard to legislation for the coming parliament. There was no specific mention of the Local Government Finance Bill, which, amongst other things, was to lay down the arrangements for 100% business rates retention. However, the briefing paper which accompanied the speech states, under other measures, that "the programme will also include three finance bills to implement budget decisions." There are currently no other details available.

On [17 December 2015](#) the Department of Communities and Local Government (DCLG) announced that councils would be able to achieve greater certainty and confidence from a DCLG 4 years Budget Settlement (this covers 1 April 2016 to 31 March 2020). The offer covered all councils that receive Revenue Support Grant (RSG), from 2016/17 to 2019/20. However the scope just covers the RSG element which is set to decline nationally from £7.4bn in 2016/17 to £2.3bn in 2019/20. The proposals show that Crawley will receive just £59,107 in RSG in 2019/20. This is compared to £4.9m received in 2013/14.

- 4.3 The 2018/19 General Fund and Housing Revenue Account Budgets and the revised capital programme will be set by the Full Council in February 2018. This will be informed by the recommendations of the Budget Advisory Group and will take into account the efficiencies, increased income and savings achieved through a refreshed transformation programme and budget challenge process led by the Corporate Management Team. Work to address this has started and will continue over the summer and autumn.

- 4.4 Many of the underlying financial assumptions in this report apply equally to the Housing Revenue Account as to the General Fund (for example inflation and employee related costs). However, the financial position of the Housing Revenue Account (HRA) is heavily influenced by the financing regime introduced in April 2012.

Under this regime the Council has taken on debt of £260.325m and determined a repayment profile which gives it the capacity to spend capital sums to achieve some of its objectives for housing. This includes a comprehensive stock investment programme and the building of new Council homes.

However this was complicated by the Government's announcement in the July 2015 Budget that rents are to be reduced by 1% per annum for 4 years from 2016/17. This reduced the Council's ability to invest in the provision of new housing. In addition inflation is at its highest level since 2013 and will impact on the costs of paying for goods and services.

5. Key Assumptions

- 5.1 This report provides details of budget projections for a five year period, 2017/2018 to 2022/2023. There are a number of key assumptions affecting the projections. A summary table is shown in paragraph 5.11.

5.2 External support

In the 2016/2017 Local Government Finance settlement, the reductions for the Council's Revenue Support Grant are shown in the table below

	2016/17	2017/18	2018/19	2019/20
Provisional RSG	£1.76m	£1.04m	£0.57m	£0.06m
Percentage reduction	-32.35%	-41.64%	-44.54%	-89.72%

The 2019/20 figures show that the Council will receive £59,107 in Revenue Support Grant and no grant thereafter.

5.3 Retained Business Rates

Although the Council will collect in excess of £116 million in business rates, the amount it retains is much smaller. One of the main reasons for this is that the Government retains 50% of the rates collected and West Sussex County Council retains 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 Council's retained share is more than 7.5% below a Government set figure (safety net) or above it (a levy of 50%).

The Council is in a levy position, so as a result every additional £1 that it collects above its funding target it keeps 40p.

An annual increase of 2.5% in business rates is included in the Budget Strategy. This will be reviewed regularly. This will allow for annual increases in inflation to the business rates multiplier and an allowance for assumed growth in local business together with a provision for appeals from ratepayers.

Any in year variations from this budget will be transferred to/from the business rates equalisation reserve. When the reserve exceeds £5m the surplus is transferred to the capital programme reserve.

The March 2016 budget saw that the increase in the Business rates multiplier will be switched from RPI to CPI from 2020. The multiplier is the annual increase in business rates determined by the Government. CPI tends to go up more slowly than RPI so this change is likely to reduce the buoyancy in the Business rates yield. Over time this will make a significant impact on the resources that are available to local government as a sector.

5.4 Pay Award

Local Government pay is negotiated nationally and the Council has no direct influence on the settlement. The Budget Strategy assumes a 1% award for 2018/19, the table in 5.11 shows future assumptions. Pay is subject to national negotiations; a 1% increase in the pay award equates to £184,000.

5.5 Investment Interest

5.5.1 The Council has traditionally relied heavily on investment interest to support the revenue budget. However, interest rates remain low and the level of interest received has reduced over recent years.

5.5.2 The Bank of England reduced the base rate to 0.25% in August 2016. At this time it appears likely that it will remain at this level until Q1 2019. The state of political uncertainty remains in place and this, alongside Brexit negotiations weigh on the economy, household sentiment and thus interest rate outlook over the medium term.

5.5.3 An average investment rate of 0.55% has been assumed for 2018/19 increasing to 0.75% in 2019/20, and 1.00% in 2020/21. Interest rate projections will be kept under constant review during the year.

5.5.4 Expenditure on the capital programme results in reduced investment income as there are fewer resources available for investment, delays in the capital programme result in higher balances available than anticipated for investment.

5.6 Pensions

5.6.1 The actuarial revaluation of the pension fund managed by West Sussex County Council has resulted in a 0.5% increase in contributions annually in 2018/19 and 2019/20.

5.7 General Inflation

In recent years many budgets have been frozen or reduced which has compensated for those budgets that have increased by more than the base assumption (for example energy and fuel). The Budget Strategy assumes that contract costs linked to inflation indices will increase by 3.0% in 2018/19, increasing to 3.2% by 2022/23. These assumptions will be updated over the coming months. No allowance has been made for inflation on other general running expenses.

5.8 New Homes Bonus

5.8.1 The Government introduced the New Homes Bonus to give local authorities additional money for each new residential property created in the area. Local authorities would receive a sum equivalent to the average national Council Tax for a property in that band for each of the following six years. For example, an additional band D property will result in £1,530 being paid for six successive years.

- 5.8.2 There is an additional payment of £350 for each year if the property falls into the definition of affordable housing. This additional element is paid a year in arrears. In two tier areas the District or Borough Council receives 80% of the bonus and the County Council 20%.
- 5.8.3 The New Homes Bonus was in the past paid each year for six years, this has been reduced to five in the current year and then to four from 2018/19. The bonus was also reduced in the current year to reflect estimates of 'deadweight'; this is where building would have taken place even if there had not been an incentive.
- 5.8.4 The New Homes Bonus for 2018/19 is projected to be £1.396m and is calculated to £0.850m by 2022/2023.

5.9 Fees and Charges

An average increase in income budgets of 2% is assumed for 2018/19 onwards.

5.10 Cost of homelessness

The Government has recently announced that The Homelessness Reduction Act 2017 will be implemented on 1 April 2018. This will place increased duties and service demands on the Council. These include a duty to start assessing and providing advice to someone at risk of being made homeless 56 days before losing their home rather than at the current 28 day trigger point. Demand on the service is expected to increase by 30-50%. There will be limited funding from the Government to support the implementation of the new duties. The funding formula, detailed code of guidance and IT systems to support the new ways of working are still being developed. Consequently the full impact on the budget is not yet known so has not been included in these projections.

5.11 Summary of assumptions

	<u>18/19</u>	<u>19/20</u>	<u>20/21</u>	<u>21/22</u>	<u>22/23</u>
Business rate income*	+2.5%	+2.5%	+2.0%	+2.0%	+2.0%
New Homes Bonus	-£35k	-£43k	-£57k	-£233k	-£300k
Pay award	1.0%	1.0%	1.5%	2.0%	2.0%
Av. interest rate	0.55%	0.75%	1.00%	1.25%	1.75%
Running costs	0%	0%	0%	0%	0%
Contracts (RPI)	3.0%	3.5%	3.6%	3.2%	3.2%
Customer receipts	2.0%	2.0%	2.0%	2.0%	2.0%
Tax base increase (percentage of new properties for Council tax)	1.5%	1.5%	1.5%	1.0%	1.0%
Council Tax increase (for estimating purposes)	2.6%	2.4%	2.4%	2.3%	2.3%

*Business rates equalisation reserve will be used to absorb any fluctuations from the 2.5%.

The tax base increase assumes the number of Band D properties in Crawley has increased due to the current building programme including Forge Wood.

6. Budget Projections 2018/19 to 2022/23

6.1 The table below summarises the budget projections based on the assumptions above.

	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s
Base budget	14,814	14,980	15,300	15,645	16,124
Investment interest	(508)	(687)	(932)	(1,134)	(1,310)
Net budget	14,306	14,293	14,368	14,511	14,814
Funded by:					
Council Tax	6,933	7,030	7,200	7,346	7,516
New Homes Bonus	1,396	1,440	1,383	1,150	850
Retained Business Rates	4,681	4,798	4,918	5,016	5,116
Section 31 Grant*	637	653	669	683	696
Revenue support Grant	575	59	0	0	0
Budget Gap	84	313	198	316	636

* Section 31 Grant is payable by the Government when they give business rate discounts for small businesses

6.2 There is a budgeted shortfall in 2018/19 of £84,000, increasing to £636,000 by 2022/23. The aim is to have a balanced budget over a three year period. In the event of an in year surplus this will be transferred to reserves. These figures however do not include any savings from re-tendering the K2 Crawley Leisure contract or the New Town Hall proposals at this stage. The gap is smaller than previously projected as some savings, increased income and efficiencies identified as part of the outturn report have been included in these projections.

6.3 The assumptions above include a provision for a Council Tax increase close to £5 (£4.95 in 2018/19) per annum on a Band D property, this is less than 10p per week. The aim is to work to keep council tax low without compromising local services. As part of the settlement announcement in February 2016 the Government will allow Councils to increase their Council tax by £5 per year for three years.

6.4 Budget pressures

The Government following the General Election has confirmed its continued commitment to a fair funding review; as a way of addressing concerns about the fairness of current funding distributions to local authorities; however details of this are not yet available so have not been included in the projections.

Although the budget gap above is small there are some pressures on future budgets. These include

- Data and information management and IT staffing levels
- Economic development team running costs
- NASB team.

7. General Fund Reserves

7.1 The Council achieved a surplus General Fund in 2016/17 of £2.115m this was transferred to the capital programme reserve.

7.2 There are two purposes for holding reserves. The first is to have sufficient funds to be able to maintain services, both in the short and medium term. The second is to earmark funds

for specific purposes. There should be plans to spend earmarked reserves, even if the amount and timing of that spending is uncertain.

- 7.3 The level of reserves should be regularly reviewed. This is particularly true in the current situation. Local government has had reduced financial resources from the Government and it is clear that this is going to continue for several years. Other Government changes (for example the localisation of Council Tax Benefit and of Business Rates) have transferred significant risks to local authorities.
- 7.4 For both the Housing Revenue Account and the General Fund, the Council needs sufficient funds to be able to sustain services. In the case of the Housing Revenue Account the reserves are sufficient and no changes are proposed.
- 7.5 The 2016/17 Budget Strategy reduced the General Fund reserve from £8.5m to £4m and set up a separate business rates equalisation reserve for £5m. Any reserves available in excess of these sums are transferred to the Capital programme reserve.
- 7.6 During 2016/17 a review of earmarked reserves took place by the Corporate Management team to ensure that there are still plans for each reserve. Any considered excess reserves were to be transferred to the capital programme reserve. These transfers were reported in the Financial Outturn Report.

8. Investment Acquisitions

- 8.1 The Council purchased three investment properties which has a return on average of 6.6% per annum as compared to interest projections as shown in paragraph 5.11. Recent acquisitions of investment properties by other Local authorities are seeing the return on investments in the region of 5.2%; this is still significantly higher than interest projections.
- 8.2 As at 31 March 2017, a total of £14.2m had been spent on investment properties compared to £114m Treasury management investments at the end of the financial year. In the Budget strategy 2017/18 (FIN/386) the sum available was increased to £5m. No suitable properties have become available within this £5m limit since April 2016.
- 8.3 Officers would use the following criteria to assess potential purchases. It is expected that proposals should meet all of these criteria unless there are sound reasons not to.
 - i purchase price of less than £5m (unless more funds are made available).
 - ii preferably freehold, but if leasehold then at least 125 years left on lease, or the ability to purchase an extension to the lease length.
 - iii an income flow of 5 years duration, before either a lease renewal or tenant's option to break.
 - iv a covenant check of the tenant confirms the ability to perform the conditions of the lease, including payment of rent.
 - v the investment should be in such a condition that any further short term capital investment would be limited unless this could be met within the capital available.
 - vi whilst Crawley may be a preferable location, other locations within the South East will be considered.

9. Capital Funding

- 9.1 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. Schemes will be presented to the Budget Advisory Group later in the year for prioritisation. There is currently estimated £20.0m of capital resources uncommitted.

- 9.2 Any other specific bids will be presented directly to later meetings of the Cabinet.

10. Housing Revenue Account

- 10.1 Council on 22 February 2012 (FIN/257) approved the payment of £260.325m to the Department for Communities and Local Government as part of the Government's abolition of the previous housing subsidy regime. The money was borrowed via a series of loans from the Public Works Loan Board. The repayment dates vary between 2022/2023 and 2037/2038.
- 10.2 The net effect of these changes was that the HRA had budgeted for significant surplus over the coming years. This was to enable the Council to make capital investments that will help it achieve its corporate housing objectives. Investments already approved include the provision of housing at Breezehurst Drive and Brunel Place and Forge Wood. Changes to Right to Buy discounts and the announcement in the July 2015 budget that rents will decrease by 1% per annum for 4 years from 2016/17, resulted in fewer resources available to meet all aspirations.
- 10.3 The HRA 30 year plan is constantly being updated, and is reported to the affordable housing group. This takes both revenue and capital budget projections and shows resources available in for future investment in housing

11. Budget Process

- 11.1 The Budget Advisory Group will be meeting over the coming months to assess the policy implications of savings measures, future growth bids and business cases put forward to support proposals for capital investment including Crawley Homes. The report of the Chair of the Budget Advisory Group will be considered by the Cabinet in the New Year.
- 11.2 The Budget and Council Tax report will be considered by the Cabinet on 7 February 2018. The 2018/19 Budget will be set by Council on 21 February 2018.
- 11.3 Where budgetary proposals identify the need for the reduction of, or closure or discontinuance of a service, appropriate consultation will need to be carried out. The Council will also have to have due regard to the public sector equality duty under section 149 of the Equality Act 2010 in making their decisions. The equalities impact will be addressed on proposals as they are developed.

12. Background Papers

2017/18 Budget and Council Tax FIN/401
Budget Strategy 2017/18 - 2021/22 FIN/386
Treasury Management Strategy 2017/18 FIN/404
Financial Outturn 2016/2017 FIN/411
Treasury Management Outturn 2016/17 FIN/412
Financial Outturn 2014/15 Fin 362

Crawley Borough Council



Report to Cabinet 6 September 2017

2017/2018 Budget Monitoring - Quarter 1

Report of the Head of Finance, Revenues & Benefits FIN/418

1. Purpose

- 1.1 The report sets out a summary of the Council's actual revenue and capital spending for the first Quarter to June 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:

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

3. Reasons for the Recommendations

- 3.1 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 June 2017.

5. Budget Monitoring Variations

5.1 General Fund

The table below summarises the projected variances in the relevant Portfolio at Quarter 1.

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

	Variance projected at Quarter 1 £'000	
Cabinet	(38)	F
Public Protection & Community Engagement	19	U
Resources	(30)	F
Environmental Services & Sustainability	(35)	F
Housing	(417)	F
Wellbeing	(21)	F
Planning & Economic Development	(12)	F
Investment Interest	(122)	F
New Homes Bonus	(8)	F
TOTAL VARIANCES	(664)	F

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

5.2 Significant variances variations over £20,000

5.2.1 Cabinet

The Corporate Policy Team currently has a vacant post including the National Graduate Development Programme which is run by the Local Government association every two years.

5.2.2 Public Protection & Community Engagement

There are no significant variations to report this quarter.

5.2.3 Resources

There are additional staffing costs in the IT department as there is an interim Head of ICT in place pending a review of the service. Any future additional costs will be bid for during the budget process.

Legal & Democratic Services also have vacancies of £39,000 due to a restructure of the service and continuing temporary cover arrangements.

A review of the print service will result in staff savings of £32,000.

5.2.4 Environmental Services & Sustainability Services

The Community Wardens Service are holding vacant hours and have not spent the full standby and casual staffing budget in the first quarter.

5.2.5 Housing Services

There are vacant posts in the benefits team, a recruitment campaign is underway and posts are being advertised on a two year fixed term due to uncertainty over the roll out of Universal Credit.

Benefit overpayments –the implementation of HMRC's Real Time Information (RTI) initiative the number of invoices raised and recovered in respect of overpaid benefits where the claimant failed to provide all of their income has increased. Looking forward, measures have been put in place to monitor these overpayments more effectively by undertaking systems reconciliations; as a result budget projections will be more accurate. A provision for recovery has been built into the Budget Strategy.

5.2.6 Wellbeing

Tilgate Park & Nature Centre are projecting an additional income in excess of costs of £106,000 which is in line with the revenue effects of the phased capital development programme, this will be transferred to a reserve for reinvestment in the park and as such is not shown in the table above.

5.2.7 Planning & Economic Development

There are no significant variations to report this quarter.

5.2.8 Investment Income

Investment income is higher than projected due to higher balances than anticipated.

6. Virements

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

6.1 The Head of Finance, Revenues and Benefits agreed a virement of £50,000 from investment interest to ICT towards the costs of the interim Head of ICT.

The Head of Economy and Environment approved a virement of £50,000 from the asset team to Economic Development to fund inward costs of campaign materials, also for Employ Crawley scheme and towards the transport regeneration programme for the officer role at Three Bridges station.

7. Council Housing Service – Revenue

7.1 The table below provides details of the 2017/2018 HRA (Crawley Homes) variances.

Housing Revenue Account Variations

	Variation £000's	
Income		
Rental Income	(118)	F
Other Income	(40)	F
Interest Received on balances	0	-
	(158)	F
Expenditure		
Employees	89	U
Repairs & Maintenance	0	F
Other running costs	(30)	F
Support services	0	F
	59	U
Net (Surplus) / Deficit	(99)	F
Available to fund future investment in housing	99	

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

- 7.2 Additional Dwellings Rental income of £70,000 has been projected and this is being kept under review, this is when properties are re let at target rent.
- 7.3 Due to delays in the Decant at 83, 85 and 87 Three Bridges Road Hostel there will be additional income and service charge income.
- 7.5 There is a provision built into the budget for posts to be vacant for a period of time. There are fewer vacancies than anticipated.

8. Capital

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

	Latest Budget 2017/18	Spend to Qtr 1	Estimated Outturn 2017/18	Re-profiled (to)/from future years
	£000's	£000's	£000's	£000's
Cabinet	3,559	895	3,559	
Resources	343	19	343	
Environmental Services & Sustainability	1,829	407	1,454	(375)
Planning & Economic Development	5,000		5,000	
Public Protection & Community Engagement				
Housing Services	1,290	185	1,290	
Wellbeing	3,334	220	3,334	
Total General Fund	15,355	1,726	14,980	375
Council Housing	26,026	5,386	26,293	(267)
Total Capital	41,381	7,112	41,273	(108)

- 8.2 The major works to create Little Trees Cemetery are now complete and only minor works remain. Whilst waiting for the ground to settle, work is taking place marking out of grave spaces, arranging the installation of 'landings' for memorial headstones, consecrating of the Church of England Section and ensuring the approval of new rules and regulations before the new cemetery can be formally opened, which is likely to be towards the end of October 2017. Following consultation, the new rules and regulations are scheduled to go before Cabinet on 4th October 2017.
- 8.3 Due to the re-letting of the K2 Crawley Leisure Centre tender the order for the new CHP at K2 Crawley is on hold so that the council can obtain feedback from the tenders for the new Leisure contract on future heat and power requirements for any new leisure centre proposals.
As a result the budget in the current year of £375,500 has been slipped to 2018/19.
- 8.4 A review of the flooding budget has resulted in some schemes being realigned, this has been with the approval of the Cabinet Member for Environmental Services and Sustainability. A sum of £46,500 has been transferred from Creasys Drive to Cheals Broadfield Pond. In addition £72,500 has been transferred to Waterlea, Furnace Green, this was from Tilgate Silt Lake (£33,900) and Park Close, Maidenbower (£38,600).
- 8.5 The amount of Disabled Facilities Grant to spend in year is higher than anticipated as we received £787,729 from WSCC Better Care fund. Any unused Better Care Grant not spent by the end of financial year 2017/18 will have to be returned to WSCC.
- 8.6 There has been some HRA Development projects ahead of programme as follows:
- 8.6.1 Southern Counties Housing, £266,900 brought forward from 2018/19.

- 8.7 In the first quarter of 2017/2018 **sixteen** Council Houses with a sale value of £2,666,200 were sold compared to sixteen in the first quarter last year. Of these receipts £258,000 was paid over to the Government with the balance being retained by the Council with £682,000 available for general capital expense and £1,726,200 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.]
- 8.8 The total cumulative 1-4-1 receipts retained is £22,672,599 which can be used to fund 30% of any expenditure on new affordable housing. It cannot be used on schemes supported by HCA Funding.
- 8.9 To date, £8,370,520 of 1-4-1 receipts has been used to partially fund the purchase of properties. Any unused 1-4-1 receipts that are unspent within 3 years are to be returned to the Government with interest. The risk of returning any unspent 1-4-1 receipts is managed by closely monitoring all affordable housing schemes.

9. Background Papers

2017/18 Budget and Council Tax FIN/401

Budget Strategy 2017/18 - 2021/22 FIN/386

Treasury Management Strategy 2017/18 FIN/404

Financial Outturn 2016/2017 FIN/411

Treasury Management Outturn 2016/17 FIN/412

Contact Officer: - Paul Windust Chief Accountant.

Direct Line: - 01293 438693

GENERAL FUND

Appendix 1 (i)

	Latest Estimate £000's	Projected Outturn £000's	Variance £000's
Cabinet	1,435	1,397	(38)
Public Protection & Community Engagement	1,595	1,614	19
Resources	1,130	1,100	(30)
Environmental Services & Sustainability	5,949	5,914	(35)
Housing	3,131	2,714	(417)
Wellbeing	7,066	7,045	(21)
Planning & Economic Development	(2,561)	(2,573)	(12)
	17,745	17,211	(534)
Depreciation & Capital Financing	(3,245)	(3,245)	0
Renewals Fund	400	400	0
NET COST OF SERVICES	14,720	14,186	(534)
Interest on Balances	(645)	(767)	(122)
Council Tax	(6,624)	(6,624)	0
RSG	(1,036)	(1,036)	0
NNDR	(4,983)	(4,983)	0
New Homes Bonus	(1,432)	(1,440)	(8)
	(14,720)	(14,850)	(130)
Net contribution from / (-to) Reserves	0	(664)	(664)

In addition £106,000 is projected to be transferred to the Tilgate Park investment reserve.

Main Variations identified for 2017/18 - General Fund

	Q1 Variation £'000s	
<u>Cabinet</u>		
Corporate Policy Team – vacant post	(35)	One-off
Minor variations	(3)	
	(38)	
<u>Public Protection & Community Engagement</u>		
Minor variations	19	
	19	
<u>Resources</u>		
IT Business Support – staffing costs	24	One off To be reviewed Ongoing
Legal Services – vacant posts	(39)	
Print Services – vacant post	(32)	
Minor variations	17	
	(30)	
<u>Environmental Services & Sustainability</u>		
Community Wardens – Casual & Standby and vacant hours	(21)	
Minor variations - various	(14)	
	(35)	
<u>Housing</u>		
Benefits Administration – vacant posts	(74)	One-off Ongoing
Increased benefit overpayments recovered – fed into budget strategy	(350)	
Minor variations	7	
	(417)	
<u>Wellbeing</u>		
Minor variations	(21)	
	(21)	

Planning & Economic Development

Minor variations

12

One-off

(12)

TOTAL GENERAL FUND VARIANCES

(534)

Investment interest above budget

(122)

Ongoing

New Homes Bonus

(8)

One-off

TOTAL VARIANCES

(664)

HOUSING REVENUE ACCOUNT			
Expenditure Description	Latest Estimate £'000s	Projection £'000s	Variation £'000s
Income			
Rental Income	(44,888)	(45,006)	(118)
Other Income	(1,854)	(1,894)	(40)
Interest received on balances	(79)	(79)	0
Total income	(46,821)	(46,979)	(158)
Expenditure			
Employees	3,431	3,520	89
Repairs & Maintenance	10,883	10,883	0
Other running costs	2,212	2,182	(30)
Support services	2,650	2,650	0
	19,176	19,325	59
Net (Surplus) / Deficit	(27,645)	(27,744)	(99)
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	19,323	19,421	99
Total	27,605	27,744	99

F

F

-

F

U

F

F

F

U

F

Main Variations Identified - Housing Revenue Account

	Q1 Variation £'000s
Income	
<u>Rental Income</u>	
Dwellings rental income - Voids omitted and re-let at target rent	(70)
83, 85 & 87 Three Bridges Road Hostel rental income - delay in decant	(55)
	7
Shared Owners shortfall due to 3 buy backs	
<u>Other Income</u>	
Income from Insurance Claims	(29)
83, 85 & 87 Three Bridges Road Hostel service charge - delay in decant	(11)
	(158)
Employees	
Leasehold Services Post Vacant until Oct'17 & Remaining hours vacant	(33)
Repairs Team - Maternity leave and not looking to backfill at present	(27)
Sheltered Management Restructure (including Redundancies)	55
Vacancy Provision not met within services due to no vacant posts	78
Minor Variations	7
	10
Other Running Costs	
Leasehold Premises Insurance Premium - following a tender, the premium rate was reduced significantly	(54)
Council Tax due to continuous extensive voids work	15
Minor Variations	9
	(30)
TOTAL VARIANCES	(99)

Capital 2017/18 Q1

Appendix 2

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
Town Centre	955,400		955,400			1,915,700	
Queens Square Env Imp	1,977,800	829,230	1,977,800				
Queensway	36,000	4,083	36,000			1,055,000	
Town Centre Signage	11,000		11,000				
High Street Safety Improvements	30,000		30,000				
Broadfield Barton	2,500		2,500				
Photovoltaic Sys - Cncl Bldngs	33,500		33,500				
Town Hall - Mtce	127,700		127,700				
Solar Pv Cbc Operational Bldngs	243,000		243,000				
New Town Hall Design	89,800	14,000	89,800				
Town Hall Refurbishment)	52,100	3,804	52,100				
Town Hall - Decant)		5,528					
Town Hall - Design & Construct)		38,136					
TOTAL CABINET PORTFOLIO	3,558,800	894,782	3,558,800			2,970,700	

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
Ict Capital - Future Projects	115,850		115,850				
On Line Self Service	35,200		35,200				
Enterprise Content Migration	116,200		116,200				
Relocation Of Data Centre	10,500	11,080	10,500				
Mobile Working (Ict)	29,550	1,241	29,550				
Ict Replacements	4,200		4,200				
Navmap Replacement	15,500		15,500				
Q - Matic	16,100	6,457	16,100				
TOTAL CUSTOMER & CORPORATE SERVICES PORTFOLIO	343,100	18,778	343,100				

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
New Cemetery	441,800	263,557	441,800				
Cycling Signage Infrastructure	3,300	439	3,300				
K2 Crawley Heat Network (Heat N Power)	375,500				375,500	625,500	
Cycle Paths	25,300		25,300				
High St Sussex Hse Cycle Path	9,700		9,700				
Boulevard Cycle Path							94,000
A2 Crawters-B1/14mall Cycle Pth	80,000	8,628	80,000				
County Mall Path	23,000		23,000				
Heat Network	2,000		2,000			1,247,400	
Community Safety Initiatives	118,900	52,709	118,900				
Ifield Drive	20,500	372	20,500				
Camber Close	64,800		64,800				
Lavant Close	85,900	851	85,900				
Fisher Close	46,000		46,000				
Scallows Close	83,000	36,394	83,000				
Flooding Emergency Works	30,000	15,486	30,000				
Ifield Mill Pond Improvements	41,300	6,205	41,300				
Tilgate (Ea Flood Alleviation)	1,900		1,900				
Grattons Park P/Hill Flood Wks	14,100		14,100				
Creaseys Dr B/Field Flood Wks	65,100		65,100				
Cheals Broadfield Pond	50,000	835	50,000				
Titmus Lake Tgate & F/Green	42,000		42,000				
Stafford Bridge Ifield Green						78,900	
Waterlea Furnace Grn Flood Wks	124,900	2,148	124,900				
Billington Drive Maidenbower		493				28,000	
Tilgate Silt Lake Flood Works	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	640	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	18,683	49,200				
Park Close M/Bower Flood Wks							
TOTAL ENVIRONMENT PORTFOLIO	1,829,200	407,440	1,453,700		375,500	2,334,500	94,000

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
Investment Property Acquisition	5,000,000		5,000,000				
Manor Royal Business Group						200,000	
Three Bridges Station						1,500,000	
TOTAL PLANNING & ECONOMIC DEVELOPMENT PORTFOLIO	5,000,000		5,000,000			1,700,000	

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
Housing Enabling	20,000		20,000			1,200,000	
Future Schemes (Town Hall)						1,842,800	
Temp Accom Acquisitions	273,700		273,700				
College C/Pk - Affordable Hsg						3,465,000	
Disabled Facilities Grants	946,329	172,332	946,329			48,000	
Home Insulation Grants		1,082	1,082	(1,082)			
Improvement/Repair Loans	50,000	11,433	50,000			50,000	54,700
TOTAL HOUSING (GENRAL FUND) PORTFOLIO	1,290,029	184,847	1,291,111	(1,082)		6,605,800	54,700

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
Vehicle Replacement Programme	265,500	85,288	265,500				
Travellers Prevention Measures						15,000	
Broadfield Barton -Play Refurb	56,500		56,500				
Ifield Community Facilities	22,800		22,800				
Refurb Playgrounds Future Sche	39,600		39,600				
Skate Park Equipment						46,000	
Memorial Gardens Improvement	36,900		36,900				
New Museum Tree (Hlf)	742,300	9,000	742,300				
K2 Crawley -Poolside Timing Equipment	85,200		85,200				
K2 Crawley -Poolside Sauna & Steam Room	40,000		40,000				
Hawth Air Conditioning Replace	45,000		45,000				
Pm-Ch/Lane Cc Windows & Doors						10,400	
Worth Park Discovery Trail	40,000		40,000				
Pm-Mbower Cc Toilet Refurb	9,600	10,549	9,600				
Pm-Sgate West Cc Roof Improve						46,000	
P/H Wakehams 15/16 Ply Refurb	65,000		65,000				
West Green 15/16 Ply Refurb	5,000		5,000				
K2 Crawley -Replace Artificial Turf Pch						185,000	
K2 Crawley -Expansion Of Fitness Area	940,400	4,264	940,400				
Tilgate Park & Nature Centre	179,500	60,072	179,500			90,000	
Nature Ctre Wildlife Ctre	174,300	20,415	174,300			109,000	
Railey Road Allotments	2,800		2,800				
Ifield Rd West Grn Allotments	2,800		2,800				
Tilgate Pk&Nc Sustainable Heat	249,000		249,000				
Ditchling Hill 17/18 Play Rfb	65,000		65,000				
Ewhurst Rd 17/18 Play Rfb	65,000		65,000				
Gainsborough Rd 17/18 Play Rfb	65,000		65,000				
Kilnmead CI 17/18 Play Rfb	13,000		13,000				
Three Bridges Play Area	61,500		61,500				
Tilgate Park Access Road	34,000	22,755	34,000				
Pm-Vehicle Wkshp Heat Plnt Rep						19,000	
Tilgate Pk Pedestrian Crg	8,000	7,992	8,000				
Adventure Playgrounds						200,000	200,000
K2 Crawley Additional Parking	20,000		20,000			150,000	
TOTAL LEISURE SERVICES PORTFOLIO	3,333,700	220,335	3,333,700			870,400	200,000

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
TOTAL GENERAL FUND	15,354,829	1,726,182	14,980,411	(1,082)	375,500	14,481,400	348,700

Rewiring	1,200,000	91,610	1,200,000			1,200,000	1,200,000
Roof Structure (I.E Soffits)	600,000	48,028	600,000			600,000	600,000
Windows	300,000	108,313	300,000			300,000	300,000
Structural Works	80,000	28,841	80,000			80,000	80,000
Renovation And Refurbishment	200,000	642	200,000			200,000	200,000
Insulation	200,000	3,106	200,000			250,000	250,000
Kitchens	850,000	302,785	850,000			850,000	850,000
Bathrooms	550,000	108,697	550,000			550,000	550,000
Common Areas	20,000	21,636	20,000			20,000	20,000
Adaptations For The Disabled	300,000	3,011	300,000			300,000	300,000

Sheltered Major Works	250,000	6,600	250,000			100,000	100,000
Boilers	1,800,000	517,156	1,800,000			1,800,000	1,800,000
Disabled Adaptations-Mjr Room	950,000	199,726	950,000			950,000	950,000
Legionella	50,000		50,000			50,000	50,000
Energy Efficiency- Lighting	80,000		80,000			80,000	80,000
External Environmental Work	50,000	5,105	50,000			100,000	100,000
151 London Road (New Build)						250,000	
Intercom Upgrade	50,000		50,000			50,000	50,000
Major Insulation Energy Efficcy	2,800,000	628,794	2,800,000			1,800,000	1,800,000
Hostels	600,000	49,833	600,000			500,000	250,000
Ren Con Studio Flats Blocks	350,000	88,759	350,000			100,000	100,000
Garages	386,000	44,722	386,000			200,000	200,000
TOTAL HRA IMPROVEMENTS	11,666,000	2,257,362	11,666,000			10,330,000	9,830,000

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
Acquisitions Buy Back Of Dwgs	221,250	221,250	221,250				
Acquisitions Of Land							
Purchase Of Properties	1,778,750		1,778,750			1,000,000	1,000,000
Kilnmead (Hra)	310,000	32,879	310,000			4,507,000	765,300
Gales Place (Hra New Build)	80,000		80,000				
Forge Wood (Hra Development)	300		300			2,421,000	131,000
Southern Counties Hsg	2,667,000		2,933,873		(266,873)	4,625,127	
Telford Place Development	250,000	3,188	250,000			6,024,200	5,667,000
Woolborough Road Northgate	543,000	5,117	543,000			1,281,000	
Goff's Park -Depot Site - Hra	2,350,000	6,113	2,350,000			4,684,000	409,000
83-87 Three Bridges Road - Hra	185,000	31,180	185,000			2,392,000	
Dobbins Place -Hra	255,000	21,358	255,000			1,091,000	
Barnfield Road- Hra	873,500		873,500				
Forge Wood Phase 2	1,983,000	879,831	1,983,000			939,000	8,869,000
257/259 Ifield Road	510,000	5,367	510,000			760,000	
Forge Wood Phase 3	2,253,000	1,922,524	2,253,000			2,534,000	4,641,000
Prelims	100,000		100,000			400,000	
TOTAL OTHER HRA	14,359,800	3,128,807	14,626,673		(266,873)	32,658,327	21,482,300

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
TOTAL HRA	26,025,800	5,386,168	26,292,673		(266,873)	42,988,327	31,312,300
TOTAL CAPITAL PROGRAMME	41,380,629	7,112,350	41,273,084	(1,082)	108,627	57,469,727	31,661,000

FUNDED BY							
Capital Receipts	7,497,051	2,946,094	7,122,633	(1,082)	375,500	10,667,400	254,700
Capital Reserve	5,000,000		5,000,000				
Disabled Facilities Grant	787,829	172,332	787,829				
Lottery & External Funding	1,319,536	711,751	1,319,536				
MRR	23,187,711	2,273,836	23,187,711		(266,873)	34,658,529	27,089,800
Replacement Fund/Revenue Financing	(19,841)	91,745	247,032			64,000	
Section 106	503,381	61,621	503,381				94,000
1-4-1	3,104,962	854,970	3,104,962			12,079,798	4,222,500
TOTAL FUNDING	41,380,629	7,112,350	41,273,084	(1,082)	108,627	57,469,727	31,661,000

Crawley Borough Council



Minutes of Cabinet

Wednesday 28 June 2017 at 7.30pm

Present:

Councillor	
P K Lamb	(Chair of Cabinet and Leader of the Council)
M G Jones	(Cabinet Member for Public Protection and Community Engagement)
S J Joyce	(Deputy Leader of the Council and Cabinet Member for Housing)
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)

Also in Attendance:

Councillors	B J Burgess and D Crow
-------------	------------------------

Officers Present:

Natalie Brahma-Pearl	Chief Executive
Ann-Maria Brown	Head of Legal and Democratic Services
Peter Browning	Deputy Chief Executive
Karen Dodds	Head of Crawley Homes
Karen Hayes	Head of Finance, Revenues and Benefits
Mez Matthews	Democratic Services Officer

1. Apologies for Absence:

No apologies for absence were received.

2. Members' Disclosure of Interests

The following disclosures of interests were made by Members:-

Member	Minute Number	Subject	Type and Nature of Disclosure
Councillor M G Jones	Minute 14	Authority to Appoint a Contractor for Goffs Park Development	Personal Interest – member of the Environmental and Community Services Select Committee at West Sussex County Council
Councillor P C Smith	Minute 10	Financial Outturn 2016/2017	Personal Interest – Board Member for Manor Royal Business Group

3. Minutes

The minutes of the meeting of the Cabinet held on [22 March 2017](#) were approved as a correct record and signed by the Chair.

4. Public Question Time

There were no questions from the public.

5. Further Notice of Intention to Conduct Business in Private and Notifications of any Representations

The Head of Legal and Democratic Services reported that no representations had been received in respect of report CH/172.

6. Matters Referred to the Cabinet

It was confirmed that no matters had been referred to the Cabinet for further consideration.

7. Report from the Chair of the Overview and Scrutiny Commission

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.

8. Treasury Management Outturn for 2016/17

The Cabinet considered report [FIN/412](#) of the Head of Finance, Revenues and Benefits. The Cabinet was informed that Councillors were required under regulations to regularly review and scrutinise the Council's treasury management policy and performance. The report provided details of the outturn position for treasury activities and highlighted compliance with the Council's policies previously approved by Councillors.

The Cabinet noted the Overview and Scrutiny Commission's comments including their support from its meeting on 26 June 2017. The Leader responded to an issue raised at the Overview and Scrutiny Commission and confirmed that the company in question was not involved in armaments. The Cabinet then agreed the recommendations.

RESOLVED

That the Cabinet:

1. Approve the actual 2016/17 Prudential and Treasury Indicators as set out in report FIN/412.

2. Note the Annual Treasury Management Report for 2016/17.

Reason for Decision

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2016/17. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

9. K2 Crawley – Leisure Management Procurement

The Cabinet considered report [HPS/009](#) of the Head of Partnership Services which considered options for the future management of K2 Crawley and made recommendations for the preferred procurement route and service priorities to be reflected in the procurement process.

The Cabinet noted the comments which had been made by the Overview and Scrutiny Commissions in particular:

- Concern regarding the length of the contract (featured in recommendation 'a'). As a result the Commission recommended to Cabinet that 10 or 15 years be offered simultaneously, together with the consideration of incentives and break clauses.
- Support for establishing a cross party working group (recommendation 'd'). However it was felt that the size was currently too small and the Commission therefore recommended to Cabinet that the membership of the cross party working group be 4:3.

The Cabinet supported the Commission's proposal that the membership of the working group be increased to 4:3, however it was of the view that more detailed financial information was necessary before a decision could be taken on the length of the contract. The Cabinet then agreed the recommendations with the revised working group ratio.

RESOLVED

That the Cabinet:

1. Approve the recommended procurement approach and process for the future management of K2 Crawley, Broadfield 3G Pitch and Bewbush Gym, as set out in paragraphs 6.2 to 6.10 of report HPS/009.
2. Approve the recommended tender evaluation model as set out in paragraphs 6.11 to 6.12 of report HPS/009.
3. Approve a supplementary capital estimate of £170,000 to provide a further 79 car parking spaces (subject detailed design and planning approval) within the main K2 Crawley car park as outlined in paragraph 6.13 of report HPS/009. The supplementary capital estimate to be funded from useable capital receipts.
4. Agree to establish a cross party working group (4:3) to oversee the proposed procurement and tender evaluation process as set out in paragraph 6.15 of report HPS/009 and for the Head of Legal and Democratic Services to liaise with Group Leaders to obtain nominations.

5. Note that a further report will be brought to Cabinet in due course seeking approval of a preferred leisure management contractor.

Reason for Decision

The recommendations are required to ensure management arrangements for K2 Crawley are in place after the expiry of the current contract in November 2018. The recommended procurement process aims to provide a balance between financial sustainability and supporting the Council's Budget Strategy whilst ensuring a high quality inclusive service which continues to support the wider health and wellbeing agenda for residents.

10. Financial Outturn 2016/2017

The Cabinet considered report [FIN/411](#) of the Head of Finance, Revenues and Benefits which set out a summary of the Council's outturn for the year for both revenue and capital spend. The Cabinet congratulated officers on achieving such a positive outturn for the year and agreed the recommendations.

RESOLVED

That the Cabinet:

1. Note the outturn for the year 2016/2017 as summarised in report FIN/411.
2. Approve an allocation of £11,000 from the £0.966m capital programme budget allocated for the Town Centre in 2017/18 to undertake design, style and format proposals for new signs as outlined in Paragraph 8.17 of report FIN/411. A further recommendation to draw down from this budget will be made at a later date to undertake this project.
3. Note the three S106 funded schemes that were added to the capital programme as outlined in Paragraph 9.1 of report FIN/411.
4. Approve a capital budget of £82,100 to be funded from S106 contributions for the Manor Royal Cycle Path as outlined in Paragraph 9.2 of report FIN/411.
5. Approve a capital budget of £23,000 which will be funded from S106 contributions for the County Mall Cycle Path as outlined in Paragraph 9.3 of report FIN/411.
6. Approve a capital budget of £30,000 which will be funded from S106 contributions for High Street Safety Improvements as outlined in Paragraph 9.4 of report FIN/411.
7. Approve the Play refurbishment schemes as identified in Paragraph 9.5 of report FIN/411 to be funded from S106 contributions.

That the Cabinet request that Full Council:

8. Approve an amended supplementary capital estimate as detailed in Paragraph 8.21 of report FIN/411 below of £3.465m, funded from £2.550m of 1-4-1 receipts and £915,000 from useable capital receipts.

Reason for Decision

To report to Councillors on the outturn for the year compared to the approved Budget for 2016/17.

11. Crawley Homes Gas Repair Servicing and Renewal, Responsive Repairs, Voids and Planned Works Options for Service Provision

The Cabinet considered report [CH/173](#) of the Head of Crawley Homes which outlined options for the future delivery and management of Crawley Homes repairs services at the expiration of the current contracts in 2019. The report also sought direction from the Cabinet as to the preferred option.

The Cabinet Member for Housing proposed that a cross party working group be established with a membership of 3:2 to evaluate the options for service provision, the proposal was agreed by the Cabinet. The Cabinet then agreed the recommendations contained within the report including the establishment of a cross party working group.

RESOLVED

That the Cabinet:

1. Note the options for the delivery and management of Crawley Homes repair services as set out in report CH/173.
2. Approve the outsourcing model of service provision for Crawley Homes gas repair servicing and renewal and for the provision of responsive repairs, voids and planned works.
3. Delegate authority to the Head of Crawley Homes in consultation with the Cabinet Member for Housing to commence an OJEU procurement exercise for gas repairs, servicing and renewal for a contract to commence 1st April 2019.
4. Delegate authority to the Head of Crawley Homes in consultation with the Cabinet Member for Housing to commence an OJEU procurement exercise for responsive repairs, voids and planned works for a contract to commence 1st April 2020.
5. Note that further Cabinet authority will be required for the award of any contract for the provision for gas repair and servicing and the provision of responsive repairs, voids and planned works.
6. Authorise the Head of Crawley Homes to procure the appointment of Procurement and Specialist Legal Advisors, which will be met from existing budgets as outlined in Paragraphs 7.2 and 7.3 of report CH/173.

7. Delegate to the Head of Crawley Homes in consultation with the Cabinet Member for Housing to evaluate the options for alternative provision of a repairs contact centre. To note that the estimated additional cost to the Council for this service is £148,041 outlined in Paragraphs 6.6 and Appendix 1 of report CH/173, and the aim of the review would be to mitigate the additional costs or find acceptable alternatives.
8. Subject to a satisfactory review as outlined in Paragraph 2.7 of report CH/173, delegate authority to the Head of Crawley Homes in consultation with the Cabinet Member for Housing and Head of Finance, Revenues and Benefits, to negotiate with the current contractors Mears and Mitie to put in place an agreed alternative which might include the in-house option with transfer to the Council (TUPE), of call handling staff and for the Council to deliver this aspect of the service in advance of the appointment of a contractor for gas repair and servicing in 2019.
9. Note that additional ICT support may be required as set out in Paragraph 7.4 of report CH/173 to be funded through the current HRA Consultancy Budget with any additional costs for work required to be included within the HRA budget for 2018/19 as outlined in Paragraph 7.5 of report CH/173.
10. Agree to establish a cross party working group (3:2) to evaluate the options for service provision.

Reason for Decision

To ensure that the provision of repairs and maintenance continues to be provided to Council tenants and leaseholders.

12. Terms of Reference and Nominations for 2017-2018

The Cabinet considered report [LDS/131](#) of the Head of Legal and Democratic Services which sought approval of the Terms of Reference for the advisory group, working groups and support group which related to Cabinet functions. The Cabinet noted that, in relation to the Local Plan Working Group, the Labour Group had nominated Councillors M Ayling, C Cheshire, S Joyce, T Lunnon, A Skudder, P Smith and G Thomas.

RESOLVED

That, subject to the inclusion of Councillors M Ayling, C Cheshire, S Joyce, T Lunnon, A Skudder, P Smith and G Thomas on the membership of the Local Plan Working Group, the Terms of Reference and representatives for the Budget Advisory Group, Local Plan Working Group, Economic Regeneration Working Group and Member Development Executive Support Group be as indicated in report LDS/131.

13. Exclusion of the Public

RESOLVED

That in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act by virtue of the paragraph specified against the item.

14. Authority to Appoint a Contractor for Goffs Park Development

(Exempt Paragraph 3 (information relating to financial and business affairs of any particular person (including the Authority holding that information)))

The Cabinet considered report CH/172 of the Head of Crawley Homes which sought approval for the authority to enter into a Design and Build Contract for construction at Goffs Park Depot, Southgate, Crawley.

RESOLVED

That, subject to planning permission being granted, approve the appointment of the company identified in Paragraph 2.1 of report CH/172 under a single stage Design and Build Contract for the development at the Goffs Park Depot site. That the contractor work with the Council to undertake the detailed design and construction of the final scheme.

Reason for Decision

1. To provide housing for Crawley residents in need from the Housing Register.
2. To continue the delivery of dwellings funded from the HRA as part of the HRA Business Plan and the Council's Right to Buy receipts (one-for-one) funding programme.

15. Closure of Meeting

With the business of the Cabinet concluded, the Chair declared the meeting closed at 8.00pm.

P K LAMB
Chair

Crawley Borough Council

Report to Overview and Scrutiny Commission 4 September 2017

Report to Cabinet 6 September 2017

Budget Strategy 2018/19 – 2022/23

Report of the Head of Finance, Revenues and Benefits, **FIN/417**

1. Purpose

- 1.1 The 2018/2019 General Fund and Housing Revenue Account Budgets and the updated capital programme will be determined by the Full Council in February 2018. This report sets out the projected financial position for 2018/19 to 2022/23 for the General Fund and the underlying assumptions.
- 1.2 The report also sets the policy framework for the budget process recognising that there are a range of options for capital investment, income generation, savings and Council Tax levels, none of which can be considered in isolation. The overall objective is to work towards a balanced General Fund budget over a three year period.
- 1.3 A separate report on the Housing Revenue Account's capital investment programme will be considered by the Budget Advisory Group ahead of the Budget report to Cabinet and Full Council in February 2018.
- 1.4 At this stage any implications associated with providing the New Town Hall and the re-tendering of the K2 Crawley Leisure contract have been excluded from assumptions. Once decisions on these two projects are agreed the budget projections will be updated.

2. Recommendations

2.1 To the Overview & Scrutiny Commission

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

2.2 To the Cabinet:

The Cabinet is asked to recommend to Full Council the approval of the Budget Strategy 2018/19 to 2022/23 and to:

- (a) **Note, for the purpose of projections, the current budget deficit of £84,000 for 2018/19 on the basis of a Council tax increase of £4.95 on a Band D in 2018/19.**

- (b) **Work towards balancing this over a three year period, including putting back into reserves when the Budget is in surplus.**
- (c) **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, this will include areas where additional resources need to be redirected.**
- (d) **Note that items for the Capital Programme are driven by the need for the upkeep of council assets and environmental obligations and schemes will also be considered that are spend to save or spend to earn.**

3. Reasons for the Recommendations

- 3.1 To set a Strategy for savings and income generation and working towards a balanced budget over three years. Including putting back into reserves when in surplus.
- 3.2 To determine the criteria for capital programme bids.

4. Background

- 4.1 The local government finance system has become increasingly complex. The difficulty of predicting what factors such as interest rates, grant funding and energy costs will be in two to five years' time is further complicated by uncertainty regarding the financial impact of the Government's welfare reform programme and future income from retained business rates. It is however certain that the amount of money available to district and borough councils will continue to reduce over the next five years.

- 4.2 This Budget Strategy report has been delayed from June due to the General Election. On the 21 June 2017, the Queen's Speech outlined the Government's intention with regard to legislation for the coming parliament. There was no specific mention of the Local Government Finance Bill, which, amongst other things, was to lay down the arrangements for 100% business rates retention. However, the briefing paper which accompanied the speech states, under other measures, that "the programme will also include three finance bills to implement budget decisions." There are currently no other details available.

On [17 December 2015](#) the Department of Communities and Local Government (DCLG) announced that councils would be able to achieve greater certainty and confidence from a DCLG 4 years Budget Settlement (this covers 1 April 2016 to 31 March 2020). The offer covered all councils that receive Revenue Support Grant (RSG), from 2016/17 to 2019/20. However the scope just covers the RSG element which is set to decline nationally from £7.4bn in 2016/17 to £2.3bn in 2019/20. The proposals show that Crawley will receive just £59,107 in RSG in 2019/20. This is compared to £4.9m received in 2013/14.

- 4.3 The 2018/19 General Fund and Housing Revenue Account Budgets and the revised capital programme will be set by the Full Council in February 2018. This will be informed by the recommendations of the Budget Advisory Group and will take into account the efficiencies, increased income and savings achieved through a refreshed transformation programme and budget challenge process led by the Corporate Management Team. Work to address this has started and will continue over the summer and autumn.

- 4.4 Many of the underlying financial assumptions in this report apply equally to the Housing Revenue Account as to the General Fund (for example inflation and employee related costs). However, the financial position of the Housing Revenue Account (HRA) is heavily influenced by the financing regime introduced in April 2012.

Under this regime the Council has taken on debt of £260.325m and determined a repayment profile which gives it the capacity to spend capital sums to achieve some of its objectives for housing. This includes a comprehensive stock investment programme and the building of new Council homes.

However this was complicated by the Government's announcement in the July 2015 Budget that rents are to be reduced by 1% per annum for 4 years from 2016/17. This reduced the Council's ability to invest in the provision of new housing. In addition inflation is at its highest level since 2013 and will impact on the costs of paying for goods and services.

5. Key Assumptions

- 5.1 This report provides details of budget projections for a five year period, 2017/2018 to 2022/2023. There are a number of key assumptions affecting the projections. A summary table is shown in paragraph 5.11.

5.2 External support

In the 2016/2017 Local Government Finance settlement, the reductions for the Council's Revenue Support Grant are shown in the table below

	2016/17	2017/18	2018/19	2019/20
Provisional RSG	£1.76m	£1.04m	£0.57m	£0.06m
Percentage reduction	-32.35%	-41.64%	-44.54%	-89.72%

The 2019/20 figures show that the Council will receive £59,107 in Revenue Support Grant and no grant thereafter.

5.3 Retained Business Rates

Although the Council will collect in excess of £116 million in business rates, the amount it retains is much smaller. One of the main reasons for this is that the Government retains 50% of the rates collected and West Sussex County Council retains 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 Council's retained share is more than 7.5% below a Government set figure (safety net) or above it (a levy of 50%).

The Council is in a levy position, so as a result every additional £1 that it collects above its funding target it keeps 40p.

An annual increase of 2.5% in business rates is included in the Budget Strategy. This will be reviewed regularly. This will allow for annual increases in inflation to the business rates multiplier and an allowance for assumed growth in local business together with a provision for appeals from ratepayers.

Any in year variations from this budget will be transferred to/from the business rates equalisation reserve. When the reserve exceeds £5m the surplus is transferred to the capital programme reserve.

The March 2016 budget saw that the increase in the Business rates multiplier will be switched from RPI to CPI from 2020. The multiplier is the annual increase in business rates determined by the Government. CPI tends to go up more slowly than RPI so this change is likely to reduce the buoyancy in the Business rates yield. Over time this will make a significant impact on the resources that are available to local government as a sector.

5.4 Pay Award

Local Government pay is negotiated nationally and the Council has no direct influence on the settlement. The Budget Strategy assumes a 1% award for 2018/19, the table in 5.11 shows future assumptions. Pay is subject to national negotiations; a 1% increase in the pay award equates to £184,000.

5.5 Investment Interest

5.5.1 The Council has traditionally relied heavily on investment interest to support the revenue budget. However, interest rates remain low and the level of interest received has reduced over recent years.

5.5.2 The Bank of England reduced the base rate to 0.25% in August 2016. At this time it appears likely that it will remain at this level until Q1 2019. The state of political uncertainty remains in place and this, alongside Brexit negotiations weigh on the economy, household sentiment and thus interest rate outlook over the medium term.

5.5.3 An average investment rate of 0.55% has been assumed for 2018/19 increasing to 0.75% in 2019/20, and 1.00% in 2020/21. Interest rate projections will be kept under constant review during the year.

5.5.4 Expenditure on the capital programme results in reduced investment income as there are fewer resources available for investment, delays in the capital programme result in higher balances available than anticipated for investment.

5.6 Pensions

5.6.1 The actuarial revaluation of the pension fund managed by West Sussex County Council has resulted in a 0.5% increase in contributions annually in 2018/19 and 2019/20.

5.7 General Inflation

In recent years many budgets have been frozen or reduced which has compensated for those budgets that have increased by more than the base assumption (for example energy and fuel). The Budget Strategy assumes that contract costs linked to inflation indices will increase by 3.0% in 2018/19, increasing to 3.2% by 2022/23. These assumptions will be updated over the coming months. No allowance has been made for inflation on other general running expenses.

5.8 New Homes Bonus

5.8.1 The Government introduced the New Homes Bonus to give local authorities additional money for each new residential property created in the area. Local authorities would receive a sum equivalent to the average national Council Tax for a property in that band for each of the following six years. For example, an additional band D property will result in £1,530 being paid for six successive years.

- 5.8.2 There is an additional payment of £350 for each year if the property falls into the definition of affordable housing. This additional element is paid a year in arrears. In two tier areas the District or Borough Council receives 80% of the bonus and the County Council 20%.
- 5.8.3 The New Homes Bonus was in the past paid each year for six years, this has been reduced to five in the current year and then to four from 2018/19. The bonus was also reduced in the current year to reflect estimates of 'deadweight'; this is where building would have taken place even if there had not been an incentive.
- 5.8.4 The New Homes Bonus for 2018/19 is projected to be £1.396m and is calculated to £0.850m by 2022/2023.

5.9 Fees and Charges

An average increase in income budgets of 2% is assumed for 2018/19 onwards.

5.10 Cost of homelessness

The Government has recently announced that The Homelessness Reduction Act 2017 will be implemented on 1 April 2018. This will place increased duties and service demands on the Council. These include a duty to start assessing and providing advice to someone at risk of being made homeless 56 days before losing their home rather than at the current 28 day trigger point. Demand on the service is expected to increase by 30-50%. There will be limited funding from the Government to support the implementation of the new duties. The funding formula, detailed code of guidance and IT systems to support the new ways of working are still being developed. Consequently the full impact on the budget is not yet known so has not been included in these projections.

5.11 Summary of assumptions

	<u>18/19</u>	<u>19/20</u>	<u>20/21</u>	<u>21/22</u>	<u>22/23</u>
Business rate income*	+2.5%	+2.5%	+2.0%	+2.0%	+2.0%
New Homes Bonus	-£35k	-£43k	-£57k	-£233k	-£300k
Pay award	1.0%	1.0%	1.5%	2.0%	2.0%
Av. interest rate	0.55%	0.75%	1.00%	1.25%	1.75%
Running costs	0%	0%	0%	0%	0%
Contracts (RPI)	3.0%	3.5%	3.6%	3.2%	3.2%
Customer receipts	2.0%	2.0%	2.0%	2.0%	2.0%
Tax base increase (percentage of new properties for Council tax)	1.5%	1.5%	1.5%	1.0%	1.0%
Council Tax increase (for estimating purposes)	2.6%	2.4%	2.4%	2.3%	2.3%

*Business rates equalisation reserve will be used to absorb any fluctuations from the 2.5%.

The tax base increase assumes the number of Band D properties in Crawley has increased due to the current building programme including Forge Wood.

6. Budget Projections 2018/19 to 2022/23

6.1 The table below summarises the budget projections based on the assumptions above.

	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s
Base budget	14,814	14,980	15,300	15,645	16,124
Investment interest	(508)	(687)	(932)	(1,134)	(1,310)
Net budget	14,306	14,293	14,368	14,511	14,814
Funded by:					
Council Tax	6,933	7,030	7,200	7,346	7,516
New Homes Bonus	1,396	1,440	1,383	1,150	850
Retained Business Rates	4,681	4,798	4,918	5,016	5,116
Section 31 Grant*	637	653	669	683	696
Revenue support Grant	575	59	0	0	0
Budget Gap	84	313	198	316	636

* Section 31 Grant is payable by the Government when they give business rate discounts for small businesses

6.2 There is a budgeted shortfall in 2018/19 of £84,000, increasing to £636,000 by 2022/23. The aim is to have a balanced budget over a three year period. In the event of an in year surplus this will be transferred to reserves. These figures however do not include any savings from re-tendering the K2 Crawley Leisure contract or the New Town Hall proposals at this stage. The gap is smaller than previously projected as some savings, increased income and efficiencies identified as part of the outturn report have been included in these projections.

6.3 The assumptions above include a provision for a Council Tax increase close to £5 (£4.95 in 2018/19) per annum on a Band D property, this is less than 10p per week. The aim is to work to keep council tax low without compromising local services. As part of the settlement announcement in February 2016 the Government will allow Councils to increase their Council tax by £5 per year for three years.

6.4 Budget pressures

The Government following the General Election has confirmed its continued commitment to a fair funding review; as a way of addressing concerns about the fairness of current funding distributions to local authorities; however details of this are not yet available so have not been included in the projections.

Although the budget gap above is small there are some pressures on future budgets. These include

- Data and information management and IT staffing levels
- Economic development team running costs
- NASB team.

7. General Fund Reserves

7.1 The Council achieved a surplus General Fund in 2016/17 of £2.115m this was transferred to the capital programme reserve.

7.2 There are two purposes for holding reserves. The first is to have sufficient funds to be able to maintain services, both in the short and medium term. The second is to earmark funds

for specific purposes. There should be plans to spend earmarked reserves, even if the amount and timing of that spending is uncertain.

- 7.3 The level of reserves should be regularly reviewed. This is particularly true in the current situation. Local government has had reduced financial resources from the Government and it is clear that this is going to continue for several years. Other Government changes (for example the localisation of Council Tax Benefit and of Business Rates) have transferred significant risks to local authorities.
- 7.4 For both the Housing Revenue Account and the General Fund, the Council needs sufficient funds to be able to sustain services. In the case of the Housing Revenue Account the reserves are sufficient and no changes are proposed.
- 7.5 The 2016/17 Budget Strategy reduced the General Fund reserve from £8.5m to £4m and set up a separate business rates equalisation reserve for £5m. Any reserves available in excess of these sums are transferred to the Capital programme reserve.
- 7.6 During 2016/17 a review of earmarked reserves took place by the Corporate Management team to ensure that there are still plans for each reserve. Any considered excess reserves were to be transferred to the capital programme reserve. These transfers were reported in the Financial Outturn Report.

8. Investment Acquisitions

- 8.1 The Council purchased three investment properties which has a return on average of 6.6% per annum as compared to interest projections as shown in paragraph 5.11. Recent acquisitions of investment properties by other Local authorities are seeing the return on investments in the region of 5.2%; this is still significantly higher than interest projections.
- 8.2 As at 31 March 2017, a total of £14.2m had been spent on investment properties compared to £114m Treasury management investments at the end of the financial year. In the Budget strategy 2017/18 (FIN/386) the sum available was increased to £5m. No suitable properties have become available within this £5m limit since April 2016.
- 8.3 Officers would use the following criteria to assess potential purchases. It is expected that proposals should meet all of these criteria unless there are sound reasons not to.
 - i purchase price of less than £5m (unless more funds are made available).
 - ii preferably freehold, but if leasehold then at least 125 years left on lease, or the ability to purchase an extension to the lease length.
 - iii an income flow of 5 years duration, before either a lease renewal or tenant's option to break.
 - iv a covenant check of the tenant confirms the ability to perform the conditions of the lease, including payment of rent.
 - v the investment should be in such a condition that any further short term capital investment would be limited unless this could be met within the capital available.
 - vi whilst Crawley may be a preferable location, other locations within the South East will be considered.

9. Capital Funding

- 9.1 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. Schemes will be presented to the Budget Advisory Group later in the year for prioritisation. There is currently estimated £20.0m of capital resources uncommitted.

- 9.2 Any other specific bids will be presented directly to later meetings of the Cabinet.

10. Housing Revenue Account

- 10.1 Council on 22 February 2012 (FIN/257) approved the payment of £260.325m to the Department for Communities and Local Government as part of the Government's abolition of the previous housing subsidy regime. The money was borrowed via a series of loans from the Public Works Loan Board. The repayment dates vary between 2022/2023 and 2037/2038.
- 10.2 The net effect of these changes was that the HRA had budgeted for significant surplus over the coming years. This was to enable the Council to make capital investments that will help it achieve its corporate housing objectives. Investments already approved include the provision of housing at Breezehurst Drive and Brunel Place and Forge Wood. Changes to Right to Buy discounts and the announcement in the July 2015 budget that rents will decrease by 1% per annum for 4 years from 2016/17, resulted in fewer resources available to meet all aspirations.
- 10.3 The HRA 30 year plan is constantly being updated, and is reported to the affordable housing group. This takes both revenue and capital budget projections and shows resources available in for future investment in housing

11. Budget Process

- 11.1 The Budget Advisory Group will be meeting over the coming months to assess the policy implications of savings measures, future growth bids and business cases put forward to support proposals for capital investment including Crawley Homes. The report of the Chair of the Budget Advisory Group will be considered by the Cabinet in the New Year.
- 11.2 The Budget and Council Tax report will be considered by the Cabinet on 7 February 2018. The 2018/19 Budget will be set by Council on 21 February 2018.
- 11.3 Where budgetary proposals identify the need for the reduction of, or closure or discontinuance of a service, appropriate consultation will need to be carried out. The Council will also have to have due regard to the public sector equality duty under section 149 of the Equality Act 2010 in making their decisions. The equalities impact will be addressed on proposals as they are developed.

12. Background Papers

2017/18 Budget and Council Tax FIN/401
Budget Strategy 2017/18 - 2021/22 FIN/386
Treasury Management Strategy 2017/18 FIN/404
Financial Outturn 2016/2017 FIN/411
Treasury Management Outturn 2016/17 FIN/412
Financial Outturn 2014/15 Fin 362

Crawley Borough Council



Report to Cabinet 6 September 2017

2017/2018 Budget Monitoring - Quarter 1

Report of the Head of Finance, Revenues & Benefits FIN/418

1. Purpose

- 1.1 The report sets out a summary of the Council's actual revenue and capital spending for the first Quarter to June 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:

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

3. Reasons for the Recommendations

- 3.1 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 June 2017.

5. Budget Monitoring Variations

5.1 General Fund

The table below summarises the projected variances in the relevant Portfolio at Quarter 1.

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

	Variance projected at Quarter 1 £'000	
Cabinet	(38)	F
Public Protection & Community Engagement	19	U
Resources	(30)	F
Environmental Services & Sustainability	(35)	F
Housing	(417)	F
Wellbeing	(21)	F
Planning & Economic Development	(12)	F
Investment Interest	(122)	F
New Homes Bonus	(8)	F
TOTAL VARIANCES	(664)	F

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

5.2 Significant variances variations over £20,000

5.2.1 Cabinet

The Corporate Policy Team currently has a vacant post including the National Graduate Development Programme which is run by the Local Government association every two years.

5.2.2 Public Protection & Community Engagement

There are no significant variations to report this quarter.

5.2.3 Resources

There are additional staffing costs in the IT department as there is an interim Head of ICT in place pending a review of the service. Any future additional costs will be bid for during the budget process.

Legal & Democratic Services also have vacancies of £39,000 due to a restructure of the service and continuing temporary cover arrangements.

A review of the print service will result in staff savings of £32,000.

5.2.4 Environmental Services & Sustainability Services

The Community Wardens Service are holding vacant hours and have not spent the full standby and casual staffing budget in the first quarter.

5.2.5 Housing Services

There are vacant posts in the benefits team, a recruitment campaign is underway and posts are being advertised on a two year fixed term due to uncertainty over the roll out of Universal Credit.

Benefit overpayments –the implementation of HMRC's Real Time Information (RTI) initiative the number of invoices raised and recovered in respect of overpaid benefits where the claimant failed to provide all of their income has increased. Looking forward, measures have been put in place to monitor these overpayments more effectively by undertaking systems reconciliations; as a result budget projections will be more accurate. A provision for recovery has been built into the Budget Strategy.

5.2.6 Wellbeing

Tilgate Park & Nature Centre are projecting an additional income in excess of costs of £106,000 which is in line with the revenue effects of the phased capital development programme, this will be transferred to a reserve for reinvestment in the park and as such is not shown in the table above.

5.2.7 Planning & Economic Development

There are no significant variations to report this quarter.

5.2.8 Investment Income

Investment income is higher than projected due to higher balances than anticipated.

6. Virements

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

6.1 The Head of Finance, Revenues and Benefits agreed a virement of £50,000 from investment interest to ICT towards the costs of the interim Head of ICT.

The Head of Economy and Environment approved a virement of £50,000 from the asset team to Economic Development to fund inward costs of campaign materials, also for Employ Crawley scheme and towards the transport regeneration programme for the officer role at Three Bridges station.

7. Council Housing Service – Revenue

7.1 The table below provides details of the 2017/2018 HRA (Crawley Homes) variances.

Housing Revenue Account Variations

	Variation £000's	
Income		
Rental Income	(118)	F
Other Income	(40)	F
Interest Received on balances	0	-
	(158)	F
Expenditure		
Employees	89	U
Repairs & Maintenance	0	F
Other running costs	(30)	F
Support services	0	F
	59	U
Net (Surplus) / Deficit	(99)	F
Available to fund future investment in housing	99	

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

- 7.2 Additional Dwellings Rental income of £70,000 has been projected and this is being kept under review, this is when properties are re let at target rent.
- 7.3 Due to delays in the Decant at 83, 85 and 87 Three Bridges Road Hostel there will be additional income and service charge income.
- 7.5 There is a provision built into the budget for posts to be vacant for a period of time. There are fewer vacancies than anticipated.

8. Capital

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

	Latest Budget 2017/18	Spend to Qtr 1	Estimated Outturn 2017/18	Re- profiled (to)/from future years
	£000's	£000's	£000's	£000's
Cabinet	3,559	895	3,559	
Resources	343	19	343	
Environmental Services & Sustainability	1,829	407	1,454	(375)
Planning & Economic Development	5,000		5,000	
Public Protection & Community Engagement				
Housing Services	1,290	185	1,290	
Wellbeing	3,334	220	3,334	
Total General Fund	15,355	1,726	14,980	375
Council Housing	26,026	5,386	26,293	(267)
Total Capital	41,381	7,112	41,273	(108)

- 8.2 The major works to create Little Trees Cemetery are now complete and only minor works remain. Whilst waiting for the ground to settle, work is taking place marking out of grave spaces, arranging the installation of 'landings' for memorial headstones, consecrating of the Church of England Section and ensuring the approval of new rules and regulations before the new cemetery can be formally opened, which is likely to be towards the end of October 2017. Following consultation, the new rules and regulations are scheduled to go before Cabinet on 4th October 2017.
- 8.3 Due to the re-letting of the K2 Crawley Leisure Centre tender the order for the new CHP at K2 Crawley is on hold so that the council can obtain feedback from the tenders for the new Leisure contract on future heat and power requirements for any new leisure centre proposals.
As a result the budget in the current year of £375,500 has been slipped to 2018/19.
- 8.4 A review of the flooding budget has resulted in some schemes being realigned, this has been with the approval of the Cabinet Member for Environmental Services and Sustainability. A sum of £46,500 has been transferred from Creasys Drive to Cheals Broadfield Pond. In addition £72,500 has been transferred to Waterlea, Furnace Green, this was from Tilgate Silt Lake (£33,900) and Park Close, Maidenbower (£38,600).
- 8.5 The amount of Disabled Facilities Grant to spend in year is higher than anticipated as we received £787,729 from WSCC Better Care fund. Any unused Better Care Grant not spent by the end of financial year 2017/18 will have to be returned to WSCC.
- 8.6 There has been some HRA Development projects ahead of programme as follows:
- 8.6.1 Southern Counties Housing, £266,900 brought forward from 2018/19.

- 8.7 In the first quarter of 2017/2018 **sixteen** Council Houses with a sale value of £2,666,200 were sold compared to sixteen in the first quarter last year. Of these receipts £258,000 was paid over to the Government with the balance being retained by the Council with £682,000 available for general capital expense and £1,726,200 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.]
- 8.8 The total cumulative 1-4-1 receipts retained is £22,672,599 which can be used to fund 30% of any expenditure on new affordable housing. It cannot be used on schemes supported by HCA Funding.
- 8.9 To date, £8,370,520 of 1-4-1 receipts has been used to partially fund the purchase of properties. Any unused 1-4-1 receipts that are unspent within 3 years are to be returned to the Government with interest. The risk of returning any unspent 1-4-1 receipts is managed by closely monitoring all affordable housing schemes.

9. Background Papers

2017/18 Budget and Council Tax FIN/401

Budget Strategy 2017/18 - 2021/22 FIN/386

Treasury Management Strategy 2017/18 FIN/404

Financial Outturn 2016/2017 FIN/411

Treasury Management Outturn 2016/17 FIN/412

Contact Officer: - Paul Windust Chief Accountant.

Direct Line: - 01293 438693

GENERAL FUND

Appendix 1 (i)

	Latest Estimate £000's	Projected Outturn £000's	Variance £000's
Cabinet	1,435	1,397	(38)
Public Protection & Community Engagement	1,595	1,614	19
Resources	1,130	1,100	(30)
Environmental Services & Sustainability	5,949	5,914	(35)
Housing	3,131	2,714	(417)
Wellbeing	7,066	7,045	(21)
Planning & Economic Development	(2,561)	(2,573)	(12)
	17,745	17,211	(534)
Depreciation & Capital Financing	(3,245)	(3,245)	0
Renewals Fund	400	400	0
NET COST OF SERVICES	14,720	14,186	(534)
Interest on Balances	(645)	(767)	(122)
Council Tax	(6,624)	(6,624)	0
RSG	(1,036)	(1,036)	0
NNDR	(4,983)	(4,983)	0
New Homes Bonus	(1,432)	(1,440)	(8)
	(14,720)	(14,850)	(130)
Net contribution from / (-to) Reserves	0	(664)	(664)

In addition £106,000 is projected to be transferred to the Tilgate Park investment reserve.

Main Variations identified for 2017/18 - General Fund

	Q1 Variation £'000s	
<u>Cabinet</u>		
Corporate Policy Team – vacant post	(35)	One-off
Minor variations	(3)	
	(38)	
<u>Public Protection & Community Engagement</u>		
Minor variations	19	
	19	
<u>Resources</u>		
IT Business Support – staffing costs	24	One off To be reviewed Ongoing
Legal Services – vacant posts	(39)	
Print Services – vacant post	(32)	
Minor variations	17	
	(30)	
<u>Environmental Services & Sustainability</u>		
Community Wardens – Casual & Standby and vacant hours	(21)	
Minor variations - various	(14)	
	(35)	
<u>Housing</u>		
Benefits Administration – vacant posts	(74)	One-off Ongoing
Increased benefit overpayments recovered – fed into budget strategy	(350)	
Minor variations	7	
	(417)	
<u>Wellbeing</u>		
Minor variations	(21)	
	(21)	

Planning & Economic Development

Minor variations

12

One-off

(12)

TOTAL GENERAL FUND VARIANCES

(534)

Investment interest above budget

(122)

Ongoing

New Homes Bonus

(8)

One-off

TOTAL VARIANCES

(664)

HOUSING REVENUE ACCOUNT			
Expenditure Description	Latest Estimate £'000s	Projection £'000s	Variation £'000s
Income			
Rental Income	(44,888)	(45,006)	(118)
Other Income	(1,854)	(1,894)	(40)
Interest received on balances	(79)	(79)	0
Total income	(46,821)	(46,979)	(158)
Expenditure			
Employees	3,431	3,520	89
Repairs & Maintenance	10,883	10,883	0
Other running costs	2,212	2,182	(30)
Support services	2,650	2,650	0
	19,176	19,325	59
Net (Surplus) / Deficit	(27,645)	(27,744)	(99)
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	19,323	19,421	99
Total	27,605	27,744	99

F

F

-

F

U

F

F

F

U

F

Main Variations Identified - Housing Revenue Account

	Q1 Variation £'000s
Income	
<u>Rental Income</u>	
Dwellings rental income - Voids omitted and re-let at target rent	(70)
83, 85 & 87 Three Bridges Road Hostel rental income - delay in decant	(55)
	7
Shared Owners shortfall due to 3 buy backs	
<u>Other Income</u>	
Income from Insurance Claims	(29)
83, 85 & 87 Three Bridges Road Hostel service charge - delay in decant	(11)
	(158)
Employees	
Leasehold Services Post Vacant until Oct'17 & Remaining hours vacant	(33)
Repairs Team - Maternity leave and not looking to backfill at present	(27)
Sheltered Management Restructure (including Redundancies)	55
Vacancy Provision not met within services due to no vacant posts	78
Minor Variations	7
	10
Other Running Costs	
Leasehold Premises Insurance Premium - following a tender, the premium rate was reduced significantly	(54)
Council Tax due to continuous extensive voids work	15
Minor Variations	9
	(30)
TOTAL VARIANCES	(99)

Capital 2017/18 Q1

Appendix 2

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
Town Centre	955,400		955,400			1,915,700	
Queens Square Env Imp	1,977,800	829,230	1,977,800				
Queensway	36,000	4,083	36,000			1,055,000	
Town Centre Signage	11,000		11,000				
High Street Safety Improvements	30,000		30,000				
Broadfield Barton	2,500		2,500				
Photovoltaic Sys - Cncl Bldngs	33,500		33,500				
Town Hall - Mtce	127,700		127,700				
Solar Pv Cbc Operational Bldngs	243,000		243,000				
New Town Hall Design	89,800	14,000	89,800				
Town Hall Refurbishment)	52,100	3,804	52,100				
Town Hall - Decant)		5,528					
Town Hall - Design & Construct)		38,136					
TOTAL CABINET PORTFOLIO	3,558,800	894,782	3,558,800			2,970,700	

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
Ict Capital - Future Projects	115,850		115,850				
On Line Self Service	35,200		35,200				
Enterprise Content Migration	116,200		116,200				
Relocation Of Data Centre	10,500	11,080	10,500				
Mobile Working (Ict)	29,550	1,241	29,550				
Ict Replacements	4,200		4,200				
Navmap Replacement	15,500		15,500				
Q - Matic	16,100	6,457	16,100				
TOTAL CUSTOMER & CORPORATE SERVICES PORTFOLIO	343,100	18,778	343,100				

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
New Cemetery	441,800	263,557	441,800				
Cycling Signage Infrastructure	3,300	439	3,300				
K2 Crawley Heat Network (Heat N Power)	375,500				375,500	625,500	
Cycle Paths	25,300		25,300				
High St Sussex Hse Cycle Path	9,700		9,700				
Boulevard Cycle Path							94,000
A2 Crawters-B1/14mall Cycle Pth	80,000	8,628	80,000				
County Mall Path	23,000		23,000				
Heat Network	2,000		2,000			1,247,400	
Community Safety Initiatives	118,900	52,709	118,900				
Ifield Drive	20,500	372	20,500				
Camber Close	64,800		64,800				
Lavant Close	85,900	851	85,900				
Fisher Close	46,000		46,000				
Scallows Close	83,000	36,394	83,000				
Flooding Emergency Works	30,000	15,486	30,000				
Ifield Mill Pond Improvements	41,300	6,205	41,300				
Tilgate (Ea Flood Alleviation)	1,900		1,900				
Grattons Park P/Hill Flood Wks	14,100		14,100				
Creaseys Dr B/Field Flood Wks	65,100		65,100				
Cheals Broadfield Pond	50,000	835	50,000				
Titmus Lake Tgate & F/Green	42,000		42,000				
Stafford Bridge Ifield Green						78,900	
Waterlea Furnace Grn Flood Wks	124,900	2,148	124,900				
Billington Drive Maidenbower		493				28,000	
Tilgate Silt Lake Flood Works	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	640	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	18,683	49,200				
Park Close M/Bower Flood Wks							
TOTAL ENVIRONMENT PORTFOLIO	1,829,200	407,440	1,453,700		375,500	2,334,500	94,000

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
Investment Property Acquisition	5,000,000		5,000,000				
Manor Royal Business Group						200,000	
Three Bridges Station						1,500,000	
TOTAL PLANNING & ECONOMIC DEVELOPMENT PORTFOLIO	5,000,000		5,000,000			1,700,000	

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
Housing Enabling	20,000		20,000			1,200,000	
Future Schemes (Town Hall)						1,842,800	
Temp Accom Acquisitions	273,700		273,700				
College C/Pk - Affordable Hsg						3,465,000	
Disabled Facilities Grants	946,329	172,332	946,329			48,000	
Home Insulation Grants		1,082	1,082	(1,082)			
Improvement/Repair Loans	50,000	11,433	50,000			50,000	54,700
TOTAL HOUSING (GENRAL FUND) PORTFOLIO	1,290,029	184,847	1,291,111	(1,082)		6,605,800	54,700

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
Vehicle Replacement Programme	265,500	85,288	265,500				
Travellers Prevention Measures						15,000	
Broadfield Barton -Play Refurb	56,500		56,500				
Ifield Community Facilities	22,800		22,800				
Refurb Playgrounds Future Sche	39,600		39,600				
Skate Park Equipment						46,000	
Memorial Gardens Improvement	36,900		36,900				
New Museum Tree (Hlf)	742,300	9,000	742,300				
K2 Crawley -Poolside Timing Equipment	85,200		85,200				
K2 Crawley -Poolside Sauna & Steam Room	40,000		40,000				
Hawth Air Conditioning Replace	45,000		45,000				
Pm-Ch/Lane Cc Windows & Doors						10,400	
Worth Park Discovery Trail	40,000		40,000				
Pm-Mbower Cc Toilet Refurb	9,600	10,549	9,600				
Pm-Sgate West Cc Roof Improve						46,000	
P/H Wakehams 15/16 Ply Refurb	65,000		65,000				
West Green 15/16 Ply Refurb	5,000		5,000				
K2 Crawley -Replace Artificial Turf Pch						185,000	
K2 Crawley -Expansion Of Fitness Area	940,400	4,264	940,400				
Tilgate Park & Nature Centre	179,500	60,072	179,500			90,000	
Nature Ctre Wildlife Ctre	174,300	20,415	174,300			109,000	
Railey Road Allotments	2,800		2,800				
Ifield Rd West Grn Allotments	2,800		2,800				
Tilgate Pk&Nc Sustainable Heat	249,000		249,000				
Ditchling Hill 17/18 Play Rfb	65,000		65,000				
Ewhurst Rd 17/18 Play Rfb	65,000		65,000				
Gainsborough Rd 17/18 Play Rfb	65,000		65,000				
Kilnmead CI 17/18 Play Rfb	13,000		13,000				
Three Bridges Play Area	61,500		61,500				
Tilgate Park Access Road	34,000	22,755	34,000				
Pm-Vehicle Wkshp Heat Plnt Rep						19,000	
Tilgate Pk Pedestrian Crg	8,000	7,992	8,000				
Adventure Playgrounds						200,000	200,000
K2 Crawley Additional Parking	20,000		20,000			150,000	
TOTAL LEISURE SERVICES PORTFOLIO	3,333,700	220,335	3,333,700			870,400	200,000

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
TOTAL GENERAL FUND	15,354,829	1,726,182	14,980,411	(1,082)	375,500	14,481,400	348,700

Rewiring	1,200,000	91,610	1,200,000			1,200,000	1,200,000
Roof Structure (I.E Soffits)	600,000	48,028	600,000			600,000	600,000
Windows	300,000	108,313	300,000			300,000	300,000
Structural Works	80,000	28,841	80,000			80,000	80,000
Renovation And Refurbishment	200,000	642	200,000			200,000	200,000
Insulation	200,000	3,106	200,000			250,000	250,000
Kitchens	850,000	302,785	850,000			850,000	850,000
Bathrooms	550,000	108,697	550,000			550,000	550,000
Common Areas	20,000	21,636	20,000			20,000	20,000
Adaptations For The Disabled	300,000	3,011	300,000			300,000	300,000

Sheltered Major Works	250,000	6,600	250,000			100,000	100,000
Boilers	1,800,000	517,156	1,800,000			1,800,000	1,800,000
Disabled Adaptations-Mjr Room	950,000	199,726	950,000			950,000	950,000
Legionella	50,000		50,000			50,000	50,000
Energy Efficiency- Lighting	80,000		80,000			80,000	80,000
External Environmental Work	50,000	5,105	50,000			100,000	100,000
151 London Road (New Build)						250,000	
Intercom Upgrade	50,000		50,000			50,000	50,000
Major Insulation Energy Efficcy	2,800,000	628,794	2,800,000			1,800,000	1,800,000
Hostels	600,000	49,833	600,000			500,000	250,000
Ren Con Studio Flats Blocks	350,000	88,759	350,000			100,000	100,000
Garages	386,000	44,722	386,000			200,000	200,000
TOTAL HRA IMPROVEMENTS	11,666,000	2,257,362	11,666,000			10,330,000	9,830,000

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
Acquisitions Buy Back Of Dwgs	221,250	221,250	221,250				
Acquisitions Of Land							
Purchase Of Properties	1,778,750		1,778,750			1,000,000	1,000,000
Kilnmead (Hra)	310,000	32,879	310,000			4,507,000	765,300
Gales Place (Hra New Build)	80,000		80,000				
Forge Wood (Hra Development)	300		300			2,421,000	131,000
Southern Counties Hsg	2,667,000		2,933,873		(266,873)	4,625,127	
Telford Place Development	250,000	3,188	250,000			6,024,200	5,667,000
Woolborough Road Northgate	543,000	5,117	543,000			1,281,000	
Goff's Park -Depot Site - Hra	2,350,000	6,113	2,350,000			4,684,000	409,000
83-87 Three Bridges Road - Hra	185,000	31,180	185,000			2,392,000	
Dobbins Place -Hra	255,000	21,358	255,000			1,091,000	
Barnfield Road- Hra	873,500		873,500				
Forge Wood Phase 2	1,983,000	879,831	1,983,000			939,000	8,869,000
257/259 Ifield Road	510,000	5,367	510,000			760,000	
Forge Wood Phase 3	2,253,000	1,922,524	2,253,000			2,534,000	4,641,000
Prelims	100,000		100,000			400,000	
TOTAL OTHER HRA	14,359,800	3,128,807	14,626,673		(266,873)	32,658,327	21,482,300

Scheme Description	Budget 2017/18 £000's	Spend to Date £000's	Projected Outturn £000's	Under/(Over Spend) £000's	Slippage £000's	Budget 2018/19 £000's	Budget 2019/20 £000's
TOTAL HRA	26,025,800	5,386,168	26,292,673		(266,873)	42,988,327	31,312,300
TOTAL CAPITAL PROGRAMME	41,380,629	7,112,350	41,273,084	(1,082)	108,627	57,469,727	31,661,000

FUNDED BY							
Capital Receipts	7,497,051	2,946,094	7,122,633	(1,082)	375,500	10,667,400	254,700
Capital Reserve	5,000,000		5,000,000				
Disabled Facilities Grant	787,829	172,332	787,829				
Lottery & External Funding	1,319,536	711,751	1,319,536				
MRR	23,187,711	2,273,836	23,187,711		(266,873)	34,658,529	27,089,800
Replacement Fund/Revenue Financing	(19,841)	91,745	247,032			64,000	
Section 106	503,381	61,621	503,381				94,000
1-4-1	3,104,962	854,970	3,104,962			12,079,798	4,222,500
TOTAL FUNDING	41,380,629	7,112,350	41,273,084	(1,082)	108,627	57,469,727	31,661,000