

## Crawley Borough Council

### Overview and Scrutiny Commission

Agenda for the **Overview and Scrutiny Commission** which will be held **Virtually - Microsoft Teams Live**, on **Monday, 23 November 2020** at **7.00 pm**

Nightline Telephone No. 07881 500 227



**Chief Executive**

Membership:  
Councillors

T G Belben (Chair), T Rana (Vice-Chair), M L Ayling, R G Burgess, R D Burrett, R A Lanzer, S Malik, T McAleney, A Pendlington and R Sharma

**Please note:** in accordance with Regulations in response to the COVID-19 Public Health Emergency, from April 2020 committee meetings will be held **virtually** via online video conferencing with committee members **in remote attendance only**. Any member of the public or press may observe a committee meeting (except where exempt information is to be discussed) via a link published on the Council's website **24 hours** before the scheduled start time. In order to allow committee members to take decisions without disruption, only those Councillors who are members of the Committee or are presenting a report will be entitled to join the meeting feed. All other non-Committee members must view the meeting through the public feed. Exceptions to this will be made at the Chair's discretion and requires advanced consent. There will no public question time at any Council meeting while virtual Committee meetings are being held. All written questions submitted in **advance and accepted** in line with the Constitution will be published within a supplementary agenda. These will be read to the Committee and be followed by a response. The questioner will receive an emailed copy of the response given at the meeting. There will be no supplementary questions.

Please contact Democratic Services if you have any queries regarding this agenda.

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

## Part A Business (Open to the Public)

	Pages
<b>1. Apologies for Absence</b>	
<b>2. Disclosures of Interest and Whipping Declarations</b>	
In accordance with the Council's Code of Conduct, Councillors of the Council are reminded that it is a requirement to declare interests where appropriate.	
Councillors must also declare if they are subject to their party group whip in relation to any items under consideration.	
<b>3. Minutes</b>	5 - 10
To approve as a correct record the minutes of the Overview and Scrutiny Commission held on 2 November 2020.	
<b>4. Public Question Time</b>	
To consider any written questions that were submitted in advance and accepted in-line with the Constitution. These will be read to the Committee and be followed by a response. The questioner will receive an emailed copy of the response given at the meeting. There will be no supplementary questions.	
<b>5. Submission Crawley Local Plan 2021 - 2037</b>	11 - 20
To consider report PES/367 of the Head of Economy and Planning.	
<b>6. Budget Strategy 2021/22 – 2025/26</b>	
To consider report FIN/508 of the Head of Corporate Finance.	
<b>7. Treasury Management Mid Year Review 2020-2021</b>	21 - 30
To consider report FIN/512 of the Head of Corporate Finance.	
<b>8. 2020/2021 Budget Monitoring - Quarter 2</b>	31 - 52
To consider report FIN/510 of the Head of Corporate Finance.	
<b>9. Health and Adult Social Care Select Committee (HASC)</b>	
To receive a brief update on the <a href="#">Health and Adult Social Care Select Committee</a> (HASC).	

## 10. Forthcoming Decision List - and Provisional List of Reports for the Commission's following Meetings

To consider any requests for [future items](#). Those highlighted items have been referred to the Commission.

### Cabinet 3 Feb 2021

### OSC 1 Feb 2021

Item	Date Included	PFD
2021/2022 Budget and Council Tax	25 March 2020	Yes
Treasury Management Strategy 2021-2022	25 March 2020	Yes
2020/2021 Budget Monitoring - Quarter 3	25 March 2020	
Economic Development Strategy	9 Sept 2020	
Proposed Article 4 Directions - Change of Use from C3 (dwelling houses) to C4 (houses in multiple occupation)	25 June 2020	
Climate Change Scrutiny Panel Final Report	12 Nov 2020	
Forward Programme of Key Procurements (January-June 2021)	16 Oct 2020	
Irrecoverable Debts 2020/21 (Over £50,000)	25 March 2020	

### Cabinet 10 March 2021

### OSC 8 March 2021

Item	Date Included	PFD
Annual Community Infrastructure Levy (CIL) Statement	9 Sept 2020	

## 11. Supplemental Agenda

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

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## Crawley Borough Council

### Minutes of Overview and Scrutiny Commission

Monday, 2 November 2020 at 7.00 pm

#### Councillors Present:

T G Belben (Chair)

T Rana (Vice-Chair)

M L Ayling, R G Burgess, R D Burrett, R A Lanzer, A Pendlington and R Sharma

#### Also in Attendance:

Councillor B J Burgess, P K Lamb and S Malik

#### Officers Present:

Paula Doherty                      Community Services Manager

Ian Duke                              Deputy Chief Executive

Heather Girling                      Democratic Services Officer

Chris Pedlow                          Democratic Services Manager

Chief Inspector Baker – Sussex Police

#### Apologies for Absence:

##### Absent:

Councillor T McAleney

#### 1. Disclosures of Interest and Whipping Declarations

The following disclosures were made:

<b>Councillor</b>	<b>Item and Minute</b>	<b>Type and Nature of Disclosure</b>
Councillor R D Burrett	Safer Crawley Partnership Annual Update and Forthcoming Priorities (Minute 4)	Personal Interest – Trustee of Crawley Open House

#### 2. Minutes

The minutes of the meeting of the Commission held on 28 September 2020 were approved as a correct record and signed by the Chair.

### 3. Public Question Time

No questions from the public were asked.

### 4. Safer Crawley Partnership Annual Update and Forthcoming Priorities

The Commission received an update from Chief Inspector Baker and the Community Services Manager on the annual performance report of the Safer Crawley Partnership along with the future priorities.

During the discussion, the following points were expressed:

The purpose of the Safer Crawley Partnership was to reduce re-offending, tackle crime and disorder, anti-social behaviour, alcohol and substance misuse and any other behaviour which had a negative effect on the local community so that people in Crawley were safer and felt safer.

Statutory partners included: WSCC, Sussex Police, West Sussex Fire & Rescue Service, Probation Service and Crawley Clinical Commissioning Group together with other partners including OSPCC, Crawley Community Action, Crawley Open House, Crawley & Gatwick Business Watch and CGL.

In terms of crime data, total crime data had reduced by 5.6% on the same period last year. Crimes with a domestic abuse marker were up 1.9%, however this could be attributed to better reporting of offences and dedicated campaigns. It was noted that overall burglary data was down 11%, potentially as a result of the lockdown and more people remaining at home. Crimes with a weapon marker had been increasing, however reporting methods had improved and operations had taken place to target this. Actual possession of weapons had decreased by 13.5% so whilst the threat of using a weapon may have risen, the actual physical possession of the weapon was in decline.

The make-up of the Neighbourhood Policing Team was discussed. The distribution of PCSOs was based on a number of factors: demand, geography and job allocation (job share/part time working etc) and consequently the number of officers assigned to an area was not indicative to the service that area received. The updated list could be provided within the Councillors' Information Bulletin. Additionally the Sussex Police website would be updated to list all the PCSOs and this would link to the Sussex Police HR system to automatically take into account of any relocations.

The Commission were updated that following the Government's 'Everyone-In' Initiative, 89 people were accommodated with currently 14 people in temporary accommodation, with other referrals to supported housing projects.

2019-2020 key achievements included:

- Serious and Organised Crime (SOC) - a Safer Crawley School event and presentation on the dangers of County drugs lines and the importance of reporting to relevant agencies. SOC priorities were changed during the year to ensure the work was on behalf of the whole of West Sussex. Crawley and Chichester swapped SOC priorities as Human Trafficking and Modern Day Slavery was more relevant to the locality.
- Street Community – Town Centre Task Force established to liaise and jointly work with partners on a regular basis to tackle street homelessness, begging and street

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drinking. There had been multiple diverted giving awareness raising events and Greater Change contactless donation terminals were being introduced, but also enforcement powers were used for those that unfortunately were not willing to engage due to the complexity of their needs

- Protecting Vulnerable Individuals – There was continued awareness raising of domestic abuse and hate crime support services.

2020-2021 work included:

The Partnership Structures and Initiatives:

- West Sussex Violence Reduction Unit,
- West Sussex Contextual Safeguarding Steering Group,
- Domestic and Sexual Violence and Abuse Steering Group,
- Stalking Champions,
- Modern Slavery Champions

The Four priorities:

- Serious and Organised Crime (Modern Slavery and Human Trafficking) whereby the updated Partnership priority setting saw changes to the Crawley & Mid Sussex SOC focused areas move to holding Divisional lead responsibility for Human Trafficking and Modern Day Slavery across West Sussex
- Street Community
- Protecting Vulnerable Individuals
- Business Crime

Current Challenges:

- Anti-Social Behaviour – this has been amplified by the current pandemic as localised behaviour was being seen.
- Car parks – impacts of rough sleepers/street community.
- Obtaining accurate data continued to be challenging. However new tools were coming online to assist with this.

Future Developments:

- Access to data analysis via West Sussex Analyst would assist in understanding data and benchmarking across other areas and obtaining a national picture.
- The Town Centre BID had been successful and a key priority was safety and security, being able to work in partnership on various issues such as crime and anti-social behaviour and work hard to create a safer Town Centre for shoppers, visitors, businesses, their employees and its growing number of residents.

Members then raised a number of queries. The issues raised and the key responses included:

- It was noted it would be beneficial to have a representation on the amount of cybercrime occurring within the town.
- Confirmation that the recent knife amnesty in Queens Square was one of a number that had taken place across West Sussex. However increasingly important was the education sessions in schools. The amnesty campaigns required a willing participant whereas educating early was a more effective approach.
- SOC resources were confirmed in that a localised approach was in place in addition to those already in place such an international, national crime agency and further agencies.
- It was noted that last year saw significant issues within the town centre, serious organised crime, county lines, modern day slavery and trafficking and these were multifaceted issues and recognition of the good partnership working being of paramount importance in addressing those issues. This continued to provide considerable achievements in order to deliver the priorities and the challenges.

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- It was anticipated that crime statistics may be able to be reported more frequently and it was hopeful that potentially these would be able to be made publically.
- Confirmed that further analysis would take place regarding the increase in the street community during the autumn/winter in 2019/2020.

## RESOLVED

That the update be noted with the views expressed being acknowledged by officers. The Commission's gratitude was relayed to Chief Inspector Baker and officers for their attendance at the Commission.

## 5. Transformation Plan Update

Commission Members considered report [DCE/06](#) of the Deputy Chief Executive. The Commission has within its function to review the council's transformation programme, measures, and performance information (including budgetary information) together with service reviews.

Transformation consisted of time-limited projects to drive strategic change in order to meet corporate objectives. These are projects that generally lie outside of any single service and require impetus and additional resource/focus in order to deliver and embed that change. The aim is to create change and for that change to then to become business as usual. This means that the Council's Transformation Plan will need to be regularly reviewed over time as changes are successfully implemented.

Much progress had been made and the challenges of the Covid-19 pandemic had accelerated the Transformation Plan, in particular in terms of new ways of working, values and behaviours and digital transformation (whereby the council's IT infrastructure and programme rolled out what was necessary in 3 days in order to keep council services running).

Review of Transformation Plan –

- New Town Hall – the building was taking shape, with the 8<sup>th</sup> floor nearing completion.
- Digital Transformation - this was now more about how IT can transform other services. The telephony system would be changing so phone calls would in the future be taken through council laptops for officers ensuring they become completely agile.
- New Ways of Working – there had been a lot of support for staff and managers in terms of managing organisations in a virtual context.
- Values and Behaviours – the culture was the biggest challenge. However the adaptation by officers over the last 6 months had been remarkable. Staff hold each other accountable for the behaviours that they themselves developed. There was still work to embed the values and behaviours further within the People Strategy and recruitment.
- Service Re-design – whilst there had been some successes, this had been revised due to the pandemic.
- Commercialisation – this had been affected by the pandemic and as a result the financial challenges.
- Reducing Bureaucracy – this involved identifying mandatory functions and processes that could be streamlined or completed more efficiently.



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The Revised Transformation Plan 2020-2022 included:

- Channel Shift – reflected the massive shift to online work, which included how residents wished to interact with the council. There were huge advantages to the council in terms of efficiencies.
- New Ways of Working – there was still work to complete to embed agile working. There was a new intranet and website. The new intranet would be a personal landing page, operating as a virtual workspace.
- People Strategy – the focus on wellbeing and people needs to continue, together with embedding the success of the values and behaviours into all areas of the HR including management, recruitment and performance.
- Service Re-design – this and commercialisation would fit with the budget strategy and how the council would aim to meet the financial challenges of Covid, better support its communities and perform better as an organisation.
- Assets – it would be important to think how the council uses its current estate. For example, the patch teams ideally should be based within their patch, rather than travelling to and from the depot on a regular basis. There was a need to think in a futuristic way and how the assets were used.

Members then raised a number of queries. The issues raised and the key responses included:

- Confirmation that in terms of assets, it was important to look at these on an opportunity basis and evaluate accordingly. The focus currently would be on generating revenue.
- The commercial agents for the new town hall had advised that the business case was still valid and that the grade A office space was well placed regionally.
- Acknowledgement that the Review of the Out of Hours Working was to understand the data and any historic patterns to ensure consistency across the workforce.
- Confirmation that the corporate debt recovery policy, process and procedure was currently underway.
- Acknowledgement that new services tended to be set up for online transactions and consequently 'nudging customers' behaviour away from cash and cheque payments was automatic for new services. Cheques were expensive to process and cash would be taken for those that had no other option. However, throughout the pandemic, cash had been taken by appointment but those numbers had decreased.
- Acknowledgement that it was hoped the 'new norm' would not be taken too far, caution was advised and a balance needed to be sought.
- In terms of meetings it was noted that there were advantages and disadvantages and a hybrid approach would be a potential option in terms of attendance, costs, creativity and dynamics. In terms of residents, if more services could be conducted online that benefit residents it would result in working with more customers that had the greatest need.
- Confirmation that the Housing Management system was on time for completion. It encompassed assets, residents' database and repairs. It will provide a unified view of managing the property and assets in other areas.
- Recognition that the failure demand that was noted in the contact centre was determined as 'efficiencies to be improved'. The contact centre operates as a front of house service and consequently there may never be a 100% 'right first time'.
- Confirmation that the council was reliant on various streams of income, and the town has been fortunate in the past. There were ideas in place to stimulate and support the economy and there was interest from businesses wanting to be in the town. It was key that everyone involved in commercialisation should be open to

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any opportunity. The Funding Officer post had not yet been appointed due to the pandemic.

- Officers were thanked for a great deal of work throughout the council during a difficult time over the last 8 months.

## **RESOLVED**

That the Commission notes the report, with the views expressed being acknowledged and documented by the officers.

## **6. Appointments**

It was moved by Councillor Burrett, seconded by Councillor Lanzer that Councillor R G Burgess be appointed as the representative for West Sussex Health and Adult Social Care Select Committee (HASC). There were no further nominations.

## **RESOLVED**

That the Commission agreed the following appointment:

### **West Sussex Health and Adult Social Care Select Committee (HASC)**

Councillor R G Burgess

## **7. Forthcoming Decision List - and Provisional List of Reports for the Commission's following Meetings**

The Commission confirmed the following reports:

### **23 November 2020**

- Crawley Borough Local Plan 2021-2036
- Budget Strategy 2021/22 – 2025/26
- Treasury Management Mid-Year Review 2020-2021
- 2020/2021 Budget Monitoring – Quarter 2

### **1 February 2021**

- 2021/2022 Budget and Council Tax
- Treasury Management Strategy 2021-2022
- 2020/2021 Budget Monitoring - Quarter 3
- Proposed Article 4 Directions - Change of Use from C3 (dwelling houses) to C4 (houses in multiple occupation)
- Economic Development Strategy

## **Closure of Meeting**

With the business of the Overview and Scrutiny Commission concluded, the Chair declared the meeting closed at 9.01 pm

**T G Belben (Chair)**

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## Crawley Borough Council

**Report to Overview and Scrutiny Commission**  
23 November 2020

**Report to Cabinet**  
25 November 2020

### **Submission Crawley Local Plan 2021 – 2037**

Report of the Head of Economy and Planning – PES/367

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#### **1. Purpose**

- 1.1 The purpose of this report is to recommend that Cabinet requests Full Council approve the submission Crawley Local Plan 2021 – 2037 and its supporting documents for further public consultation, and submission to the Secretary of State for independent examination. A subsequent decision for the Local Plan's adoption will be required via Cabinet and Full Council in due course, following the Planning Inspector's decision after the independent examination has been completed.
- 1.2 The Crawley Local Plan Review has been undertaken to ensure the borough's Local Plan remains up-to-date. In accordance with the adopted Local Development Scheme, the new Crawley Local Plan has been prepared based on the outcomes of monitoring the implementation of the 2015 adopted Local Plan, feedback from the early engagement consultation and updating the supporting technical evidence base. It is considered to be an appropriate strategy, taking into account the reasonable alternatives, and is the Plan which is considered to be 'sound'. This means the Plan is positively prepared, justified, effective and consistent with national planning policy<sup>1</sup>.
- 1.3 The Plan is supported by a number of statutory supporting documents (a Local Plan Map, a Sustainability Appraisal, a Habitats Regulations Assessment and a Consultation Statement). It is also supported by a number of detailed evidence base documents including an Infrastructure Plan, Housing and Employment Land Trajectories and topic-based technical studies.
- 1.4 This report also recommends the outcomes of the adopted Local Plan Five Year Policy Assessment are approved.
- 1.5 The Submission Draft Local Plan; the adopted Local Plan Five Year Policy Assessment; and the key supporting documents are available through the attached weblinks set out in Section 8 at the end of this Report. Given the length of these documents and current remote working arrangements, hard copies have not been printed. A document could be made available on request for members subject to a delay to arrange printing and collection.

#### **2. Recommendations**

- 2.1 To the Overview and Scrutiny Commission:  
That the Commission consider the report and decide what comments, if any, it wishes to submit to the Cabinet.
- 2.2 To the Cabinet:  
The Cabinet is recommended to delegate the following to the Head of Economy and Planning in consultation with the Cabinet Member for Planning and Economic

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<sup>1</sup> National Planning Policy Framework, para. 35 (2019) MHCLG

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Development (*Generic Delegation 5 will be used to enact these recommendations*), subject to recommendation 2.3 being agreed by Full Council:

- (i) Factual amendments to the Local Plan necessary in accordance with national policy and updated evidence for the purposes of clarity.
  - (ii) The approval of the supporting documents for the Local Plan and technical evidence base documents to support the Local Plan through Examination.
- 2.3 The Cabinet endorses and recommends to request Full Council to:
- (a) Approve the submission draft Local Plan and Local Plan Map for a further Publication consultation (a statutory six-week period of public consultation).
  - (b) Approve the submission draft Local Plan for Submission to the Secretary of State for Examination by an independent Planning Inspector, subject to amendments deemed necessary following consultation and updated evidence for the purposes of clarity.
  - (c) Note that the final Local Plan will be brought back to Full Council following its independent examination for adoption.
  - (d) Approve the Local Plan Five Year Policy Assessment to confirm that each adopted Local Plan Policy retains full weight for Development Management decisions.

### **3. Reasons for the Recommendations**

- 3.1 National Government guidance expects local planning authorities to produce up-to-date Local Plans for their areas, setting out the strategic priorities for the area over a 15-year timescale and showing how development needs will be met. The Crawley Borough Local Plan was adopted by Full Council on 16 December 2015. It covers the period 2015 – 2030 and provides the borough's full planning policies for the purposes of development management decisions. A review of this Plan is therefore required, to ensure the borough maintains up to date planning policies. A full Local Plan Review has been undertaken, as well as an interim assessment of the adopted Local Plan policies to provide a strong planning policy position for the borough in the immediate future, and over the next 16 years.

### **4. Background**

- 4.1 Since the adoption of the Crawley Borough Local Plan in December 2015, central government initiatives have introduced changes to national legislation, policy and requirements. In particular, the Town and Country Planning (Local Planning) (England) (Amendment) Regulations 2017 established the statutory requirement that Local Plans must be reviewed at least every five years, in accordance with legislation set by the Neighbourhood Planning Act 2017. In addition, a revised National Planning Policy Framework was published in February 2019. Alongside this, updates have been made to the Planning Practice Guidance, including introducing the national Standardised Housing Methodology.
- 4.2 In order to adequately take account of the national position alongside the local evidence, a review of the Local Plan has been undertaken to ensure the council maintains an up-to-date Plan.
- 4.3 The Submission Local Plan 2021-2037 follows this review of the existing adopted Local Plan and does not seek to start from a blank page. In many cases, the principles and policies of the Crawley Borough Local Plan 2015 remain up-to-date and 'sound'. Therefore, for some topic areas, there has been little change proposed to the current approach. For other areas, the review has provided the opportunity for proposing a change or a new approach to be considered. New legislation and government policy guidance has also had to be addressed. Notwithstanding this, the whole Plan is open for scrutiny and review as part of this process.

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- 4.4 The Local Plan Review has been prepared in accordance with the council's adopted Statement of Community Involvement (SCI) in relation to the formal periods of consultation and on-going informal engagement, and in accordance with the timetable set out in the published updated Local Development Scheme (LDS). Each stage has been subject to assessment through the Sustainability Appraisal process and has involved continual cooperation and close working with other local authorities and bodies through the Duty to Cooperate on matters of strategic cross-boundary interest. A full draft Local Plan was published for early engagement consultation between July and September 2019 (Regulation 18 of the Town and Country Planning (Local Planning) (England) Regulations 2012).
- 4.5 Planning legislation (s20(1) of the Planning and Compulsory Purchase Act 2004 as amended) requires local planning authorities to submit every development plan document, including Local Plans, to the Secretary of State for independent examination. Prior to submission of the Plan, the local planning authority must publish the submission documents for formal consultation (Regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012).
- 4.6 Following Full Council held on 16 December 2019 which approved the Draft Local Plan for Publication and Submission, formal public consultation took place between 20 January and 2 March 2020, in accordance with Regulation 19. Since the close of this consultation, a number of key changes have been made to the draft Local Plan due to emerging evidence, national aviation policy and advice from the planning inspectorate. On this basis, a further stage of Regulation 19 Publication Consultation of the amended draft Plan is intended.
- 4.7 The following timetable sets out details of the consultations and critical stages for the Local Plan's preparation.

Stage	Date
<b>Draft Crawley Borough Local Plan Early Engagement Stage<sup>2</sup></b>	
Early Engagement consultation	15 July 2019 – 16 September 2019
<b>Submission Crawley Local Plan<sup>3</sup></b>	
Cabinet Briefing	6 November 2019
OSC	25 November 2019
Cabinet	27 November 2019
<b>Full Council: Publication &amp; Submission</b>	16 December 2019
Initial 6-week statutory Publication consultation	20 January – 2 March 2020
Cabinet Briefing	9 September 2020
Cabinet Briefing	4 November 2020
OSC	23 November 2020
Cabinet	25 November 2020
<b>Full Council: Publication &amp; Submission</b>	16 December 2020
Second 6-week statutory Publication (Submission) consultation	6 January – 17 February 2021
<b>Submission for Independent Examination<sup>4</sup></b>	
Submission	March 2021
Examination in Public	May - September 2021
OSC	March 2022
Cabinet	March 2022
<b>Full Council: Adoption</b>	March 2022

<sup>2</sup> Reg. 18 The Town and Country Planning (Local Planning) (England) Regulations 2012

<sup>3</sup> Reg.19 The Town and Country Planning (Local Planning) (England) Regulations 2012

<sup>4</sup> Regs. 22 – 26 The Town and Country Planning (Local Planning) (England) Regulations 2012

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- 4.6 Technical evidence base documents informing the Local Plan need to be published alongside the document for consultation and are listed in the background documents.

## Delegations for Modifications to the Submission Local Plan

- 4.7 The Plan being considered is the Local Plan the council considers to be its legally compliant and 'sound' Plan. This will be the Plan the council publishes for the additional formal Regulation 19 public consultation and submits to the Inspector for its independent Examination (subject to typo and factual corrections).
- 4.8 However, amendments and modifications may arise in response to representations made during the Regulation 19 consultation and/or as a result of the final conclusions of the evidence base, including in relation to the strategic employment allocations, and national policy. In order to avoid delay in progressing the Plan, delegated approval for any such changes following the consultation is sought now from Full Council.
- 4.9 On this basis, and as previously undertaken with the existing Crawley Borough Local Plan, it is good practice to prepare a 'modifications plan' including all the factual and more substantive amendments to submit to the Planning Inspectorate along with the Submission Plan. This is considered by the Inspector and as part of the hearing sessions held in public. All final proposed Main Modifications require further public consultation as part of the Examination, prior to the Inspector preparing their final report which will include their recommendation on the proposed Modifications. Once the Inspector's report has been received, a legally compliant and 'sound' Local Plan will require Full Council approval for its adoption, before it becomes the council's Local Plan for the borough.
- 4.10 The importance of this delegation relates to the need to ensure the Local Plan meets the timetable set out in the Local Development Scheme. Therefore, for expedience, flexibility and proportionality, delegations are requested as part of this report, to allow these modifications to be made and agreed by the Head of Service for Economy and Planning in consultation with the Cabinet Member for Planning and Economic Development, prior to submission of the Plan to the Secretary of State and as part of the examination process as necessary.

## Approval of the Crawley 2030 adopted Local Plan Policy Assessment

- 4.11 The council's Local Development Scheme confirms that during the Local Plan Review process, in assessing the relevance of the existing adopted Crawley Borough Local Plan policies, where these remain in conformity with national policy and local evidence they will be considered to retain full weight<sup>5</sup>. In order to ensure the adopted Local Plan is maintained as the up-to-date policy position for the borough whilst the new Local Plan progresses through its Examination to adoption, a policy-by-policy assessment of the continuing relevance and soundness of the existing adopted Crawley Borough Local Plan 2015 policies has been undertaken.

## **5. Description of Issue to be resolved**

- 5.1 It is essential that the Local Plan is progressed in a timely manner. Planning law (Section 38(6) of the Planning and Compulsory Purchase Act 2004) requires that applications for planning permission must be determined in accordance with the development plan unless material considerations indicate otherwise, so a Local Plan is critical for development control decision making.
- 5.2 Crawley currently has an up-to-date adopted Local Plan (Crawley 3030: Crawley Borough Local Plan 2015 – 2030)<sup>6</sup>. However, the requirement to review the Plan every five years and ensure it is up-to-date triggered the need to assess the existing

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<sup>5</sup> Crawley Borough Local Development Scheme 2020 – 2023, para. 2.14 (2020) CBC  
<https://crawley.gov.uk/sites/default/files/2020-03/Local%20Development%20Scheme%202020%20-%202023.pdf>

<sup>6</sup> Crawley 2030: Crawley Borough Local Plan 2015 – 2030 (December 2015) CBC:  
<https://crawley.gov.uk/sites/default/files/documents/PUB271853.pdf>

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policies against the revised national planning policy requirements. In particular, the standard methodology and the housing delivery test have been identified through the adopted Local Development Scheme<sup>7</sup> and the Authority's Monitoring Report<sup>8</sup> as necessitating a review<sup>9</sup>.

- 5.3 Without an up-to-date Plan, all planning decisions would be based on the guidance in the NPPF and the borough's total housing need based on the standard methodology (750 dwellings per annum), rather than its constrained land supply position (332.5 dwellings per annum), and accordingly local priorities and local designations would only be afforded limited weight particularly in the case of meeting housing and economic development needs<sup>10</sup>. Therefore, potentially undesirable developments could go ahead to the detriment of Crawley's character and quality of life for residents. Similarly, the NPPF requires local targets for affordable housing levels required by new development to be set in the Local Plan. Without an up-to-date Local Plan, based on an up-to-date assessment of local needs and viability, the council would not be in a strong position to defend its policy requirement if challenged by an applicant.
- 5.4 Positive planning through the preparation of the Local Plan, together with joint working with neighbouring local authorities across the housing market area, will secure a stronger position for the council to defend against inappropriate developments. This has been proven to be the case with the strong position of the existing up-to-date adopted Local Plan being cited in Inspectors' appeal decisions. This Local Plan (2021 – 2037), once adopted, will replace the current Crawley Local Plan (2015 – 2030).
- 5.5 In order to ensure the adopted Local Plan policies retain their full weight for Development Management decision-making during the interim period, while the draft new Local Plan is being prepared, a full policy-by-policy assessment has been undertaken of the adopted Crawley 2030 Local Plan. This confirms that the Crawley Borough Local Plan 2015 – 2030 remains the borough's up-to-date Local Plan, and forms the statutory starting point for decision making, until superseded by the adoption of the revised new Local Plan.

## Update since December 2019 Full Council:

- 5.6 Following the Publication consultation held in January – March 2020, advice was sought through the Planning Inspectorate advisory service. A Planning Inspector considered the draft Local Plan, along with some detailed questions and commentary from the council's Strategic Planning team. A meeting was held between the Inspector and the council's officers and a written note provided by the advisory Inspector which will be issued to the examining Inspector. In particular, this highlighted concerns with the approach towards the following key areas:
- Evidence Base Updates
  - Gatwick Airport and the Area Action Plan approach
  - Duty to Cooperate
- 5.7 The Advisory Inspector's recommendation was not to submit the Local Plan until these matters had been resolved. Furthermore, it was recommended that if there were any significant changes made to the Plan a further Regulation 19 Consultation would be necessary.
- 5.8 The current COVID-19 crisis has also created some delays to the Local Plan preparation, particularly in relation to securing the updated evidence base and engaging key stakeholders in the process. Post-COVID medium- to longer-term impacts on viability, the economy, transport and housing needs are still very much

<sup>7</sup> [Local Development Scheme 2019 - 2021](#) paras 2.13-2.31 (2019) CBC

<sup>8</sup> [Crawley Borough Local Plan Authority's Monitoring Report 2017/18](#) para. 3.17 (2019) CBC

<sup>9</sup> "Relevant strategic policies will need updating at least once every five years if their applicable local housing need figure has changed significantly": National Planning Policy Framework, para. 33 (February 2019) MHCLG

<sup>10</sup> National Planning Policy Framework, para. 11 (February 2019) MHCLG

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unknown. However, it has been necessary to ensure new evidence reflects the current situation and anticipates future impacts as far as it can reasonably do so. It should be noted the Local Plan is a 15-year Plan and should be sufficiently flexible to respond to changes in economic cycles.

## *Key Changes to the Local Plan:*

5.9 Key changes to the draft Local Plan since it was considered by Full Council in December 2019 include:

- Reinstatement of Gatwick Airport Safeguarding Policy, with an amended boundary, in accordance with National Aviation Policy, whilst seeking to respond to the updated Economic Growth evidence;
- Deletion of the North Crawley Area Action Plan Policy, in accordance with current National Aviation Policy;
- Changes to the economic growth requirement to reflect evidenced need;
- Proposed Allocation of a Strategic Employment Site to respond to the change to the Area Action Plan approach and meet evidenced need;
- Changes to Affordable Housing requirement for the Town Centre and high density schemes to respond to Viability evidence;
- Changes to the open space contribution approach towards town centre sites to respond to Viability evidence;
- Removal of requirement for 5% of new homes to be wheel-chair adapted; instead requiring 100% of new homes to be accessible and adaptable to respond to Viability evidence;
- Merging of the Tree and Landscape Provision Policy into the Biodiversity Net Gain Policy to respond to Viability evidence and address overlaps between the Policies;
- Removal of s106 contribution requirement towards education; instead this will be met through the Community Infrastructure Levy to respond to Viability evidence;
- Structural amendments to the Urban Design Character Policies to enhance clarity;
- Amendments to the Local Heritage Designation Policies to reflect updated evidence (the recommendations in the Heritage Study regarding new Conservation Areas and Locally Listed Buildings will be considered by the council in due course following a focused consultation);
- Inclusion of the Open Space Standards and some of the key evidence recommendations relating to open space and indoor sports facilities;
- Amendments to the Western Link Road policy, to reflect the potential impact on the Rugby Club;
- Removal of the Urban Extensions Policy and insertion of text into the Chapter introduction to reflect the recommendation of the Advisory Inspector and planning legislation;
- Updating of the Retail and Town Centre Policies to reflect the national changes to the Use Classes.
- Changes to the housing numbers to reflect changes to the National Standard Method input data, the longer Plan period (2021 – 2037) and changes to the supply through build out and new permissions;
- Amendments to the Water Efficiency and Flooding Policies to reflect the evidence from the Water Cycle Study;
- Updated Local Plan Map and maps throughout to reflect the new proposed allocations and designations;
- Clearer definition of Strategic Policies and Non-Strategic Policies to reflect National Guidance;
- Changes to reflect the revised programme.

## *Recent National Announcements regarding Changes to the Planning System:*

5.10 In August 2020, the Government published a White Paper on planning reforms “Planning for the Future”. It proposes fundamental changes to the planning system,



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including the format and role of Local Plans and a 30 month timeframe for their preparation. The consultation document sets out the vision for the reforms, but states that it does not comprehensively cover every aspect of the system and that the details of the proposals will require further development following the consultation, as well as primary and secondary legislation. Transition arrangements are proposed, including allowing 42 months for the preparation of a new Local Plan from the date of the legislation being brought into force for those local planning authorities that have adopted a Local Plan within the previous 3 years or where a Local Plan has been submitted for examination. In the latter case, the 42 month period would commence from the point at which the legislation is brought into force, or upon adoption of the most recent plan, whichever is later. It is important that there continues to be an up to date Local Plan for Crawley whilst the details of these major planning reforms emerge into legislation, and continuing to progress this Local Plan Review through to adoption should give the council a further year to transition to the new approach.

## 6. Information & Analysis Supporting Recommendation

- 6.1 As explained in paragraphs 5.1 – 5.4 above, the Local Plan is critical to retain local control over the development and growth of Crawley, and it is a statutory requirement. Crawley's Local Development Scheme (2020) sets the timetable for the Local Plan Review. This has been updated to reflect the additional Regulation 19 consultation now proposed and commits the council to submitting the Local Plan to the Secretary of State for independent Examination in March 2021.
- 6.2 A key milestone in achieving this commitment is undertaking the statutory period of consultation ('Publication of the Local Plan') by making a copy of each of the proposed submission documents available for inspection through being published on the council's website. Any representations received during this period are required to be submitted with the Local Plan to the Secretary of State, and respondents will be able to present their case to the Inspector at the Examination. Minor amendments for the purposes of clarity can be made to the Local Plan itself following the consultation, prior to Submission. The council can also propose other modifications to the Inspector for consideration as part of the Examination process. The only other option in response to representations at that stage is for the entire Plan to be withdrawn and further consultation undertaken.
- 6.3 The independent Inspector's role will be to assess whether the Plan has been prepared in accordance with the Duty to Cooperate, legal and procedural requirements, and whether it is sound. The Inspector can suggest changes in order to make a Plan sound, but these would have to be subject to further consultation.
- 6.4 The local planning authority must only submit a plan for examination which it considers to be sound. This is defined by the National Planning Policy Framework as being:
  - a. **Positively Prepared:** providing a strategy which, as a minimum, seeks to meet the area's objectively assessed needs; and is informed by agreements with other authorities, so that unmet need from neighbouring areas is accommodated where it is practical to do so and is consistent with achieving sustainable development;
  - b. **Justified:** an appropriate strategy, taking into account the reasonable alternatives, and based on proportionate evidence;
  - c. **Effective:** deliverable over the plan period, and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground; and
  - d. **Consistent with national policy:** enabling the delivery of sustainable development in accordance with the policies in this Framework.

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- 6.5 The Local Plan is a key policy document for the borough as a whole and therefore impacts on every ward. Members of the Local Plan Working Group have been involved throughout the preparation stages of the submission Crawley Local Plan.
- 6.6 In carrying out the function of preparing a Local Plan and Statement of Community Involvement regard must be given to the public sector equality duty set out in Section 149 of the Equality Act 2010. As part of the process undertaken for the Sustainability Appraisal (SA), the potential effects of the Plan on people in respect of disability, gender and racial equality impacts were considered, in accordance with this duty. Therefore, the draft SA/SEA Report incorporates the Equalities Impact Assessment and Health Impact Assessment.

## 7. Implications

- 7.1 An adopted Local Plan provides clarity for residents, businesses and developers about how development should take place in the borough, and is essential for decision making on planning applications. It will provide more certainty in the development control process.

### Legal Implications

- 7.2 The Planning and Compulsory Purchase Act 2004 (as amended) and The Town and Country Planning (Local Planning)(England) Regulations set out the requirements and the statutory procedure for the preparation of a Local Plan, relevant regulations are referenced in this report.

### Finance Implications

- 7.3 The allocated Local Plan budget includes funds to cover the costs of a further Publication Consultation. The subsequent submission of the Local Plan leads to a Public Examination, which the Borough Council is required to fund, including the cost of the Inspector. Funds are allocated for this in the Local Plan budget.

## 8. Background Papers

1. Submission Crawley Local Plan 2021 – 2037:  
<https://crawley.gov.uk/sites/default/files/2020-11/1.%20Crawley%20Borough%20Submission%20Draft%20Local%20Plan.pdf>
2. Crawley 2015 – 2030: Adopted Local Plan Five Year Policy Assessment:  
<https://crawley.gov.uk/sites/default/files/2020-11/8.%20Crawley%202030%20-%20Five%20Year%20Policy%20Assessment.pdf>
3. Submission draft Local Plan Map: [https://crawley.gov.uk/sites/default/files/2020-11/2.%20Local%20Plan%20Map%20-%20November%202020\\_0.pdf](https://crawley.gov.uk/sites/default/files/2020-11/2.%20Local%20Plan%20Map%20-%20November%202020_0.pdf)
4. Sustainability Appraisal/Strategic Environmental Assessment Draft Report:  
[https://crawley.gov.uk/sites/default/files/2020-11/3.%20Sustainability%20Appraisal%20-%20November%202020\\_0.pdf](https://crawley.gov.uk/sites/default/files/2020-11/3.%20Sustainability%20Appraisal%20-%20November%202020_0.pdf)
5. Draft Consultation Statement: <https://crawley.gov.uk/sites/default/files/2020-11/4.%20Consultation%20Statement%20-%20November%202020.pdf>
  - Appendix 1: Early Engagement Consultation Materials  
<https://crawley.gov.uk/sites/default/files/documents/PUB354597.pdf>
  - Appendix 2: Regulation 18 Representations Received and Draft Officer Response <https://crawley.gov.uk/sites/default/files/documents/PUB354598.pdf>
  - Appendix 3: January 2020 Initial Regulation 19 Consultation Materials  
<https://crawley.gov.uk/sites/default/files/2020-11/5.%20Consultation%20Statement%20Appendix%203.pdf>
  - Appendix 4: January 2020 Initial Regulation 19 Consultation Representations Received [https://crawley.gov.uk/sites/default/files/2020-11/6.%20Consultation%20Statement%20Appendix%204\\_0.pdf](https://crawley.gov.uk/sites/default/files/2020-11/6.%20Consultation%20Statement%20Appendix%204_0.pdf)

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6. Draft Infrastructure Plan: <https://crawley.gov.uk/sites/default/files/2020-11/7.%20Infrastructure%20Plan%20-%20November%202020.pdf>

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## Crawley Borough Council

**Report to Overview & Scrutiny Commission**  
**23 November 2020**

**Report to Cabinet**  
**25 November 2020**

### **Budget Strategy 2021/22 – 2025/26**

Report of the Head of Corporate Finance, **FIN/508**

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#### **1. Purpose**

- 1.1 The 2021/2022 General Fund and Housing Revenue Account Budgets and the updated capital programme will be determined by the Full Council in February 2021. This report sets out the projected financial position for 2021/22 to 2025/26 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, this however may be difficult due to the impact of the pandemic.
- 1.3 This report also includes the Housing Revenue Account's capital investment programme to be considered ahead of the Budget report to Cabinet and Full Council in February 2021.

#### **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 2021/22 to 2025/26 and to:**

- (a) Note the outlook for Government funding for the period 2021/22 and future years as explained in the report and in particular the delay in Local Government Funding reforms and a one year only spending review.**
- (b) Note the creation of a Covid-19 Support Reserve to provide resource cover for any ongoing impact of Covid-19 on the Council's medium term financial position, should no further support from Government be received in future years. This is from reviewing existing earmarked reserves.**
- (c) Note, for the purpose of projections, the current budget deficit of £2.250m for 2021/22 before use of reserves, on the basis of a Council tax increase**

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of 2.37% which is £4.95 on a Band D in property 2021/22. This is before any savings are identified.

- (d) **Work towards balancing this over a four year period, including putting back into reserves when the Budget is in surplus. There may be a need to use reserves over the next 3 years to balance the budget together with ongoing savings.**
- (e) **Agree that savings, efficiencies and increased income identified by officers are approved in order to reduce the budget gap.**
- (f) **Note that savings agreed to be taken forward will be worked up and included in the Budget and Council tax report to Cabinet in February 2021.**
- (g) **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 but that such prioritisation should not preclude the initial consideration of capital projects that could deliver social value. That due to the pandemic new capital schemes will be standalone and will reported separately to Cabinet meetings.**
- (h) **Approved the revised Crawley Homes capital investment plan in Appendix E which includes the financial year 2023/24.**
- (i) **Note that the Budget is aligned to the Council's Corporate Priorities.**

### **3. Reasons for the Recommendations**

- 3.1 To continue with the implementation of the Council's budget strategy and to deal with the Council's projected budget deficit which is higher than previously projected due to the impact of the pandemic on future Council tax and Business rates income projections.
- 3.2 To determine the criteria for capital programme bids.
- 3.3 To agree the reallocation of earmarked reserves to a Covid-19 support reserve and the need to keep reserves as outlined in section 7.

### **4. Background**

- 4.1 In February 2020, the Council set its Revenue Budget and Capital programme for 2020/21. As a consequence of the impasse over Brexit and the subsequent General Election, the Government implemented a one-year Spending Review for 2020/21. The Council, as with all other Local Authorities, received a one-year funding settlement for the year. After a number of years of austerity, which saw significant reductions in the Council's core funding, the one-year funding settlement provided an increase in funding and due to the lateness of the settlement resulted in a budgeted transfer to reserves of £1,169,550.
- 4.2 On 11<sup>th</sup> March 2020, as part of the Budget 2020 Statement, the Chancellor of the Exchequer announced that a Comprehensive Spending Review (CSR) would start in July 2020 and would be completed in time to inform Departmental funding allocations from April 2021. This was intended to be a multi-year setting of Departmental Spending Limits.

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However, on 24<sup>th</sup> March, due to the emerging Pandemic, the plans for the CSR were suspended to allow the Government to focus on responding to the public health and economic emergency. As a result it is now unknown how this will impact on future funding of Local Government. It was announced on 21<sup>st</sup> October that the spending review would be for one year only.

## *Local Government Finance Reforms*

The CSR is fundamental to the overall funding envelope for Local Government but equally important are a range of planned reforms to Local Government finance. There are three main areas of reform as follows:-

- **Fair Funding Review** – this review commenced in 2018 with the aim of setting new baseline funding allocations for each local authority based on their relative needs and available resources. The outcome of the review was to inform the funding settlement for Councils for 2020/21 but in September 2019, implementation was delayed until 2021/22 given the uncertainty with BREXIT.

In April 2020, the Government announced the implementation of the review '*would not now go ahead to allow councils to focus on meeting the immediate public health challenge posed by the pandemic*'. Subject to the containment of the Pandemic, it is anticipated that the review will be implemented from 2022/23;

- **Business Rates Retention Review** – the Government had planned to increase the percentage of business rates that Councils keep, from 50% to 75%, from 2020/21. Again, this has been postponed and it is expected this will be implemented in 2022/23;

And, related to Business Rates, in May 2020 the Government announced that, again due to the impact of the Pandemic, the planned revaluation of Business Rates in 2021 will not now take place.

- **New Homes Bonus** – as part of the Funding Settlement for 2020/21, the Secretary of State for MHCLG announced a one-year allocation of New Homes Bonus (plus the legacy payments from previous years). The Government's rationale for a single year payment in 2020/21 was their intention to consult on a new method of incentivising housing growth in Spring 2020.

Again, with the onset of the Pandemic, there has not yet been any consultation on a new method of incentivising housing growth. It is not possible, therefore, to say what this is, however the projections in this report assume that New Homes Bonus will be paid in 2021/22 as it was in the current financial year.

- 4.3 The 2021/22 General Fund and Housing Revenue Account Budgets and the revised capital programme will be set by the Full Council in February 2021. This will be informed by the recommendations of the Cabinet in consultation with the Shadow Cabinet and will take into account the efficiencies, increased income and both savings achieved through the challenge process led by the Corporate Management Team and any agreed savings that have been identified by officers. This dovetails with the Councils transformation plan. At the same meeting the Treasury Management Strategy will address the financing of the capital programme, taking into consideration the capital strategy included within this report.

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- 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.
- 4.5 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.

## 5. Key Assumptions

- 5.1 With the delay of the CSR and the postponement of these major funding reforms, it is not clear on what basis the Government will set the envelope of funding for Local Government or how such funding will be distributed to Local Authorities.
- 5.2 For the purposes of the development of the Council's Budget Strategy, it is assumed that the Government will simply roll-forward the 2020/21 settlement into 2021/22 adjusted for inflation and that the CSR and funding reforms will take place in 2021, informing the Settlement from April 2022. Assuming this the table below provides a summary of the forecast funding.

**Table 1 Forecast of core funding to 2025/2026**

	Revenue Support Grant £000's	New Homes Bonus £000's	Sub – total £000's	Estimated share of NNDR £000's	Total 'core funding' £000's
Year					
2019/20	0	1,473	1,473	5,533	7,006
2020/21	60	1,831	1,891	5,163	7,054
2021/22	60	1,079	1,139	4,306	5,445
2022/23	0	263	263	4,506	4,769
2023/24	0	0	0	4,665	4,665
2024/25	0	0	0	4,758	4,758
2025/26	0	0	0	4,853	4,853

## 5.3 Retained Business Rates

Growth in business rates income is dependent on securing economic development and additional employment, in the past there has been annual growth but the impact of the pandemic on Crawley as an airport town will see a significant reduction in retained business rates in 2021/22.

Economists have commentated that the impact of the COVID-19 pandemic will go beyond 2020/21. The [Centre for Cities](#) report states that Crawley will be the most vulnerable large town in the country as a result of the pandemic. The current year budget for 2020/21 assumed growth, will now not materialise.

Any in year variations from the budget will be transferred to/from the business rates equalisation reserve. This reserve has to be kept at this high level because of the possible fluctuations and appeals with such a high amount of business rates collected and the use of the reserve will be required in 2021/22 due to the 'cliff edge' that we face with business rates. This reserve which is currently £5.192m will be fully used to support the reduction in business rates in 2021/22 to 2023/24 as outlined in Table 2 below.



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**Table 2 Business rates projections and use of equalisation reserve**

	2021/22 £000's	2022/23 £000's	2023/24 £000's
CBC share of business rates	46,175	47,099	48,276
Renewable energy	5	5	5
Tariff payable to Government	-42,805	-43,448	-44,316
Surplus/deficit from prior year	-5,040	0	0
<b>Sub total</b>	<b>-1,665</b>	<b>3,656</b>	<b>3,965</b>
Use of Equalisation reserve*	5,971	850	700
<b>Total budget for year</b>	<b>4,306</b>	<b>4,506</b>	<b>4,665</b>

The way that we have to account for business rates results in a large prior year adjustment in 2021/22, however there will be an estimated transfer to that reserve of £2.330m in the current financial year.

## 5.4 Council Tax

The Council's share of a council tax band D is currently £208.89. Councillors approved an increase of 2.43% which is £4.95 when setting the budget this year. Current council tax referendum principles limit district and borough councils to a maximum of 2% or no more than £5 per annum (whichever is the greater) without the need for a referendum. The assumptions in the plan are therefore £5 per annum or slightly less due to the way billing works and different Council tax bands are a multiple of Band D by 9<sup>ths</sup>.

Due to the pandemic there has been an increase in the number of council tax customers claiming Council tax reduction (formally Council tax benefit). It is likely to increase over the coming months as we see more job losses in the Town. The impact of this is that we will collect less council tax in future years. This will also impact on our preceptors, West Sussex County Council and the Police and Crime Commissioner.

## 5.5 New Homes Bonus

5.5.1 The Government introduced the New Homes Bonus (NHB) in 2011 to give local authorities additional money for each new residential property created in the area. At that time 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. In 2017/18 this was reduced to each year for four years. For 2020/21, the sum for each new dwelling receivable was £1,399.90 with £349.98 per property going to West Sussex County Council.

5.5.2 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%.

5.5.3 The New Homes Bonus for 2020/21 is £1.830m and is estimated to reduce to £262,551 in 2022/23 and then zero for future years as legacy payments stop. At this stage it is assumed that there will be a payment of New Homes bonus in the next financial year. Based on work done by the fraud and inspections team identifying

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properties that are were empty and have been subsequently been occupied additional New Homes Bonus of £396,000 will be paid in 2021/22.

## 6. Budget Projections 2021/22 to 2025/26

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

**Table 3 Budget projections**

	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s
Base budget	15,458	15,549	15,499	15,680	16,184
Investment interest	-302	-173	-183	-183	-182
<b>Net budget</b>	<b>15,156</b>	<b>15,376</b>	<b>15,316</b>	<b>15,497</b>	<b>16,002</b>
Funded by:					
Council Tax	7,410	7,845	8,266	8,652	9,016
New Homes Bonus	1,079	263	0	0	0
Retained Business Rates	4,306	4,506	4,664	4,758	4,853
Revenue Support Grant	60	0	0	0	0
<b>Total projected income</b>	<b>12,855</b>	<b>12,614</b>	<b>12,930</b>	<b>13,410</b>	<b>13,869</b>
<b>Budget Gap</b>	<b>2,250</b>	<b>2,762</b>	<b>2,386</b>	<b>2,087</b>	<b>2,133</b>

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

From the table above the long term budget gap is £2.133m. The savings requirement is therefore £2.1m. Savings that are found early will result in less use of reserves in earlier years. Any savings identified that are ongoing reduce the gap each year.

There is a projected reduction in business rates income as a result of the proposed business rates reform and the increase in the number of busiessses closing.

## 6.2 Table 4 - Summary of assumptions

	2020/21	2021/22	2022/23	2023/24	2025/26
Pay Award	2.00%	2.00%	2.00%	2.00%	2.00%
Running costs	0.00%	0.00%	0.00%	0.00%	0.00%
Contracts - RPI	1.10%	2.80%	2.70%	2.70%	2.70%
CPI	0.05%	1.50%	2.00%	2.00%	2.00%
Customer receipts	2.00%	2.00%	2.00%	2.00%	2.00%
Tax Base change	-2.38%	3.00%	3.00%	2.00%	2.00%
Council tax increase (for estimating purposes) - £4.95	2.37%	2.31%	2.21%	2.16%	2.12%

The tax base reduction assumes the number of Band D properties in Crawley has reduced due to the number of council tax reduction claimants in 2021/22; there is also an allowance of the numbers of new builds. This is based on external advice where there is an assumption of more employment in future years.

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## 6.2.1 Pay Award

Local Government pay is negotiated nationally and the Council has no direct influence on the settlement. The budgeted increase was 2% in the current financial year, the actual pay award was 2.75%. The MTF5 assumes 2% going forward and there is additional provision for the Crawley Allowance which increases in line with RPI.

## 6.2.2 Investment Interest

The Council has traditionally relied heavily on investment interest to support the revenue budget. However, interest rates have fallen to an all-time low and the level of interest received has reduced.

An average investment rate of 0.45% has been assumed for 2021/22, decreasing to 0.30% in 2022/23 and 2023/24. Interest rate projections will be kept under constant review during the year.

Expenditure on the capital programme results in reduced investment income as there are fewer resources available for investment. However, delays in the capital programme will result in higher balances available than anticipated for investment. There will be a borrowing requirement for the New Town Hall, and average borrowing rates of 0.65% have been assumed for 2021/22.

## 6.2.3 Pensions

The actuarial revaluation of the pension fund managed by West Sussex County Council has recommended a 1.0% decrease in employers' contributions per annum from 2020/21 and for the following two years. This results in a saving of £416,500 by year three for the General Fund. The pension fund is fully funded as it has exceeded targets over the last three years. The saving in 2021/22 is £138,800 and £141,600 the following year.

## 6.2.4 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). Assumptions are shown in the table 3 above. No allowance has been made for inflation on other general running expenses.

## 6.2.5 Fees and Charges

An average increase in income budgets of CPI or 2%, whichever is the highest. However a saving suggestion is a review of fees and charges to ensure that they do cover the cost where appropriate of the provision of the service. The outcome of this will be reported in the budget report in February 2021. This if accepted will have a bigger impact in future years

A provision for lost income due to the pandemic of £320,000 has been included within the budget strategy. As budgets are formed over the coming months this will be refined.

6.3 Modelling for future years at this stage is difficult. The impact on Business Rates and Council tax will be significant but is yet unknown how significant this will be on

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residents and businesses. There will also be demands on services such as benefits and homelessness. As people claim universal Credit they are entitled to Council tax reduction, this results in less Council tax collectable to support our services. This report assumes that all contracts will be fully operational on 1<sup>st</sup> April 2021 with no financial impact.

As referred to above our income streams are likely to continue to be impacted by any longer-term downturn in the economy and any future outbreaks. The cash flow and budgetary impact on the council will be significant. There continues to be a growing gap between funding and service pressures, driven by demographic change, unfunded burdens and limited opportunities to raise income locally through council tax referendum restrictions. This places additional pressures on council services.

The economic impacts of the pandemic are already deep and will be ongoing, with aviation, leisure, hospitality, non-food retail and our visitor economy all seriously affected. The direct impact of hardship, poverty, job losses and relationship breakdown on our communities have and will generate a greater demand for shelter, food and community intervention.

## 7. Reserves

Appendix A explains why we hold reserves and gives more details of the types of reserves we hold.

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.

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.

### 7.1 General Fund Reserve

Use of reserves will be required in both 2021/22 and 2022/23 as previously explained, this is because expenditure will have occurred on the New Town Hall but before the upper floors are let. The General Fund reserve is currently £5.24m. The [Budget Strategy 2019/20 – 2023/24 FIN/417](#) agreed that the General Fund reserve should not go below £2.5m. However due to the pandemic the recommendation is to have a minimum of £3m available to mitigate any impact in the next financial year around costs of recovery. This leaves **£2.24m** available to use to offset future budget gaps. More details given in section 8.4.

### 7.2 Earmarked Reserves

The Corporate Management Team have undertaken a review of earmarked reserves to identify any that could be released for other purposes.

As at 31<sup>st</sup> March 2020 the balance of earmarked reserves was £13.927m of this £5.192 is for business rates equalisation which is required to offset future losses on business rates as outlined above. The balance of £8.735m was reviewed.

The table below identifies items that officers suggest could be transferred to a Covid-19 support reserve to meet future costs or losses due to the pandemic. Appendix B shows £604,121.55 which can be un-earmarked and transferred to a Covid-19 support reserve.

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Table 4 below gives the breakdown of amounts of earmarked reserves that could be released subject to agreement -

**Table 4 Earmarked reserves recommended for reallocation**

Description	Amount £
Restructuring Impact (part)	294,630.00
Risk Management (part)	82,273.26
Quick Wins (environmental)	17,658.42
Heritage Strategy (part)	10,000.00
Grants to Voluntary Organisations	75,000.00
Welfare Reform (part)	100,000.00
Transparency (Government grant)	11,008.63
Town Centre Markets	13,551.24
<b>Total</b>	<b>604,121.55</b>

**Recommendation – that the review of earmarked reserves is agreed and the balance is transferred to a Covid-19 support reserve to cover current or future year budget shortfalls directly related to the pandemic.**

## **8. Budget Process and savings strategy**

The financial impact of Covid has required the development of new approaches to budget and efficiency savings. A combination of the use of reserve, efficiencies and temporary divisional savings is on track to address the in-year savings needed. Permanent savings are also required to be made to meet the long term budget gap.

Any future waves of Covid will increase the level of savings required as this will impact on Council tax and business rates income.

The savings strategy developed has three strands:

1. Identify potential for permanent savings within the in-year savings identified.
2. Work to bring forward larger savings items identified by officers, the ones that are public facing have formed part of public consultation. This consultation commenced on 8<sup>th</sup> October 2020 with a closing date of 5<sup>th</sup> November 2020.
3. Undertake a number of thematic and service reviews to improve services and drive future efficiencies, these reviews are in early stages and will be reported to future Cabinet meetings.

### **8.1 Future Years Savings identified by Officers.**

As part of the in year savings exercise, officers have identified ongoing savings in order to meet the gap, these are shown in Appendix C and total £506,450. Within this sum there are 6 vacant posts that will be deleted together with provisions for casual staff to cover peak times of £49,500 and savings of staff training of £16,000. Table 3 above shows the projected budget gap. Table 5 below shows this gap reduced as a result of the savings identified to date.

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Table 5 – revised projected budget gap after applying proposed savings to date

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000s	£'000s	£'000s	£'000s	£'000s
Budget Gap	2,250	2,762	2,386	2,087	2,133
Savings identified to date	-506	-506	-506	-506	-506
<b>Revised Gap</b>	<b>1,744</b>	<b>2,256</b>	<b>1,880</b>	<b>1,581</b>	<b>1,627</b>

**Recommendation – that the savings identified in Appendix C are approved to reduce the projected budget gap to agree with Table 5 above.**

- 8.2 Table 5 above gives a long term savings target of £1.627m. Reserves will be required to be used in the first three years. If savings identified were limited in the earlier years the reserves would run out as the total available is £2.24m. A range of options suggested by officers was agreed at an all member working group on 23<sup>rd</sup> September 2020 for public consultation. The outcome of this consultation and agreed savings will feed into the budget report in February 2021.
- 8.3 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.
- 8.4 The longer term savings target is £1.627m, reserves will be required to be used in 2021/22 to 2023/24. The earlier the savings identified the lower use of reserves. If £1.627m of savings were identified for 2021/22 onwards the use of reserves would be as per table 6 below.

Table 6 use of reserves if £1.627m identified in 2021/22 for that year and future years.

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000s	£'000s	£'000s	£'000s	£'000s
Budget Gap	1,744	2,256	1,880	1,581	1,627
Possible Savings	-1,627	-1,627	-1,627	-1,627	-1,627
<b>Use of reserves</b>	<b>117</b>	<b>629</b>	<b>253</b>	<b>0</b>	<b>0</b>

This would result in £0.999m use of the general fund reserve. Paragraph 7.1 identifies £2.24m. This leaves £1.25m available if the full savings of £1.627m is not identified from 1<sup>st</sup> April in 2021.

Elsewhere on this Agenda is a report on the transfer of the garages to the general fund, this would see a saving of £807,500. If this was accepted it would take the long term savings target to **£818,800**. As noted above the sooner the savings target is achieved the more the reserves position is protected. Table 7 below shows the impact of the transfer to the general fund.

Table 7 budget gap if the transfer of the garages to the general fund is accepted.

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000s	£'000s	£'000s	£'000s	£'000s
Budget Gap	1,744	2,256	1,880	1,581	1,627
Garage transfer	-808	-808	-808	-808	-808
<b>Revised savings target</b>	<b>936</b>	<b>1,448</b>	<b>1,072</b>	<b>773</b>	<b>819</b>

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- 8.5 The outcome from the consultation will be discussed by all Councillors at their seminar on 16<sup>th</sup> November 2020, out of this proposals for savings to be taken forward will be worked up so that they feed into future budgets.
- 8.6 The Budget and Council Tax report will be considered by the Overview and Scrutiny Commission, followed by the Cabinet on 3 February 2021. The 2021/22 Budget will be set by Full Council on 24 February 2021.

## 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 but that such prioritisation should not preclude the initial consideration of capital projects that could deliver social value. Due to commitments within the capital programme future capital schemes will result in borrowing. The Treasury Management Strategy which will be reported to Cabinet and Full Council in February 2021 will address these borrowing requirements.

Attached as Appendix D is the Capital Strategy.

**Cabinet are requested to approve the revised Housing Revenue Account capital investment programme for inclusion in the Budget and Council tax report to Cabinet in February 2021.**

- 9.2 Any other separate 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, Bridgefield House 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 for future investment in housing.
- 10.4 The debt cap has subsequently been removed. This would allow an increase in borrowing in order to build more housing.
- 10.5 Attached at Appendix E is the capital investment plan for Crawley Homes for approval in future capital budgets, this is funded from the HRA, this includes £11.280m in 2023/24 and an additional £1m for Milton Mount works in 2021/22. The original budget estimate for the water main replacement was £350k. Quotes that are currently being evaluated estimate the work around £750k. The increase is due to the technical

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detail design that has been developed in consultation with the local water authority. The works now include the construction of a pumping station building plus extensive internal works to meet water bylaws and new fire safety compartmentation requirements.

Further work identified since the original work plan include for replacement internal fire doors throughout the building (£185k), heating upgrades to meet water new water bylaws/legionella compliance (£175k), plus an increase in Kitchen & Bathroom replacements estimated at £180k

Other works include the full installation of a CCTV system, replacement of 3 sets of external doors, and enhancements to the passenger lifts, installation of LED lighting, external works/landscaping to meet planning requirements etc. that has contributed to the budget increase.

## 11. Risk Management

- 11.1 The risks associated with the Council's Budget Strategy as previously set out. The Covid-19 Pandemic has had a significant impact on the Council's activities and continues to do so. This represents a further risk to the financial position of the Council.
- 11.2 The key risks for the Council highlighted in this report is the future funding provided by the Government for both revenue and capital spending and the impact of Covid-19. These matters taken together pose a significant business risk to the Council and requires effective action to be taken.
- 11.3 There is a need, therefore, to put in place plans to make substantial savings/increased income to achieve a balanced budget in the longer term and this will inevitably impact on the Council's ability to maintain existing service levels.
- 11.4 There remains a great deal of uncertainty regarding the timing and implications of reforms to the business rates retention system combined with the outcome of the Spending Review and the Fair Funding Review. The Government has reiterated its commitment to implement a system whereby 75% of rates income is retained locally but much more detailed work and analysis is required before the implications of this for Crawley can be accurately assessed.

## 12. Background Papers

[Budget Strategy 2020/21 – 2024/25 FIN/483](#)  
[2020/21 Budget and Council Tax FIN/491](#)  
[Treasury Management Strategy 2020/21 FIN/493](#)  
[Treasury Management Outturn 2019/20 FIN/502](#)  
[2012/2013 Budget and Council Tax FIN/257](#)



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## Appendix A – Reserves

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. In accordance with CIPFA guidance, earmarked reserves are held for a number of purposes:

- Sums set aside for major schemes such as capital developments or asset purchases.
- Insurance reserves.
- Reserves for unspent revenue grants.

The nature and purposes of these reserves means that from year to year funds will flow in and out as projects progress, grants are received, insurance costs are incurred and on the other hand capital receipts are set aside for future capital investment, insurance funds are topped up to prudent level or authorities seek to set aside funds which will allow them to invest to generate future revenue savings. Some authorities will have accumulated reserves as part of a plan to ease future budget reductions and to allow longer term savings to come to fruition. However, it is not a proper use of reserves to just draw down to support revenue budgets with no clear plan for how the gap will be bridged in future years when reserves are no longer available.

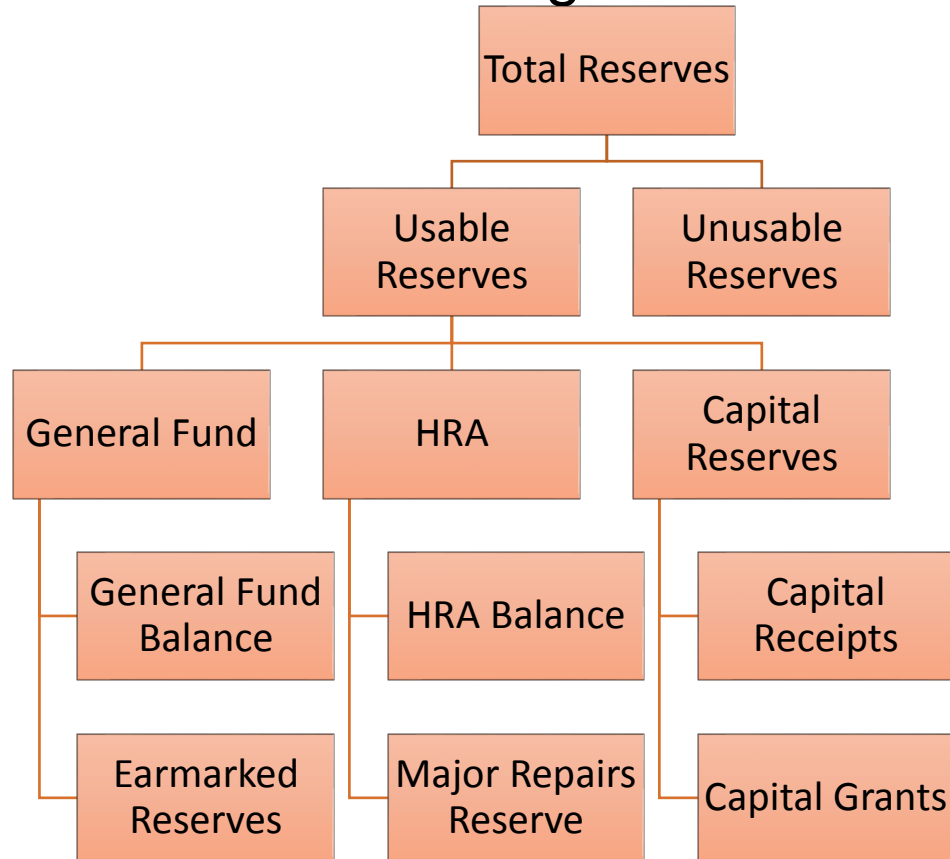
Councils manage money by dividing it between two pots of reserves - useable reserves and unusable reserves (an explanation of these terms can be found below).

Managing money in this way means that we can budget successfully for what we need to deliver services now whilst building up funds that will grow over time and so protecting services in the future.

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.

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.

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**Useable reserves:** This is money that each council has set aside for specific purposes an example is insurance reserves.

**Unusable reserves:** The unusable reserves pot contains funds that cannot be used to provide services or used for day to day running costs. The unusable reserves hold funds that have 'unrealised gains or losses'. This means that we have assets such as buildings whose value changes over time. There may also be commitments linked to these assets such as loans or maintenance needs. The funds held in the unusable reserves fund can only be unlocked and turned into usable money if the assets are sold.

**General fund / HRA balance:** This is a contingency fund - money set aside for emergencies or to cover any unexpected costs that may occur during the year, such as unexpected repairs. There is a requirement to keep such reserves at an appropriate level.

**Earmarked reserves:** This is money that has been set aside for a particular purpose, such as buying or repairing equipment or the maintenance of public parks or buildings.

**Capital receipts:** This is the name given to the income received when assets are sold (such as land or buildings). Capital receipts can only be used to buy or fund capital expenditure. Capital expenditure is the money spent on buying assets that have a lasting value. These assets could be land, buildings or large pieces of equipment such as vehicles. Capital expenditure can sometimes also be used to fund grants to people or organisations.

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**Capital grants:** Capital grants are sums of money given to councils by the government. This money can only be used as capital expenditure, in other words this money can only be used to buy assets of lasting value.

## **Major Repairs Reserve**

The major repairs reserve controls an element of capital resources required to be used on Housing Revenue Account (HRA) assets or for capital financing purposes. This can be used for repairs to existing stock, provision of new stock or repaying debt.

A statement by the Chief Executive of the Chartered Institute of Public Finance and Accountancy (CIPFA) - Councils are topping up their reserves where they can, reflecting the absence of a long-term funding settlement for the sector, continued uncertainty around the spending review and Fair Funding Review and an expectation that the long hard winter of austerity is set to continue,' he said.

'Local government reserves play a crucial role in good public financial management. They exist so that a council can invest in service transformation for the future or else allow them to respond to unexpected events or emerging needs. Critics have been quick to criticise these pots of money held by councils, arguing that services should not be failing while councils hold reserves. But taking away capital and technical sums such as insurance, usable revenue reserves usually only amount to about a month's turnover on operations. And always remember as one-off resources, they can only be spent once, while service demands will continue year on year.'

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## Appendix B

### Earmarked Reserves

	Balance at 31/03/2020	Proposed transfer to General Fund reserve	Revised Total	
<b>General Fund</b>				
Capital Programme	3,555,927.74		3,555,927.74	Fully committed
Restructuring Impact Reserve	694,630.00	-294,630.00	400,000.00	This has been set aside for redundancy payments £400,000 is adequate
Vehicles and Plant	442,869.95		442,869.95	Committed
Insurance Fund	377,897.25		377,897.25	Reserve required
ICT Replacement	70,435.32		70,435.32	Committed
Specialist Equipment at K2 and Hawth	66,157.38		66,157.38	Committed
Risk Management	182,273.26	-82,273.26	100,000.00	We use this for emergencies, also for works the shrub bed team are doing when finding damaged walls and bridges
Quick Wins	17,658.42	-17,658.42	0.00	
Heritage Strategy	26,108.14	-10,000.00	16,108.14	Planning
Prevent Operational (Pathfinder)	24,298.01		24,298.01	Ring-fenced
Local Development Framework	396,243.33		396,243.33	Fully committed
Health & Wellbeing Grant	157,512.91		157,512.91	Committed
Connecting Communities	55,428.54		55,428.54	Committed
Homeless Grant	81,270.89		81,270.89	Committed to the cost of Homelessness
Town Centre and Regeneration Reserve	96,799.15		96,799.15	Fully committed
Waste Collection	227,419.54		227,419.54	This is for any works to refuse vehicles as we have extended the contract
Worth Park HLF	33,038.52		33,038.52	Heritage Lottery Funding ringfenced
Grant to Voluntary Organisations	75,000.00	-75,000.00	0.00	
Welfare Reform	200,000.00	-100,000.00	100,000.00	Need to keep £100k for benefit subsidy audit, balance can be used
Transparency	11,008.63	-11,008.63	0.00	Was to be used for FOI database but will release
Shore Gap Fund	6,299.53		6,299.53	Earmarked for Homelessness
Tilgate Park Investment	7,072.88		7,072.88	To offset budget shortage at Tilgate
New Museum	79,862.61		79,862.61	Committed
Town Centre Partnership	25,514.74		25,514.74	Committed
Town Centre Markets	13,551.24	-13,551.24	0.00	This was being set aside for some uniformity of stalls in future
EU Exit Funding	337,934.00		337,934.00	Gvt funding for EU Exit implications..
Business Rates Pool Cycling	60,000.00		60,000.00	Committed
Homeless Accommodation Acquisition	699,250.10		699,250.10	Will be used to purchase accommodation
Queens Square	380,628.80		380,628.80	For repairs and maintenance of the square (paving) / WSCC contribution
Supported Accommodation	120,000.00		120,000.00	For Open House and other supported accommodation to assist with budget cuts
Town Funds	173,029.00		173,029.00	Committed
Covid-19 LA Support Grant	40,558.07		40,558.07	Already committed and will be used in 2020/21 - balance that was available at 31st March 2020
<b>Total</b>	<b>8,735,677.95</b>	<b>-604,121.55</b>	<b>8,131,556.40</b>	

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## Appendix C

### FUTURE YEARS SAVINGS

Head of Service	2021/22	Posts FTE's
	£	
<b>Corporate Finance</b>		
Head of Finance consultants	3,000	
Casual pay operational properties	12,000	
Sundry debtors misc	10,000	
Print and postage	15,000	
Fraud Vacancy	25,000	1.0
	<u>65,000</u>	
<b>Planning &amp; Economic Division</b>		
Training	6,000	
Town Centre Manager Vacancy	47,600	1.0
	<u>53,600</u>	
<b>Strategic Housing</b>		
Staff Savings (reorganisation saving)	12,000	
Capitalisation of Staff Time (Disabled Facilities Grant)	84,000	
	<u>96,000</u>	
<b>Chief Executive - Town Centre Events</b>		
Overtime	2,650	
Mail/Courier	15,000	
Printing	10,000	
	<u>27,650</u>	
<b>Digital &amp; Transformation</b>		
Contact Centre Vacancies	62,200	2.0
Virgin / BT Line review	5,800	
Connectivity Rationalisation	5,800	
Training	10,000	
	<u>83,800</u>	
<b>Major Projects and Commercial Services</b>		
Cemeteries - running costs and income	28,000	
Allotments - Increased Income	2,500	
Allotments - Vacant post	33,000	1.0
Refuse & Recycling - additional income green bins	15,000	
Corporate Facilities vacant post	30,000	0.5
	<u>108,500</u>	
<b>Community Services</b>		
Staff Underspend	15,000	
General Patch Operational Equipment Budget	2,500	
Casual Staff Budget	22,500	
Community Arts vacancy	25,400	0.5
Wardens Uniform Budget	5,000	
Warden Operational Equipment Budget	1,000	
Wardens Furniture Budget	500	
	<u>71,900</u>	
<b>Total</b>	<b>£ 506,450</b>	<b>6.0</b>

### Capital Strategy

#### 1. Purpose

- 1.1 The CIPFA revised 2017 Prudential and Treasury Management Code require all local authorities to prepare a Capital Strategy which will provide the following:
- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
  - an overview of how the associated risk is managed
  - the implications for future financial sustainability

This Capital Strategy sets out how the Council will manage the investment and financing of capital resources to contribute towards the achievement of its key objectives and priorities. This includes the appraisal process for determining investment decisions and the process for identifying and prioritising funding requirements

#### 2. Background

- 2.1 The Strategy should demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.
- 2.2 The purpose of the Capital Strategy is to tell a story that gives a clear and concise view of how the Council determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. It should provide enough detail to ensure that all members understand how the Council is delivering stewardship of the Council's resources, prudence and sustainability and meeting the Council's reporting requirements.
- 2.3 The Ministry of Housing, Communities and Local Government (MHCLG) revised its Investment Guidance and the (Minimum Revenue Provision) MRP Guidance. Local authorities are increasingly investing in non-financial assets, and this revised guidance brings these investments into scope.

#### 3. Objectives of the Capital Strategy

- 3.1 The objectives of the Capital Strategy are to:
- Prioritise and deploy capital resources in advancement of the Corporate Objectives and the criteria within the Budget Strategy which are –
  - 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,
  - but that such prioritisation should not preclude the initial consideration of capital projects that could deliver social value.

There is no annual target of expenditure for capital purposes as the programme will be based on the criteria above.

The council is also committed to building affordable housing for local people. This can be through the Housing Revenue Account by building Council Housing; or through enabling Registered Social Landlords through the General Fund, where the council would have nomination rights for this housing.

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- a. The Capital Strategy considers all aspects of the Council's capital expenditure and extends to areas where the Council is able to influence others through the use of its capital resources (for example housing enabling with Registered Social Landlords). It forms part of the Council's integrated revenue, capital and balance sheet planning.
- b. The Strategy covers capital expenditure, capital financing and asset management and is one of the key strategies alongside the more operational strategies and policies for these and other areas including Treasury Management, Property Investment and service areas such as housing and other spending areas. It also gives an overview of how associated risk is managed and the implications for future financial sustainability.
- c. The Strategy provides a set of objectives and a framework, within CIPFA Codes and legislation, by which new capital projects are evaluated and decisions made whilst ensuring funding is targeted towards meeting priorities.

## The Capital Strategy:

- States the Council's processes for:
  - Project initiation
  - deciding on the prioritisation of capital projects
  - monitoring and evaluating schemes
- Takes account of significant revenue implications (these are included in the Budget Strategy)
- Provides a framework for the management and monitoring of the capital programme, through budget monitoring and reporting to the Corporate Projects Assurance Group.
- Identifies funding and provides a basis to inform bidding for additional capital resources (e.g. from the Local Enterprise Partnership, National Lottery, Government initiatives)

## Project Initiation

- d. Capital projects are subject to robust justification process, bringing together a clear business case with sufficient detailed costings to ensure transparent decisions can be taken. Business cases are prepared in accordance with the Corporate Projects Assurance Group guidelines.
- e. Proposals are given independent oversight and review by the Corporate Projects Assurance Group. This includes validation arrangement, estimated figures, project milestones and an evaluation of risks. The group will also consider Governance arrangements.
- f. For larger projects where feasibility is less certain viability assessments and robust business cases are prepared before bids are made for funds. This includes undertaking all preparatory work to fully understand the requirements of the project before budget is sought.

## Prioritisation on capital projects

- g. Capital projects will be assessed based on the criteria in section 3.1 above.
- h. The business case put forward for a capital project will be reviewed to ensure it takes account of stewardship, value for money, prudence, sustainability and affordability.

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## **Formal approval process**

- i. Project proposals will be direct reports for recommendations to Cabinet. The Cabinet report will outline how the scheme is funded. If part of the annual budget process these schemes will have Full Council approval.

## **Monitoring and evaluating schemes**

- j. The finance system is used as a tool for budget management, this is accessed by both finance staff and capital project managers to give up to date information on project spend. Quarterly monitoring and reporting of slippage is undertaken to ensure that full use of resources and effective treasury management is undertaken.
- k. A sub group of the Corporate Projects Assurance Group – the Capital Programme Board oversees a range of capital projects, the group will –
  - Receive updates at the end of each quarter from the relevant budget holders to challenge the current budget and spend.
  - Challenge any over or underspend and provide advice to prevent further variances in spend.
  - Review the future years capital programme and challenge if the schemes will be delivered and what governance arrangements are in place.
  - Post project reviews are also fed back and learning is included in future schemes.

The Council will assign a project manager to each project to oversee planning, delivery, management and governance including risk management of the capital project.

## **Funding the Strategy**

- l. Funding must be appropriate for the project and will come from:
  - Capital receipts – from the sale of assets or finance lease receipts
  - Government grants
  - Third party grants and contributions
  - Community Infrastructure Levy
  - Other developer contributions
  - Reserves
  - Revenue contributions (see below)
  - External (prudential) borrowing
- m. The revenue budget has an annual budget of around £564,000 for programmed repairs, there is a three year plan of how to spend this money. This is based on condition surveys and includes works at K2 Crawley, the Hawth, car parks, depots, parks and pavilions and community centres. The Corporate Projects Assurance Group reviews these plans.
- n. In addition there are annual contributions from Revenue to the renewals funds. Annually there is a contribution of £100,000 for both IT equipment replacement and specialist equipment at the Hawth and K2 Crawley, together with an annual contribution of £200,000 for vehicle replacements. Delegation is given to Heads of Service for replacement of vehicles and to Cabinet Member for IT equipment. The specialist equipment for leisure services forms part of the approved capital programme through Cabinet.

## **4. Debt and Borrowing and Treasury Management**



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- 4.1 The council's approach to borrowing is set out in [Treasury Management Strategy 2020/21 FIN/493](#). The Council will consider external borrowing in the Treasury Management Strategy which will be submitted to Cabinet in February 2021.

## 5. Commercial Activity

- 5.1 The Council may invest in other financial assets, including loans and property primarily for financial return, which are not part of the treasury management activity.

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 £8m (there is no current provision in the capital programme).
- 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 at least 8 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.
- vi whilst Crawley may be a preferable location, other locations within East and West Sussex and Surrey will be considered.

The Table below lists the investment properties that the Council owns and their value at 31<sup>st</sup> March 2020.

Name	Valuation
Ashdown House – High Street	£ 9,426,000
Atlantic House – Three Bridges	£ 5,480,800
Ask – High Street	£ 1,457,400
Kingsgate Car Park	£ 5,589,300
Sub Total	<b>£21,953,500</b>
Voluntary Organisations (Station Road)	£ 1,561,800
Telford Place Car Park	£ 975,400
Other	£ 1,096,500
<b>Total</b>	<b>£25,587,200</b>

## 6. Future Capital programme

The 2021/22 and future capital programme will be included as part of the Budget and Council tax report which will be considered by Cabinet and Full Council in February 2021. Future use of council property including asset management planning is included within the Council's Transformation programme.

## 7. Implications

There are no significant legal implications as a result of the recommendations in this report. Compliance with the CIPFA Code of Practice for Treasury Management in the public services, the Local Government Investment Guidance provides that the Council's investments are and will continue to be, within legal powers to borrow and invest including controls and limitations conferred under the Local Government Act 2003.

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## Appendix E – Crawley Homes capital investment plan.

Description	Latest Budget 2020/21	Latest Budget 2021/22	Latest Budget 2022/23	Budget 2023/24
	£	£	£	£
Decent Homes Renovations	2,298,663	2,476,337	2,300,000	2,300,000
Insulation	299,428	1,100,572	650,000	2,050,000
Renewable Technology/Carbon Efficiency	1,450,924	2,749,076	1,800,000	1,800,000
Compliance Works	46,194	113,806	80,000	80,000
Boilers & Heating	665,050	1,869,631	1,750,000	1,450,000
Electrical Test & Inspection	800,000	1,100,000	1,000,000	1,800,000
Adaptations for the Disabled	350,000	100,000	50,000	50,000
Hostels	1,242,420	1,257,580	1,250,000	1,300,000
Garages	68,279	551,721	230,000	250,000
<b>HRA PROGRAMME MAINTENANCE</b>	66,918	333,082	500,000	200,000
	7,287,877	11,651,804	9,610,000	11,280,000
Carey House	20,841	109,159		
Fairlawn House	10,000	200,000		
Milton Mount	250,525	1,489,475		
5 Perryfields	51,100	518,000	50,900	
<b>TOTAL HRA IMPROVEMENTS</b>	<b>7,620,342</b>	<b>13,968,438</b>	<b>9,660,900</b>	<b>11,280,000</b>

Comments for 2020/21
<p><b>General Note 2020/21:</b> Planned works were unable to commence during April due to covid lockdown. Further programme works have been further delayed due to some tenants resistance to have major works in their homes. The mobilisation of the new contract also caused some delay, again mainly around Covid compliance, and sub-contractors on furlough etc. Most Programmes are now up and running, but budget slippage will be inevitable.</p>
<p><b>Decent Homes:</b> Decent Homes cost code holds data for Kitchens, bathrooms, Windows, Doors, Roofing. Roofing has continued on reactive basis, Kitchen &amp; Bathrooms are being delivered as identified during voids. Delays to programmes have been due mainly to Covid. Approx.' £420k to be slipped into 2021/22</p>
<p><b>Renovations:</b> It is estimated that this work area will be completed during this current financial year. As most areas are for external works that have generally continued with much less covid affect</p>
<p><b>External Wall Insulation:</b> Wates EWI works begun in August following delays due to covid (sub-contractors staff on furlough). We anticipate the peak capacity of work as we approach inclement weather, therefore the full programme capacity is unlikely to be reached this financial year. Approx.' 100k to be slipped to 2021/22. Works are unlikely to catch up any more this year as we go into the winter months, as a lot of work is weather dependant.</p>
<p><b>Renewable Technology/Carbon Efficiency:</b> Planned schemes for emergency and LED lighting completed, we have installed our first battery storage trial unit linked to solar PV. We will also be working with NetZero Collective to look at carbon efficiency data trials.</p>

Comments for 2021/22
<p><b>General Note 2021/22:</b> The planned works for 2021/22 will be sufficiently resourced to account for work slipped from 20/21. However it should be noted that further lockdown, or national restrictions over the winter and into next financial year, could still have an impact on the delivery of next years programmed works.</p>
<p><b>Decent Homes:</b> The budget for 2021/22 has increased taking into account the budget slippage from 20/21. tenants are aware where work has had to be slipped into future years work schedules. In some cases, this may have a small impact on the revenue/repairs budgets until full programmes can be completed.</p>
<p><b>Renovations:</b> This planned work element will continue during 21/22 to estimated budget</p>
<p><b>External Wall Insulation:</b> The EWI programme will continue during 2021/22. Both Mears &amp; Wates are looking to use additional sub-contractors next financial year to catch up with the current delayed programme.</p>
<p><b>Renewable Technology/Carbon Efficiency:</b> This planned work element will continue during 21/22 to estimated budget. We will continue to work in collaboration with our partner contractors to identify where we can invest in new technology. Further work will be planned to meet our carbon reduction targets.</p>

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Comments for 2020/21
<p><b>Compliance Works (asbestos, rewires, emergency lights etc.) :</b> Rewires have been affected by Covid delays. More electrical repairs have been instructed to ensure safety is met ahead of future rewire programmes. Budget will be slipped so rewire programme will continue next year.</p>
<p><b>Boilers &amp; Heating:</b> Anticipate this will be fully spent this financial year.</p>
<p><b>Electrical Test &amp; Inspection:</b> Anticipate this will be fully spent this financial year.</p>
<p><b>Adaptations For The Disabled:</b> Estimated the spend on general adaptations will catch up during the remainder of the year. Only one extension will now commence this year, however some of the budget will be diverted for the provision of more scooter store/pods.</p>
<p><b>Hostels (including extension/refurbishment of the Orchards):</b> Refurbishment of the Orchards has been delayed as the building is being used for homeless accommodation. Planning information and tender specifications is progressing and procurement will take place this financial year. It is anticipated that works will commence and be completed next financial year</p>
<p><b>Garages:</b> Work to garages is ongoing - some slippage due to roofing work delays and sub-contractors on furlough, this will be picked up next year when the warmer weather months</p>
<p><b>Carey House:</b> Works to mobilise the project on site will commence Feb/March. The project construction with be complete 21/22</p>
<p><b>Fairlawn House:</b> Works to mobilise the project on site will commence Feb/March. The project construction with be complete 21/22</p>
<p><b>Milton Mount:</b> Painting works on site, tenders for water main replacements have been returned and currently being evaluated. Works due to commence Feb/March on major works and completed by year end 21/22</p>
<p><b>5 Perryfields:</b> Planning permission obtained, specifications are currently being finalising ahead of local tender/procurement. Anticipated that there will some design expenditure this financial year, and the project will start on site early in the new financial year.</p>
<p><b>Revenue Budget to note: External Decorations</b> Both contactors experienced covid delays to the start to the decorating programme, subsequently mobilising the external decorations took until September to operate at full capacity, as we now approach inclement weather the full programme will not be realised.</p>

Comments for 2021/22
<p><b>Compliance Works:</b> The budget for 2021/22 has increased taking into account the budget slippage from 20/21. tenants are aware where work has had to be slipped into future years work schedules. In some cases, this may have a small impact on the revenue/repairs budgets until full programmes can be completed.</p>
<p><b>Boilers &amp; Heating:</b> This planned work element will continue during 21/22 to estimated budget</p>
<p><b>Electrical Test &amp; Inspection:</b> This planned work element will continue during 21/22 to estimated budget</p>
<p><b>Adaptations For The Disabled:</b> The adaption programme and OT referrals will continue 21/22. It is hoped that most of the referrals during 20/21 will be completes, however there has been a delay to extensions. Further scooter store pods will be developed as demand requires</p>
<p><b>Hostels (including extension/refurbishment of the Orchards):</b> Orchards project construction/refurbishment to commence on site and complete during 2021/22</p>
<p><b>Garages:</b> This planned work element will continue during 21/22 to estimated budget including work slipped from 20/21</p>
<p><b>Carey House:</b> Carey House project to construct addition flats within the social area to commence on-site and complete during 2021/22</p>
<p><b>Fairlawn House:</b> Fairlawn project to construct addition flats within the social area to commence on-site and complete during 2021/22</p>
<p><b>Milton Mount:</b> Major works to Milton Mount will continue and complete during 2021/22 with further major works i.e.-window replacement and roofing works planned 2024/25 or thereafter. <b>2020/21 Major Works:</b> The water main replacement currently being evaluated is estimated at around £750k. The increase is due to the technical detail design that had to take place in consultation with the local water authority. The works now include the construction of a pumping station building plus extensive internal works to meet water bylaws and new fire safety compartmentation requirements.  Further work has been identified since the original work plan including replacement internal fire doors throughout the building (£185k), heating upgrades to meet new water bylaws/legionella compliance (£175k), plus an increase in Kitchen &amp; Bathroom replacements estimated at £180k Also works to install a full CCTV system, replace 3 sets of external doors, and enhancements to the passenger lifts, installation of LED lighting and external works/landscaping to meet planning requirements etc. have contributed to the budget increase.</p>
<p><b>5 Perryfields:</b> Project construction/refurbishment to commence on site and complete during 2021/22</p>
<p><b>Revenue Budget to note: External Decorations:</b> The External Decorations will continue during 2021/22. Both Mears &amp; Wates are looking to use additional sub-contractors if required next financial year to catch up with the current delayed programme.</p>

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# Agenda Item 7

## Crawley Borough Council

**Report to Overview and Scrutiny Commission**  
**23 November 2020**

**Report to Cabinet**  
**25 November 2020**

### Treasury Management Mid-Year Review 2020/2021

Report of the Head of Corporate Finance, **FIN/512**

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#### 1. Purpose

1.1 This report provides an update on the Council's Treasury Management Strategy for the two first quarters of 2020/2021.

#### 2. Recommendations

2.1 To the Overview and Scrutiny Commission:

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

2.2 To the Cabinet

That the Cabinet is recommended to note the report and the treasury activity for the first two quarters of 2020/2021

#### 3. Reasons for the Recommendations

3.1 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (Treasury Management Strategy Statement, annual and mid-year reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

#### 4. Interest rate forecasts

4.1 The Council's treasury advisor, Arlingclose Limited, has provided the following forecast:

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

4.2 Given the current level of uncertainties forecasts may need to be materially reassessed in the light of events over the next few weeks or months.

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## 5. Annual Investment Strategy

- 5.1 The Treasury Management Strategy Statement (TMSS) for 2020/21, which includes the Annual Investment Strategy, was approved by this Council on 26 February 2020. It sets out the Council's investment priorities as being:
- Security of capital;
  - Liquidity;
  - Yield; and
  - Ethical investment policy

## 6. Compliance with Treasury and Prudential Limits

- 6.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved TMSS.
- 6.2 During the financial year to date the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The prudential and treasury Indicators are shown in Appendix 2.

## 7. Investment Portfolio 2020/21

- 7.1 The Council held £111.98m of investments as at 30 September 2020 (£97.8m at 31 March 2020). A full list of investments held as at 30th September 2020 is in appendix 1.
- 7.2 In addition to the treasury investments in 7.1 above, the Council also has £22.0m invested in Investment Properties. These investments are deemed capital expenditure, and as such are an application (spending) of capital resources. As such, these investments are not included in the treasury management indicators but have been included in the list of investments in appendix 1.
- 7.3 The Head of Corporate Finance confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2020/21.
- 7.4 Investment performance for the financial year to date as at 30 September 2020:

Benchmark	Benchmark Return	Council Performance	Investment Interest Earned
7 day LIBID + 0.2%	0.14%	0.75%	£414,973

In the strategy set at the start of the year, we projected that there would be a rise in interest rates. At the time, base rate was 0.75% and the expectation was that it would rise to 1% by the end of the year. Instead, it fell: first to 0.25% on 11 March, and then to 0.1% 1 week later. The expectation is that it will remain at this level for the rest of the year, though zero or negative rates cannot be ruled out.

The Council has not invested at negative rates so far, though some rates in the market are negative. We have found it difficult to invest and in some cases we have invested at 0%. The average rate on our investments is 0.75% for the first half of the year - mostly down to investments that were taken out before the rate cuts. As these mature, we will see our average rate fall.

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## 8. Borrowing

- 8.1 The Council borrowed £260.325m in March 2012 for HRA self-financing. The average borrowing rate is 3.19%. There has been no requirement for further borrowing in 2020/2021.

## 9. Implications

- 9.1 The Council is under a duty to manage its resources prudently and therefore due consideration must always be given to its borrowing and lending strategy. A wide range of local authority financial activities, including borrowing, lending, financial management, and the approval of types of investment vehicle are governed by legislation and various regulations. The Council is obliged to comply with these. There are no other legal implications arising in this report.
- 9.2 The financial implications are addressed throughout this report.
- 9.3 Risks are highlighted throughout this report, but appendix 2 addresses the risk to security, liquidity and yield of the Council's investment strategy.

## 10. Background Papers

[Treasury Management Strategy for 2020/2021 – Cabinet, 5 February 2020 \[report FIN/493 refers\]](#)

Quarterly Budget Monitoring 2020/2021 Quarter 2 – Cabinet, 25 November 2020 [report FIN/510 refers]

[Budget and Council Tax for 2019/20 - Cabinet, 5 February 2020 \[report FIN/491 refers\]](#)

“Treasury Management in the Public Services - Code of Practice and Cross-Sectoral Guidance Notes”, 2017 Edition - Chartered Institute of Public Finance and Accountancy

“The Prudential Code for Capital Finance in Local Authorities”, 2017 Edition - Chartered Institute of Public Finance and Accountancy

[DCLG Guidance on Local Government Investments \(Second Edition\)](#)

Report author and contact officer: Carey Manger, Finance Business Partner (01293 438021)

## Detailed holdings at 30 September 2020

## APPENDIX 1

Counter Party	Deal Ref	Issue	Maturity	Days to Mature	Interest Rate	Nominal (£m)	Total (£m)	Limit (£m)	Rating
<b>UK BANKS</b>									
Lloyds Bank plc	20		01/10/2020	1	0.000%	0.053	0.053	10.000	A+
<b>UK BUILDING SOCIETIES</b>									
Leeds BS	2596	17/06/2020	16/11/2020	47	0.178%	3.079			
	2597	18/06/2020	16/11/2020	47	0.121%	1.921	5.000	10.000	AAA
<b>CENTRAL GOVERNMENT</b>									
DMO	2614	15/09/2020	05/10/2020	5	0.010%	6.000	6.000	Unlimited	AA
<b>LOCAL AUTHORITIES</b>									
Ashford Borough Council	2593	15/07/2020	19/01/2021	111	0.300%	5.000	5.000	15.000	AA
Blaenau Gwent County Borough Council	2592	17/08/2020	19/02/2021	142	0.350%	5.000	5.000	15.000	AA
Cambridgeshire CC	62	03/01/2020	04/01/2022	461	1.600%	3.000	3.000	15.000	AA
Cheltenham Borough Council	2598	20/07/2020	20/01/2021	112	0.200%	2.000	2.000	15.000	AA
Conwy County Borough Council	2591	21/08/2020	19/02/2021	142	0.350%	5.000	5.000	15.000	AA
Dumfries & Galloway Council	60	02/12/2019	02/12/2021	428	1.350%	5.000	5.000	15.000	AA
Fife Council	2575	04/02/2020	02/02/2021	125	0.950%	5.000	5.000	15.000	AA
London Borough of Hillingdon	2589	01/07/2020	21/12/2020	82	0.300%	5.000	5.000	15.000	AA
Kingston-Upon-Hull City Council	36	02/12/2013	02/12/2021	428	2.750%	5.000	5.000	15.000	AA
City of Liverpool	2594	30/07/2020	29/01/2021	121	0.300%	5.000	5.000	15.000	AA
North Tyneside MDC	2558	16/10/2019	14/10/2020	14	0.950%	3.000	3.000	15.000	AA
Plymouth City Council	2595	23/07/2020	19/01/2021	111	0.350%	5.000			
	2600	06/08/2020	22/02/2021	145	0.150%	5.000	10.000	15.000	AA
Royal Borough of Windsor & Maidenhe	2603	20/08/2020	20/10/2020	20	0.050%	5.000	5.000	15.000	AA
Rotherham Metropolitan Borough Coun	2590	20/08/2020	19/03/2021	170	0.380%	5.000	5.000	15.000	AA
Slough Borough Council	2562	07/11/2019	05/11/2020	36	0.950%	3.000	3.000	15.000	AA
Somerset West and Taunton Council	2615	18/09/2020	15/01/2021	107	0.150%	5.000	5.000	15.000	AA
Surrey County Council	2618	28/09/2020	19/11/2020	50	0.040%	5.000	5.000	15.000	AA
Surrey Heath Borough Council	2599	27/08/2020	26/02/2021	149	0.180%	2.000	2.000	15.000	AA
Wyre Forest District Council	61	10/12/2019	10/12/2021	436	1.400%	2.000	2.000	15.000	AA
<b>MONEY MARKET FUNDS</b>									
Aberdeen Liquidity Fund	5		01/10/2020	1	0.080%	6.633	6.633	15.000	AAA
Federated Prime Rate Cash Man	1		01/10/2020	1	0.054%	1.300	1.300	15.000	AAA
<b>SINGAPORE BANKS</b>									
DBS Bank Ltd	2564	31/10/2019	29/10/2020	29	0.920%	5.000	5.000	10.000	AA+



Counter Party	Deal Ref	Issue	Maturity	Days to Mature	Interest Rate	Nominal (£m)	Total (£m)	Limit (£m)	Rating
<b>SWITZERLAND BANKS</b>									
UBS AG	2561	25/10/2019	22/10/2020	22	0.950%	3.000	3.000	10.000	AA-
						-----	-----		
						<b>128</b>	<b>111.986</b>		
						-----	-----		
<b>INVESTMENT PROPERTIES</b>									
Ashdown House							9.426		
Ask High Street							1.457		
Atlantic House							5.481		
Kingsgate Car Park							5.589		
						-----	-----		
						<b>133.939</b>			
						-----	-----		

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Prudential and Treasury Indicators as at 30<sup>th</sup> September 2020

APPENDIX 2

Treasury Indicators	2020/21 Strategy £'000	30 September Actual £'000
Authorised limit for external debt	276,146	265,951
Operational boundary for external debt	266,146	260,325
Investments *	45,587	111,986

\* Capital expenditure was budgeted at £78.8m for 2020/21. £11.7m has been spent to 30 September. The revised estimate is £51.8m. See Quarter 2 Budget Monitoring for further details.

Maturity structure of fixed rate borrowing - upper and lower limits:		
Under 12 months	0% - 10%	0%
12 months to 2 years	0% - 10%	0%
2 years to 5 years	0% - 20%	19%
5 years to 10 years	0% - 40%	33%
10 years to 20 years	0% - 55%	48%
20 years to 30 years	0% - 10%	0%
30 years to 40 years	0% - 10%	0%
40 years to 50 years	0% - 10%	0%

Weighted average life of investments	Avg. 0.70 years Max 1.20 years	0.35
Short term deposits (<1 week's notice)	2,000	7,986
Upper limit for principal sums invested over 364 days	50,000	15,000

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Prudential Indicators	2020/21 Strategy £'000	Quarter 2 Forecast £'000
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## General Fund

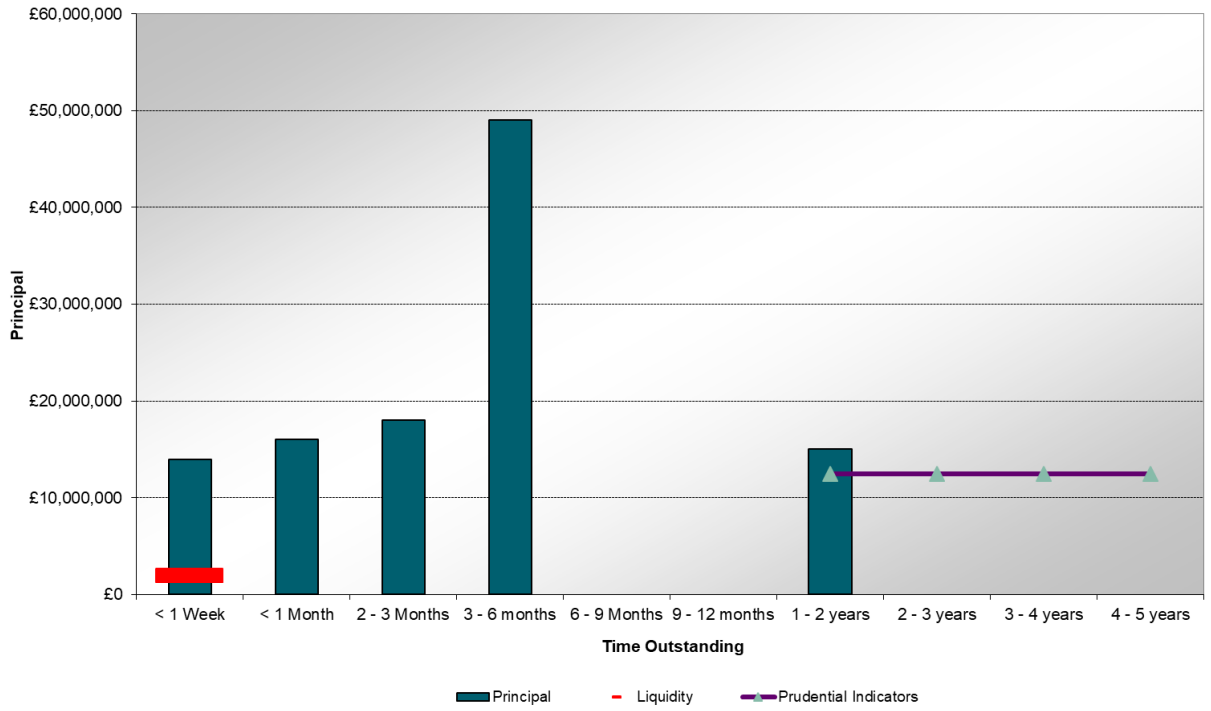
Capital expenditure	50,045	6,429
Capital Financing Requirement (CFR)	5,821	0
Annual change in CFR	5,821	0
In year borrowing requirement	5,821	0
Ratio of financing costs to net revenue stream	-3.92%	-3.61%

## HRA

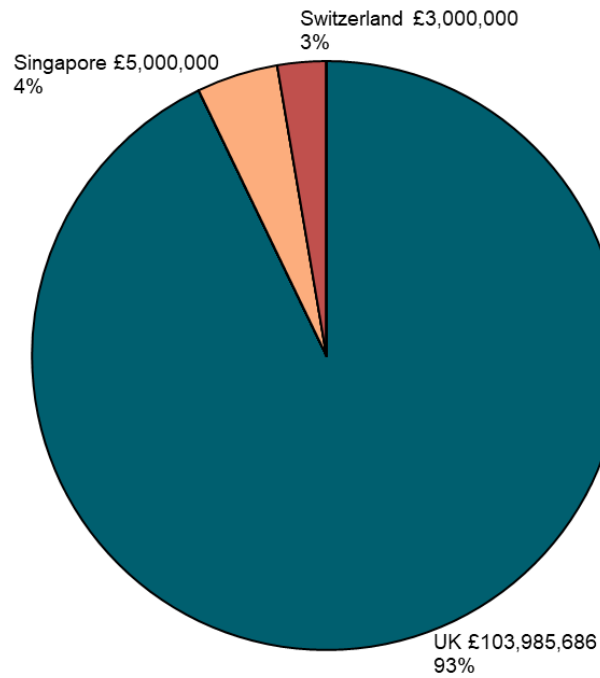
Capital expenditure	28,771	5,247
Capital Financing Requirement (CFR)	260,325	260,325
Annual change in CFR	0	0
In year borrowing requirement	0	0
Ratio of financing costs to net revenue stream	16.06%	16.30%

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## Compliance with Liquidity and Prudential Indicator Limits

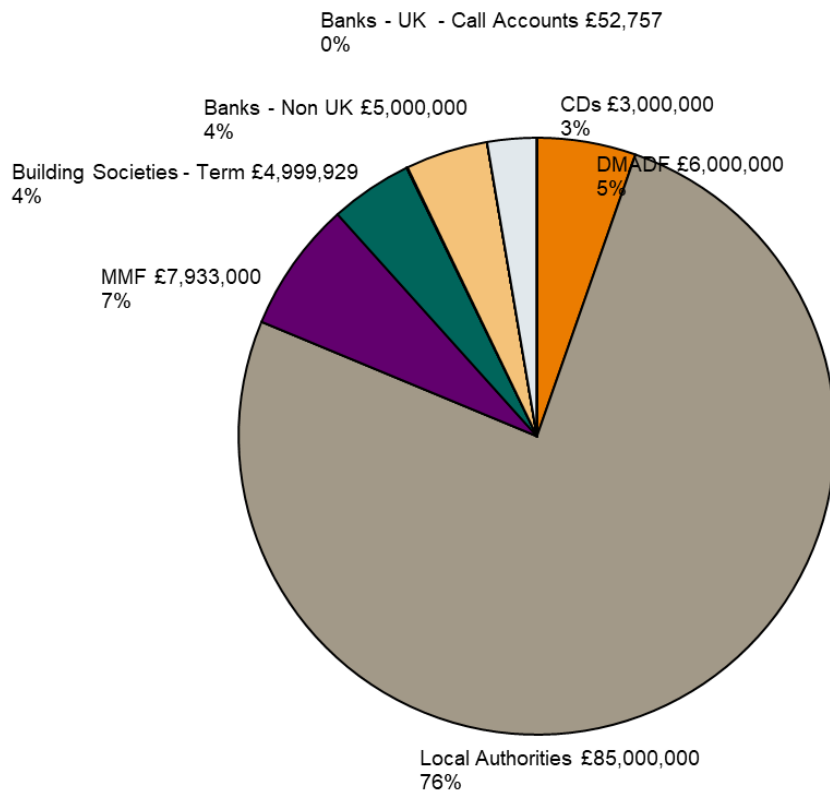


## Country Limits



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## Sector Diversification



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# Agenda Item 8

## Crawley Borough Council

### Report to Overview and Scrutiny Commission

23rd November 2020

### Report to Cabinet

25th November 2020

## 2020/2021 Budget Monitoring - Quarter 2

Report of the Head of Corporate Finance, **FIN/510**

---

### 1. Purpose

- 1.1 The report sets out a summary of the Council's actual revenue and capital spending for the second Quarter to September 2020. It identifies the main variations from the approved spending levels and any potential impact on future budgets.

### 2. Recommendations

- 2.1 To the Overview and Scrutiny Commission:

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

- 2.2 To the Cabinet:

The Cabinet is recommended to:

**Agree the projected outturn for the year 2020/2021 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.

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4.3 This report outlines the projected outturn for 2020/2021 as at the end of September 2020.

## 5. Budget Monitoring Variations

### 5.1 General Fund

The table below summarises the projected variances in the relevant Portfolio at Quarter 2.

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

	Variance projected at Quarter 2		Variance projected at Quarter 1
	£'000		£'000
Cabinet	(6)	F	(133)
Public Protection & Community Engagement	(49)	F	(59)
Environmental Services & Sustainability	402	U	289
Housing	639	U	734
Wellbeing	2,032	U	2,014
Planning & Economic Development	(66)	F	(113)
Investment Interest	(33)	F	0
Additional Funding	(2,038)	F	(1,499)
<b>TOTAL (SURPLUS)/DEFICIT</b>	<b>881</b>		<b>1,233</b>

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

5.2 The Table below shows the impact of Covid-19 on the current year budget and the mitigations taken, together with Government support to date.

	Quarter 2		Quarter 1
	£000's	£000's	£000's
<b>Covid – additional expenditure</b>			
Homelessness	153		150
Rough sleeping *	554		404
Sports, Leisure and community facilities	554		618
Revenues and benefits expansion	137		123
Shielding	24		33
PPE	86	1,508	94
<b>Covid – lost income</b>			
Car parking	452		343
Recreation and sports	1,350		1290
Culture related losses inc. community centres	272		227
Planning and development	229		161
Other sales, fees and charges	373		340
Commercial income	308		102
Other income	338	3,322	405



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<b>Total Covid related budget pressures</b>	<b>4,830</b>	<b>4,290</b>
Other unexpected costs (including pay award)	220	217
In-year savings/mitigations identified	-1,775	-1,775
Additional funding – Covid-19 grant	-1,881	-1,369
Additional funding – Enforcement	-59	0
Additional funding – Isolation Payment Admin	-27	0
Additional funding – Business grant new burden	-130	-130
Next Steps Accommodation Programme Funding	-297	0
<b>TOTAL (SURPLUS)/DEFICIT</b>	<b>881</b>	<b>1,233</b>

\* Includes a provision for winter that is offset by the Next Steps Accommodation Programme Funding

## Significant Quarter 2 variances over £20,000

### 5.2.1 Cabinet

Additional staffing resource is required in the contact centre due to Covid-19 and increased demand. This has reduced the previously forecast underspend to £38,000.

Additional expenditure of £106,000 is expected within Legal Services. This includes a provision of £32,000 for advice on external contracts and Covid-19 queries. £74,000 additional costs anticipated for the use of agency staff to cover until the New Year net of vacant posts within the team.

### 5.2.2 Public Protection & Community Engagement

There are no significant variations to report this quarter.

### 5.2.3 Environmental Services & Sustainability Services

Due to an increase in Covid-19 regulations demand for car parking within the town centre has not increased as originally anticipated. This has meant a further £79,000 decrease in income forecast for this financial year. The total reduction is now £332,000.

### 5.2.4 Housing Services

Additional temporary accommodation spend has been mitigated by a successful bid for funds through the Next Steps Accommodation Programme. £112,000 has been allocated to severe weather payments, with £132,000 available to fund Covid-19 placements since the 1<sup>st</sup> of July. A separate grant of £24,750 has been received for a contribution towards the costs of rough sleeping.

A further reduction in benefit overpayments the council is likely to recover this year is expected due to Covid-19. The projected shortfall is now £338,000.

### 5.2.5 Wellbeing

The decision to cancel Tilgate's magical Christmas and stop educational classes for schools due to Covid-19 has increased the projected deficit for the park by £41,000. A further £15,000 loss is expected because of the new restrictions in place during

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November. The most recent forecast for the park shows a shortfall to budget of £387,000.

CCTV has been installed at the Bewbush satellite site to ensure the site is secure at a cost of £8,000, with further expenditure of £12,000 also forecast within the town for the repairs of bridges, walls and paths for health and safety reasons.

Previous agreements with Everyone Active included the underwriting of additional costs incurred and waiving of the budgeted management fee. This agreement is expected to continue for the rest of the year. The latest projections show a slight increase in demand at K2 Crawley, reducing the total lost income and additional costs of £1,415,000, although it has now had to close for November.

## 5.2.6 Planning & Economic Development

Additional costs of £23,000 have been incurred to enable the council to safely reopen the high street. These costs include consultancy fees and additional signage throughout the town to establish one way systems and encourage social distancing. This expenditure will be reimbursed to the council through the allocation of the "Reopening High Streets Safely Fund".

## 5.2.7 Investment Income

More certainty over future cashflow has enabled some longer term investments for which the interest rate the council receives is higher.

## 5.2.8 Additional Funding

A grant of £27,291 is expected to fund the additional work of administering the Governments "Test and Trace Support Payment Scheme". Payments of £500 are made to those on low income who are told to self-isolate, without the ability to work from home.

Government have recently announced a fourth tranche of Covid-19 expenditure funding; CBC's allocation is £511,805. This brings the total funding received since March to £1,904,593, with £23,600 having being allocated to 2019/20. The funding available for use in 2020/21 is therefore £1,880,993.

## 6. Virements

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

6.2 There have been no virements in the quarter

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## 7. Council Housing Service – Revenue

7.1 The table below provides details of the 2020/2021 HRA variances.

### HOUSING REVENUE ACCOUNT

	Q2 Variation £000's		Q1 Variation £000's
Income			
Rental Income	540	U	543
Other Income	0		0
Interest Received on balances	0		0
	<b>540</b>		<b>543</b>
Expenditure			
Employees	(69)	F	(59)
Repairs & Maintenance	(124)	F	0
Other running costs	(78)	F	(63)
Support services	0		0
	<b>(271)</b>	F	<b>(122)</b>
Net (Surplus) / Deficit	<b>269</b>	U	<b>421</b>
Transfer (from) Housing Investment Reserve	(269)		(421)

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

## 7.2 Repairs and Maintenance

There are expected in year savings of £124,000 in relation to the gas servicing contract. This saving will be ongoing and has been factored into future budgets.

## 8. Capital

8.1 The table below shows the 2020/21 projected capital outturn and proposed carry forward into 2021/22. Further details on the Capital Programme are provided in Appendix 2 to this report.

	Latest Budget 2020/21	Spend to Q2 2020/21	Estimated Outturn 2020/21	Under/ (overspend)	Re-profiled to/(from) future years
	£000's	£000's	£000's	£000's	£000's
New Town Hall Redevelopment Programme– Joint responsibility	24,874	5,368	22,874	0	2,000

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Environmental Services & Sustainability	460	287	400	0	60
Housing Services	3,764	503	3,364	0	400
Planning & Economic Development	7,048	107	1,152	0	5,896
Wellbeing	540	163	687	0	(147)
<b>Total General Fund</b>	<b>36,686</b>	<b>6,428</b>	<b>28,477</b>	<b>0</b>	<b>8,209</b>
Council Housing	25,861	5,248	23,344	0	2,517
<b>Total Capital</b>	<b>62,547</b>	<b>11,676</b>	<b>51,821</b>	<b>0</b>	<b>10,726</b>

8.2 Crawter/Manor Royal Cycle Path has slipped £65,665 into 2021/22 as the current proposal has hit difficulties, work is ongoing to find an alternative proposal.

8.3 The Disabled Facility Grant has slipped £400,000 into 2021/22, this service relies on Occupational Therapist referrals. There has been a reduction in referrals over the first half of 2020/21 in comparison to the same period last year. Some adaptation have also been delayed because of Covid-19 either because of contractors not working earlier in the year or the client choosing to delay works because of concerns for personal health and safety. Funding can be carried forward to future years.

8.4 Crawley Growth Programme (CGP) –

#### Town Centre Acquisition

The acquisition of a Town Centre property for employment space is progressing but delays have meant the need to move £5,950,000 into 2021/22.

#### Three Bridges Station

Progress is being made with this scheme, with a planning application to be submitted in 2020/21. This has required budget of £53,500 to be brought forward from 2021/22.

8.5 Tilgate Park £154,710 and Nature & Wildlife Centre £93,817 budgets have been slipped forward as work has started on the new children's play area at Tilgate Park. There are also plans to purchase a marquee to enhance income opportunities and £40,000 budget to be allocated to exhibit enclosures at the Tilgate Nature Centre.

8.6 Housing

#### HRA Programme Maintenance

The HRA programme maintenance is slipping a total of £1,219,312. Planned works were unable to commence during April 2020 due to Covid-19 lockdown, with further delays due to some tenant's resistance to have major works in their homes. New contracts to deliver programme maintenance were due to start in April 2020 but were delayed mainly around Covid-19 compliance but most programmes are now being delivered.

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There was an opportunity when moving into the new programme maintenance contract to review the scheme descriptions, Appendix 3 shows how the original budget for 2020/21 has been revised to the new scheme descriptions.

## Forge Wood

The Forge Wood development is progressing with some of the phases completed allowing for an updated forecast.

## Forge Wood Phase 2

Forge Wood Phase 2 is continuing with good progress requiring to bringing forward £1,003,024 into the current financial year from 2021/22.

## Forge Wood Phase 4

Forge Wood Phase 4 has suffered constant developer reprogramming which has impacted on the forecasting for this phase giving slippage between financial years, moving £314,048 back to 2021/22

## Carey House

This scheme is awaiting agreement on Pre Construction Design Information so that this can be included with tender enquires so slipping £109,159 in to 2021/22.

## Fairlawn House

Due to Covid-19 the start of the contract was delayed. Work is ongoing to finalise a scheme specification and then seek planning approval, slipping £95,000 into 2021/22.

## Milton Mount

The major works at Milton Mount have been hit by the need to meet a number of design constraints and works were approved at Planning Committee on 3<sup>rd</sup> November 2020. All residences have received update letters during October 2020. Due to the delays £339,475 will be slipped to 2021/22.

- 8.7 In the second quarter of 2020/21 **fifteen** Council Houses with a sale value of £3,115,270 were sold compared to six in the second quarter last year. Of these receipts, £257,863 was paid over to the Government with the balance being retained by the Council. £810,059 available for general capital expense and £2,047,348 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 £34,625,466 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, £26,379,376 of 1-4-1 receipts has been used to partially fund the purchase or construction of properties. Any 1-4-1 receipts that are unspent after 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. Capital Programme and S106 funding**

- 9.1 In December 2013 Cabinet approved the most recent Unsupervised Play Investment Proposals (2014 -2019). This has now come to an end with any remaining individual

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scheme budgets being moved to Refurb Playgrounds Future Schemes and will become part of the future Unsupervised Play Strategy.

Scheme Description	Budget
	£
<b>Budgets removed</b>	
Pound Hill - Wakehams 15/16 Play Refurbishment	-65,000
Ewhurst Road (2017/18 Play Refurbishment)	-226
4 Type A Play Areas Ifield	-50,011
2 Type A Play Areas Pound Hill	-25,339
Perkstead Court Play Area Bewbush	-18,142
1 Type A Play Areas Bewbush	-13,000
Meadowlands West Green	-40,000
<b>Budgets Changed</b>	
Chichester Close	45,000
Dormans Play Area	45,000
Newbury Road	39,339
Ninfield Court	15,000
Refurb Playgrounds Future Schemes	67,379
<b>Effect on Play Schemes Budget</b>	<b>0</b>

There is work continuing on a future long term strategy for unsupervised play and the Unsupervised Play Investment Plan Working Group (UPIPWG) has been set up. Due to critical time dependency on spend of available S106 and following detailed analysis and consultation with UPIPWG the above play areas have been approved to be part of the capital programme.

These four schemes have now been through the established Crawley Borough Council S106 approval process.

### **Funding for Dormans Play Area – Gossops Green.**

The project is to receive a contribution of £45,000 from S106. The S106 monies have been received from 2 developments in Three Bridges (1) and Gossops Green (1).

Planning Application	Site Address	Amount Allocated to Schemes
CR/2005/0714/FUL & CR/2010/0073/NCC	CRAWLEY LEISURE CENTRE SITE, HASLETT AVENUE, THREE BRIDGES, CRAWLEY	£44,988.82
CR/2012/0376/FUL & CR/2012/0516/FUL	NORTH LODGE, GOSSOPS GREEN LANE, GOSSOPS GREEN, CRAWLEY	£11.18

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## Funding Details for Chichester Close - Tilgate.

The project is to receive a contribution of £45,000 from S106. The S106 monies have been received from 6 developments in Three Bridges (3), Southgate (2), Furnace Green (1) and West Green (1).

Planning Application	Site Address	Amount Allocated to Schemes
CR/2006/0450/OUT & CR/2009/0353/ARM	LAND AT ST WILFRIDS CATHOLIC SCHOOL, OLD HORSHAM ROAD, SOUTHGATE, CRAWLEY	£2,760.23
CR/2005/0714/FUL & CR/2010/0073/NCC	CRAWLEY LEISURE CENTRE SITE, HASLETT AVENUE, THREE BRIDGES, CRAWLEY	£35,040.91
CR/2014/0777/FUL	Gales Place, Three Bridges	£4,242.12
CR/2013/0517/OUT	27-45 IFIELD ROAD, WEST GREEN	£2,257.14
CR/2010/0248/OUT & CR/2012/0253/ARM	NORTH EAST AREA PROFESSIONAL CENTRE, FURNACE DRIVE, FURNACE GREEN, CRAWLEY	£409.28
CR/2012/0393/FUL	24 LYNDBURST CLOSE, SOUTHGATE, CRAWLEY	£205.04
CR/2012/0394/FUL	KINGSLAND COURT, THREE BRIDGES ROAD, THREE BRIDGES, CRAWLEY	£85.28

## Funding Details for Newbury Road – Pound Hill.

The project is to receive a contribution of £39,339.40 from S106. The S106 monies have been received from 1 development in Three Bridges.

Planning Application	Site Address	Amount Allocated to Schemes
CR/2005/0714/FUL & CR/2010/0073/NCC	CRAWLEY LEISURE CENTRE SITE, HASLETT AVENUE, THREE BRIDGES, CRAWLEY	£39,138.80
CR/2011/0677/FUL	CROSSWAYS, BALCOMBE ROAD, POUND HILL, CRAWLEY	£200.60

## Funding for Ninfield Court - Bewbush.

The project is to receive a contribution of £15,000 from S106. The S106 monies have been received from 1 development in Bewbush.

Planning Application	Site Address	Amount Allocated to Schemes
CR/2013/0066/FUL	FORMER BEWBUSH LEISURE CENTRE	£15,000

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## 10. Background Papers

[Budget Strategy 2020/21 – 2024/25 FIN/483](#)

[2020/21 Budget and Council Tax FIN/491](#)

[Treasury Management Strategy 2020/21 FIN/493](#)

[Treasury Management Outturn 2019/20 FIN/502](#)

[Financial Outturn 2019/20 Budget Monitoring – Quarter 4 FIN/500](#)

Contact Officer: - Paul Windust, Chief Accountant.

Direct Line: - 01293 438693



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## Appendix 1 (i)

### REVENUE MONITORING SUMMARY 2020/21 GENERAL FUND

	Latest Budget £000's	Projected Outturn £000's	Variance £000's
Cabinet	1,895	1,889	(6)
Public Protection & Community Engagement	1,628	1,579	(49)
Environmental Services & Sustainability	5,127	5,529	402
Housing	2,743	3,382	639
Wellbeing	9,221	11,253	2,032
Planning & Economic Development	(2,661)	(2,727)	(66)
	17,953	20,905	2,952
Depreciation	(3,410)	(3,410)	0
Renewals Fund	750	750	0
NET COST OF SERVICES	15,293	18,245	2,952
Investment Interest	(613)	(646)	(33)
Council Tax	(7,532)	(7,532)	0
RSG	(60)	(60)	0
NNDR	(6,344)	(6,344)	0
New Homes Bonus	(1,831)	(1,831)	0
Levy Account Surplus	(82)	(82)	0
Additional Funding Received	0	(2,038)	(2,038)
	(16,462)	(18,533)	(2,071)
<b>Net contribution from / (-to) Reserves</b>	<b>(1,169)</b>	<b>(288)</b>	<b>881</b>

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## Main Variations identified for 2020/21 - General Fund

Appendix 1 (ii)

	<b>Q2 Variation £'000s</b>	<b>Q1 Variation £'000s</b>
<b><u>Cabinet</u></b>		
Pay Award	138	138
Insurance Tender Savings	(187)	(187)
Anticipated Additional Audit Costs	32	32
Covid-19 Food, PPE & Hub Costs	130	113
Revenues Additional Demand	94	81
Election Delay Savings	(41)	(41)
Town Hall Business Rates	(100)	(100)
Contact Centre In Year Vacancies	(38)	(60)
Legal Agency Staff	74	0
Legal Advice for External Contracts	32	0
HR In Year Vacancy (2 year post delayed due to CV-19)	(21)	(24)
Transformation In Year Vacancies	(27)	(28)
Printing and Mailing	(42)	(29)
Minor Variations	(50)	(28)
	<b>(6)</b>	<b>(133)</b>
<b><u>Public Protection &amp; Community Engagement</u></b>		
Community Development Unfilled Hours	(29)	(33)
Minor Variations	(20)	(26)
	<b>(49)</b>	<b>(59)</b>
<b><u>Environmental Services &amp; Sustainability</u></b>		
Port Health Lost Income	84	91
Licensing Lost Income	55	48
Car Parking Lost Income	332	253
Additional Green Waste Customers	(18)	(24)
Public Conveniences Operational Savings	(20)	(20)
Cemeteries Additional Income	(23)	(29)
Minor Variations	(8)	(30)
	<b>402</b>	<b>289</b>
<b><u>Housing</u></b>		
Benefits Administration Additional Demand	25	31
Benefit Overpayments Recovery Due to Covid-19 Regulations	338	299

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Housing Survey Grant Received	(41)	(41)
Disabled Facilities Grant – Capitalisation of Staff Time	(79)	(79)
Temporary Accommodation “Everyone In” Strategy	280	404
Homelessness Administration Costs	153	145
Minor Variations	(37)	(25)
	<b>639</b>	<b>734</b>
<b><u>Wellbeing</u></b>		
Tilgate Park Lost Revenue	387	331
Community Centre Lost Revenue	377	360
K2 Crawley Lost Revenue & Additional Contract Costs	1,415	1,528
Patch Working – In Year Vacancies & Operational Savings	(87)	(122)
Play – In Year Vacancies & Operational Savings	(99)	(99)
Minor Variations	39	16
	<b>2,032</b>	<b>2,014</b>
<b><u>Planning &amp; Economic Development</u></b>		
Property Team Vacancies	(62)	(62)
Corporate Facilities Team Vacancies	(60)	(60)
Planning Lost Revenue	95	87
Building Control Lost Revenue	74	74
Commercial Property Income	(28)	(50)
Town Centre Vacancy & Operational Savings	(65)	(61)
ICT Operational Savings	(24)	(31)
Minor Variations	4	(10)
	<b>(66)</b>	<b>(113)</b>
<b>TOTAL GENERAL FUND VARIANCES</b>	<b>2,952</b>	<b>2,732</b>
<b>Additional Funding Received</b>	<b>(2,038)</b>	<b>(1,499)</b>
<b>Investment Interest</b>	<b>(33)</b>	<b>0</b>
<b>TOTAL VARIANCES</b>	<b>881</b>	<b>1,233</b>

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Appendix 1 (iii)

## QUARTER 2

<b>HOUSING REVENUE ACCOUNT</b>			
<b>Expenditure Description</b>	<b>Latest Estimate</b> £'000s	<b>Projected Outturn</b> £'000s	<b>Variation</b> £'000s
<b>Income</b>			
Rental Income	(48,591)	(48,051)	540
Other Income	(2,120)	(2,120)	0
Interest received on balances	(132)	(132)	0
<b>Total income</b>	<b>(50,843)</b>	<b>(50,303)</b>	<b>540</b>
<b>Expenditure</b>			
Employees	3,888	3,819	(69)
Repairs & Maintenance	11,421	11,297	(124)
Other running costs	2,112	2,034	(78)
Support services	3,096	3,096	0
	<b>20,517</b>	<b>20,246</b>	<b>(271)</b>
<b>Net (Surplus) / Deficit</b>	<b>(30,326)</b>	<b>(30,057)</b>	<b>269</b>
Use of Reserves:			
Debt Interest Payments	8,309	8,309	0
Depreciation, Revaluation & Impairment	6,353	6,353	0
Transfer (from) Housing Reserve	15,664	15,395	(269)
<b>Total</b>	<b>30,326</b>	<b>30,057</b>	<b>(269)</b>

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Appendix 1 (iv)

## Main Variations Identified - Housing Revenue Account

	Q2 Variation £'000s	Q1 Variation £'000s
<b>Income</b>		
Delayed new builds, budgeted income not receivable until late date	502	502
Void Garages and delays in re-letting	38	41
	<b>540</b>	<b>543</b>
<b>Employees</b>		
Agency Staff - Budget Challenge	(35)	(35)
Additional Costs of the pay award (.75%)	27	27
Leasehold Vacancies in Year	(31)	(31)
Minor Variations	(30)	(20)
	<b>(69)</b>	<b>(59)</b>
<b>Repairs &amp; Maintenance</b>		
Gas Servicing Contract Savings	(124)	0
	<b>(124)</b>	<b>0</b>
<b>Other Running Costs</b>		
Projected COVID19 Costs, PPE	58	58
Challenge of Budget Savings	(63)	(63)
Insurance Tender	(80)	(80)
Minor Variations	7	22
	<b>(78)</b>	<b>(63)</b>
<b>TOTAL VARIANCES</b>	<b>269</b>	<b>421</b>

**Note**

Slippage is moving budgets between years. If the figure is not in brackets then we are moving the budget to future years, if it is in brackets we are bringing forward budgets from future years

Scheme Description	Budget 2020/21	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage	Budget 2021/22	Budget 2022/23	Budget 2023/24
	£	£	£	£	£	£	£	£
<b>New Town Hall Redevelopment - Joint responsibility</b>	<b>24,873,795</b>	<b>5,368,250</b>	<b>22,873,795</b>	<b>0</b>	<b>2,000,000</b>	<b>21,655,222</b>	<b>0</b>	<b>0</b>

New Cemetery	91,230	72,536	87,223		4,007	4,007		
Cycle Paths	25,300				25,300	25,300		
Crawters / Manor Royal Cycle Path	67,172	1,507	1,507		65,665	65,665		
Flooding Emergency Works	70,000	49,184	105,000		(35,000)	136,196	80,835	
Billington Drive Maidenbower	15,000	4,950	15,000					
Broadfield Brook Flood Works	31,935	28,500	31,935					
River Mole Flood Works	30,000	26,816	30,000					
Telemetry Measuring Equipment	10,000	5,395	10,000					
Northgate Flood Attenuation Works	20,410	20,410	20,410					
Crabbett Park Pound Hill Flood Works						33,000		
Leat Stream Ifield Flood Alleviation	7,289		7,289					
Tilgate Lake Bank Erosion	91,187	77,348	91,187					
Solar PV CBC Operational Buildings							60,000	
<b>TOTAL ENVIRONMENTAL SERVICES &amp; SUSTAINABILITY PORTFOLIO</b>	<b>459,523</b>	<b>286,646</b>	<b>399,551</b>	<b>0</b>	<b>59,972</b>	<b>264,168</b>	<b>140,835</b>	<b>0</b>

Temp Accommodation Acquisitions	273,700		273,700					
Open House Moving Acquisition	14,235		14,235					
Affordable Housing Town Hall	2,450,798	192,500	2,450,798					3,138,750
Longley House						2,000,000	1,400,000	
Disabled Facilities Grants	1,000,000	310,428	600,000		400,000	790,490		

Scheme Description	Budget 2020/21	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage
	£	£	£	£	£
Improvement/Repair Loans	25,000		25,000		
<b>TOTAL HOUSING (GENERAL FUND) PORTFOLIO</b>	<b>3,763,733</b>	<b>502,928</b>	<b>3,363,733</b>	<b>0</b>	<b>400,000</b>

Budget 2021/22	Budget 2022/23	Budget 2023/24
£	£	£
25,000		
<b>2,815,490</b>	<b>1,400,000</b>	<b>3,138,750</b>

Manor Royal Business Group					
Gigabit					
<u>Crawley Growth Programme</u>					
Queensway	243,716	24,683	243,716		
Town Centre Signage and Wayfinding	39,933		39,933		
Town Centre General					
Manor Royal Cycle Improvements					
Town Centre Cycle Improvements	300,000	18,278	300,000		
Manor Royal Super Hub					
Station Gateway	2,000	1,280	2,000		
Town Centre Super Hub					
Town Centre Acquisition	6,000,000		50,000		5,950,000
Three Bridges Station		17,566	53,500		(53,500)
<b>Total Crawley Growth Programme</b>	<b>6,585,649</b>	<b>61,807</b>	<b>689,149</b>	<b>0</b>	<b>5,896,500</b>
ICT Capital - Future Projects	29,646		29,646		
On Line Self Service	2,202	1,575	2,202		
New Website And Intranet	68,728	15,152	68,728		
Mobile Working (ICT)	41,598	29,148	41,598		
Digital Works	61,000		61,000		
ICT Transformation Future	170,000		170,000		
Unified Communications/Telephony	30,000		30,000		

		200,000
2,700,000		
		71,100
310,632	1,465,303	
726,449		
263,028		
	2,195,042	2,799,474
74,231		
5,950,000		
1,375,088		
<b>8,699,428</b>	<b>3,660,345</b>	<b>2,870,574</b>
150,000		
130,000		

Scheme Description	Budget 2020/21	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage	Budget 2021/22	Budget 2022/23	Budget 2023/24
	£	£	£	£	£	£	£	£
Migration to Cloud Evaluation	40,000		40,000					
Power and UPS	20,000		20,000					
<b>TOTAL PLANNING &amp; ECONOMIC DEVELOPMENT PORTFOLIO</b>	<b>7,048,823</b>	<b>107,682</b>	<b>1,152,323</b>	<b>0</b>	<b>5,896,500</b>	<b>11,679,428</b>	<b>3,660,345</b>	<b>3,070,574</b>

Vehicle Replacement Programme	149,511	155,390	155,390		(5,879)	29,782		
Refurb Playgrounds Future Schemes	106,979				106,979	106,979		
Skate Park Equipment							46,000	
Memorial Gardens Improvements						33,400		
Tilgate Park			154,710		(154,710)			
Nature & Wildlife Centre	50,000		143,817		(93,817)			
Plotments						40,000	45,000	
Adventure Playgrounds						200,000	200,000	
Memorial Gardens Play Improvements	25,378	7,241	25,378					
Medler Close Langley Green	63,679	680	63,679					
Chichester Close	45,000		45,000					
Dormans Play Areas	45,000		45,000					
Newbury Road	39,339		39,339					
Ninfield Court	15,000		15,000					
K2 Crawley Climbing Wall						50,000		
<b>TOTAL WELLBEING PORTFOLIO</b>	<b>539,886</b>	<b>163,311</b>	<b>687,313</b>	<b>0</b>	<b>(147,427)</b>	<b>460,161</b>	<b>291,000</b>	<b>0</b>

<b>TOTAL GENERAL FUND</b>	<b>36,685,760</b>	<b>6,428,817</b>	<b>28,476,715</b>	<b>0</b>	<b>8,209,045</b>	<b>36,874,469</b>	<b>5,492,180</b>	<b>6,209,324</b>
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<b>Prior Contract Spend</b>	460,432	460,432	460,432					
Decent Homes	2,718,435	172,051	2,297,869		420,566	2,476,337	2,300,000	



Scheme Description	Budget 2020/21	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage
	£	£	£	£	£
Renovations	285,033	3,800	284,461		572
Insulation	1,564,499	79,853	1,450,423		114,076
Renewable Technology/Carbon Efficiency	79,258	226	45,453		33,806
Compliance Works	1,070,181	11,509	510,550		559,631
Electrical Test & Inspection	541,150	49,756	541,150		
Boilers & Heating	350,000	43,316	350,000		
Adaptations For The Disabled	1,219,922	207,807	1,212,341		7,580
Hostels	68,279	25,620	68,279		
Garages	150,000	647	66,918		83,082
<b>TOTAL HRA IMPROVEMENTS – Appendix 3 shows revised scheme descriptions put in place at Q2</b>	<b>8,507,189</b>	<b>1,055,017</b>	<b>7,287,876</b>	<b>0</b>	<b>1,219,313</b>

Budget 2021/22	Budget 2022/23	Budget 2023/24
£	£	£
1,100,572	650,000	
2,749,076	1,800,000	
113,806	80,000	
1,869,631	1,750,000	
1,100,000	1,000,000	
100,000	50,000	
1,257,580	1,250,000	
551,721	230,000	
333,082	500,000	
<b>11,651,805</b>	<b>9,610,000</b>	<b>0</b>

74 Data Database	453,020	67,881	453,020		
151 London Road (New Build)	164,012	153,229	164,012		
Bridgefield House	4,532,030	1,600,455	4,520,825		11,205
Acquisition Of Land Or Dwellings	1,893,500	335,250	1,893,500		
Kilnmead	500	45	500		
Gales Place (HRA New Build)	7,985	7,985	7,985		
Apex Apartments	3,000		3,000		
Telford Place Development	60,328	66,102	72,625		(12,297)
Woolborough Road Northgate	544,533	544,533	544,533		
Goffs Park - Depot Site		2,007	2,007		(2,007)
83-87 Three Bridges Road		1,004	1,004		(1,004)
Dobbins Place	2,500		2,500		
Forge Wood Phase 2	3,175,042	16,372	2,172,017		1,003,025
257/259 Ifield Road	257,176	243,479	257,176		

67,000		
432		
11,205		
1,000,000		
6,100		
1,979,450	8,060,336	7,597,235
500		
2,969		
996		
2,801,794	112,090	
500		

Scheme Description	Budget 2020/21	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage
	£	£	£	£	£
Forge Wood Phase 3	580,217	634,794	1,142,975		(562,758)
Forge Wood Phase 4	769,253	470,285	455,204		314,049
Purchase Of Properties	3,500,000		3,500,000		
5 Perryfields	51,100	341	51,100		
Carey House	130,000	841	20,841		109,159
Fairlawn House	105,000		10,000		95,000
Milton Mount Major Works	590,000	525	250,525		339,475
Contingencies	295,586		295,586		
Prelims	239,376	47,157	235,144		4,232
<b>TOTAL OTHER HRA</b>	<b>17,354,158</b>	<b>4,192,285</b>	<b>16,056,079</b>	<b>0</b>	<b>1,298,079</b>
<b>TOTAL HRA</b>	<b>25,861,347</b>	<b>5,247,302</b>	<b>23,343,955</b>	<b>0</b>	<b>2,517,392</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>62,547,107</b>	<b>11,676,119</b>	<b>51,820,670</b>	<b>0</b>	<b>10,726,437</b>

Budget 2021/22	Budget 2022/23	Budget 2023/24
£	£	£
658,284		
518,000	50,900	
109,159		
200,000		
489,475		
74,232		
<b>7,920,096</b>	<b>8,223,326</b>	<b>7,597,235</b>
<b>19,571,901</b>	<b>17,833,326</b>	<b>7,597,235</b>
<b>56,446,370</b>	<b>23,325,506</b>	<b>13,806,559</b>

**FUNDED BY**

Capital Receipts	(28,847,795)	(5,422,244)	(23,803,415)		(5,044,380)
Capital Reserve	(68,728)		(68,728)		
Better Care Fund (formally DFGs)	(1,000,000)	(310,428)	(600,000)		(400,000)
Lottery & External Funding	(4,485,453)	(61,807)	(1,829,102)		(2,656,352)
HRA Revenue Contribution	(22,549,708)	(4,540,529)	(20,318,628)		(2,231,080)
Replacement Fund/Revenue Financing	(149,511)	(155,390)	(155,390)		5,879
Section 106	(454,273)	(7,926)	(340,079)		(114,193)
1-4-1	(4,991,639)	(1,177,795)	(4,705,328)		(286,311)
Borrowing					
<b>TOTAL FUNDING</b>	<b>(62,547,107)</b>	<b>(11,676,119)</b>	<b>(51,820,670)</b>	<b>0</b>	<b>(10,726,437)</b>

(9,134,928)	(1,596,967)	(1,753,475)
(790,490)		
(6,385,309)	(3,031,680)	(2,699,474)
(17,814,308)	(15,594,633)	(5,318,065)
(79,782)	(23,000)	
(1,283,961)	(840,534)	
(2,957,592)	(2,238,692)	(3,848,545)
(18,000,000)		(187,000)
<b>(56,446,370)</b>	<b>(23,325,506)</b>	<b>(13,806,559)</b>

# Agenda Item 8

New Programme Maintenance revised for the new contract

Appendix 3

The new contract for HRA programme maintenance was due to start in April but due to Covid-19 this was put on hold until July 2020 as part of the process the Scheme Descriptions have been revised and the tab below show the movement to the new codes.

Scheme Description	Projected Outturn Q1 2020/21	New Contract Scheme Description	Budget 2020/21
<b>Q1 Revised Budget</b>	<b>£</b>	<b>Q2 Budget</b>	<b>£</b>
Rewiring	1,324,681	<b>Prior Contract Spend</b>	<b>460,432</b>
Roof Structure (i.e. Soffits)	969,229		
Windows	450,000	Decent Homes	2,718,435
Renovation And Refurbishment	100,000	Renovations	285,033
Insulation	250,000	Insulation	1,564,499
Kitchens	750,000	Renewable Technology/Carbon Efficiency	79,258
Bathrooms	550,000	Compliance Works	1,070,181
Common Areas	20,000	Electrical Test & Inspection	350,000
Adaptations For The Disabled	300,000	Boilers & Heating	541,150
Boilers	800,000	Adaptations For The Disabled	1,219,922
Disabled Adaptations-Major Room	950,000	Hostels	68,279
Energy Efficiency - Lighting	80,000	Garages	150,000
Intercom Upgrade	80,000	<b>TOTAL HRA IMPROVEMENTS</b>	<b>8,507,189</b>
Major Insulation Energy Efficiency	1,565,000		
Hostels	68,279		
Major Renovation, Flats, Blocks etc.	100,000		
Garages	150,000		
<b>TOTAL HRA IMPROVEMENTS</b>	<b>8,507,189</b>		

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