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Crawley Borough Council

Overview and Scrutiny Commission

Agenda for the **Overview and Scrutiny Commission** which will be held in **Ashurst Main Hall - The Charis Centre**, on **Monday, 31 January 2022** at **7.00 pm**

Nightline Telephone No. 07881 500 227

Chief Executive

Membership:
Councillors T G Belben (Chair), K Khan (Vice-Chair), M L Ayling, R G Burgess, R A Lanzer, S Mullins, A Nawaz, A Pendlington, S Piggott and B A Smith

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

Part A Business (Open to the Public)

			Pages
1.	**Apologies for Absence**		
2.	**Disclosures of Interest and Whipping Declarations**		
	In accordance with the Council's Code of Conduct, councillors 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.		
3.	**Minutes**		5 - 8
	To approve as a correct record the minutes of the Overview and Scrutiny Commission held on 10 January 2022.		
4.	**Public Question Time**		
	To answer any questions or hear brief statements from the public which are relevant to the items on this agenda. The period will end after **15 minutes** or later at the Chair's discretion.		
5.	**2022/2023 Budget and Council Tax**		9 - 52
	To consider report FIN/549 of the Head of Corporate Finance.		
6.	**Treasury Management Strategy 2022-2023**		53 - 80
	To consider report FIN/557 of the Head of Corporate Finance.		
7.	**2021/2022 Budget Monitoring - Quarter 3**		81 - 102
	To consider report FIN/554 of the Head of Corporate Finance.		
8.	**Extension to Public Space Protection Order (PSPO) - Car Cruising**		103 - 118
	To consider report CH/195 of the Head of Crawley Homes.		
9.	**Health and Adult Social Care Scrutiny Committee (HASC)**		
	To receive a brief update on the Health and Adult Social Care Scrutiny Committee (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.		

Pages

Cabinet 16 March 2022 **OSC 14 March 2022**

	Item	PFD
1	Town Centre Regeneration Programme v3	
2	Towns Fund - To seek approval of business cases (PART B)	
3	Allocating Monies Collected Through CIL	
4	Changes of the Essential Car User Scheme	

Cabinet 6 July 2022 **OSC 4 July 2022**

	Item	PFD
1	Treasury Management Outturn 2021 – 2022	Yes
2	Financial Outturn 2021-2022 (Quarter 4)	

11. Supplemental Agenda

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

12. Exempt Information – Exclusion of the Public

The Commission is asked to consider passing the following resolution:-

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

Part B Business - Closed to the Public

13. Crawley Innovation Centre - Draft Towns Fund Business Case — 119 - 198

Exempt Paragraph 3
Information relating to the financial or business affairs of any particular person (including the authority holding that information)

To consider report PES/395 of the Head of Economy and Planning.

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Crawley Borough Council

Minutes of Overview and Scrutiny Commission

Monday, 10 January 2022 at 7.00 pm

Councillors Present:

T G Belben (Chair)
K Khan (Vice-Chair)
M L Ayling, R G Burgess, R A Lanzer, S Mullins, A Pendlington and S Piggott

Also in Attendance:

Councillor R D Burrett and C J Mullins

Officers Present:

Heather Girling	Democratic Services Officer
Kate Wilson	Head of Community Services

Apologies for Absence:

Councillor A Nawaz

Absent:
Councillor B A Smith

1. Disclosures of Interest and Whipping Declarations

The following disclosures were made:

Councillor	Item and Minute	Type and Nature of Disclosure
Councillor R A Lanzer	HASC (Minute 4)	Personal Interest – WSCC Cabinet Member for Public Health and Wellbeing

2. Minutes

The minutes of the meeting of the Commission held on 22 November 2021 were approved as a correct record and signed by the Chair.

3. Public Question Time

No questions from the public were asked.

4. Health and Adult Social Care Scrutiny Committee (HASC)

A detailed update was unfortunately unable to be provided from the most recent HASC meeting due to absence. However the meeting covered the Adults Services Quality Assurance Update, the Performance Resources Quarterly Report, together with progress on the West Sussex Stroke Programme. The full minutes were available on the HASC webpages. It was queried whether a substitute could be provided, however following investigation on the WSCC website, WSCC councillors appear to have substitutes and the district and borough were representatives. It was noted that all meetings were available to view via webcast here.

5. Information on Option 3 in relation to Petition – 'Keep your dog on a lead in Tilgate Park'

The Commission considered report HCS/34 of the Head of Community Services. At its meeting of 8 September 2021, Cabinet requested that Officers bring a further report back for its consideration, which would provide more detail with regards to the potential implementation of Option 3 referred to within the report HCS/30. In order for Cabinet to make an informed decision, the requested report should provide information on Option 3, the possible changes to service delivery and personnel, expected financial implications and any legal aspects. Report HCS/34 included details on the use of bye-laws and the installation of a PSPO together with the associated statutory consultation requirements.

During the discussion with the Cabinet Member for Wellbeing and the Head of Community Services, Councillors made the following comments:

- It was noted that the proposal and potential change for a Public Space Protection Order (PSPO) to be considered to prohibit dog related anti-social behaviour in Tilgate Park for a period of 3 years to require dogs to be kept on leads in all areas of the park unless explicitly specified otherwise, was emotive and divisive.
- It would be important to have a strong, positive, education and information approach in place prior to the decision and beyond, together with offering alternative options where dogs are permitted to be "off lead", such as the Hound Ground. It would be important that any alternative considerations were viable in terms of cost.
- Acknowledgement there was a need to balance the education and information sharing with a robust and measured approach. However concerns were also recognised that there would be challenges if the PSPO was implemented and it was also mentioned that the introduction may change public behaviour and dog walkers to other parks in the town.
- Recognition that the many dog owners who visit Tilgate Park were responsible; they keep their dog under control and exercise it in a manner that does not cause distress to other park users. It was important not to alienate responsible dog owners but to manage anti-social behaviour.
- Acknowledgement that there was likely to be under-reporting of incidents and the true scale of the issue was not necessarily reflected in formal complaints and reports and that whilst the majority of formally reported and anecdotal incidents were largely focused around the lake and lawn areas, there was evidence of the issue affecting other areas of the park, particularly where wildlife was concerned.
- Acknowledgement that PSPOs must be evidenced based, and decision makers should be satisfied that the required conditions were met including the information

received from the statutory consultation. Confirmation was provided that the consultation would be online, with alternative options available upon request.

- Confirmation provided regarding the evidence gathering and issuing of the fixed penalty notices. It was noted that only authorised officers can issue a Fixed Penalty Notice (FPN) immediately upon witnessing a breach of the PSPO.
- Concern was expressed regarding the finances available for the implementation of the PSPO together with the use of existing resources in light of the current financial climate.
- Clarification was sought as to the legal resources required following an unpaid FPN, as it was felt these would be common.
- Acknowledgement that at the expiration of the 3 years, the process would be reviewed to determine whether the threshold to sustain a PSPO was still being met and repeated if deemed necessary.
- It was queried whether the PSPO included Tilgate Golf Course and surrounding woodland. It was therefore recommended that a master plan (map) of the restricted areas outlining the exact geographical area affected by the PSPO be included in the report (similar to that in previous PSPO reports) as this would be advantageous. Officers confirmed this is a requirement of the PSPO process.
- It was queried whether professional dog walkers needed to be licensed or require a permit. In response, it was confirmed this was not the case, as it was noted that this was not currently a regulated licensable activity (DEFRA were looking into this). It was therefore requested that the Cabinet seek to investigate the opportunity to create a register of professional dog walkers in order to monitor the use.
- It was felt it would be beneficial to improve the education and information sharing for the public and the majority of the Commission were of the opinion that the reporting of dog off leads instances could be improved, whether via a specific webpage (portal) or link (similar to the council's '*report a problem*' page). This would further assist the gathering of data for other areas within the town, as currently no evidence had been received. Should further data be received in the future it would be beneficial for Councillors to be informed.

Having considered all the matters in detail, and as a result of the comprehensive discussion and subsequent voting, the Commission noted the report and felt that the views expressed along with the following recommendations were appropriate to be referred to the Cabinet:

RESOLVED

That the Commission:

1. Recommends a master plan of the restricted areas (map) outlining the exact geographical area affected by the PSPO be included in the PSPO report scheduled for Cabinet June 2022.

2. Requests that Cabinet investigate the opportunity to create a register of professional dog walkers in order to monitor the use.

3. Requests that Cabinet consider the implementation of a specific webpage (portal) or link (similar to the council's '*report a problem*' page) to improve information sharing and the reporting of dog off leads instances, which would assist with the gathering of data and evidence.

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

The Commission confirmed the following reports:

31 January 2022
1. 2022/2023 Budget and Council Tax
2. Treasury Management Strategy 2022-2023
3. 2021/2022 Budget Monitoring - Quarter 3
4. Extension to Public Space Protection Order (PSPO) – Car Cruising
5. Towns Fund - To seek approval of business cases for 2 projects (PART B)

14 March 2022
1. Town Centre Regeneration Programme v3
2. Towns Fund - To seek approval of business cases for 8 projects (PART B)

Closure of Meeting

With the business of the Overview and Scrutiny Commission concluded, the Chair declared the meeting closed at 8.32 pm

T G Belben (Chair)

Crawley Borough Council

Report to Overview and Scrutiny Commission
31 January 2022

Report to Cabinet
2 February 2022

2022/2023 Budget and Council Tax

Report of the Head of Corporate Finance, **FIN/549**

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1. Purpose

1.1 The Council has a statutory responsibility to set Council Tax and its Budget in advance of the commencement of the new financial year (1 April to 31 March). The Council Tax has to be set by 11 March, each year. During 2021 the Council continued to review its spending plans and considered options to amend spending to meet new priorities. This report presents the Revenue, Capital and Housing Revenue Account (The Budget) and sets the level of Council Tax for the Financial Year 2022/2023 taking into account these factors.

2. Recommendations

2.1 To the Overview and Scrutiny Commission:

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

2.2 To the Cabinet

The Cabinet is requested to recommend to the Full Council the approval of the following items regarding the 2022/23 Budget:

(a) to approve the proposed 2022/23 General Fund Budget including savings rolled forward from the current financial year as set out in paragraph 6.4, this includes a transfer from reserves to cover the additional costs of Covid-19 of £451,730,

(b) to approve the proposed 2022/23 Housing Revenue Account Budget as set out above and Appendix 3(ii) of the report which includes the growth items as set out in Table 9,

(c) to agree to ringfence £1,055,000 of capital reserves for investment in the Towns Fund as a result of using an advance of 5% Government funding of the £21.1m in year. The requirement is to use this sum in year and set aside an equal sum of our own resources,

(d) to agree to increase the capital budget for Tilgate Park lake erosion by £150,000 funded from the capital programme reserve, this will be repaid over a period by the park,

(e) to approve the 2021/22 and future years Capital Programme and funding as set out in paragraph 11.6 of the report,

(f) to agree that the Council's share of Council Tax for 2022/23 be increased by 2.31% (£4.95) from £213.84 to £218.79 for a band D property as set out in paragraph 13.1,

(g) to approve the Pay Policy Statement for 2022/2023 as outlined in paragraph 16.3 and Appendix 6 of the report noting that the pay award has yet to be agreed in the current financial year.

3. Reasons for the Recommendations

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

4. Background

4.1 The 2022/23 General Fund and Housing Revenue Account Budgets and the overall Capital Programme will be recommended for approval by Full Council on 23rd February 2022.

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

4.3 There have been a number of major financial pressures on the General Fund since the start of the financial crisis in 2008, followed by the impact of the pandemic and the move away from the European Union. In common with all authorities there have been significant reductions in Government funding, which are highly likely to continue in the coming years. The pandemic has had a significant impact on the Council's finances, there will be long term implications on both Crawley as a Town and the Council's long term budgets including the leisure contract, fees and charges and income from investment properties. The comprehensive spending review (CSR) was for one year only so gives little assurance for future settlements. The settlement which was announced on 16th December 2021 was for one year only, however there was mention within the settlement of addressing Local Government finance reforms.

Local Government Finance Reforms

The settlement did mention that the Government would be re looking at the 'fair funding review: and 'business rates retention reform' in the next financial year.

New Homes Bonus – earlier announcements made were that that New Homes Bonus would be phased out, however a welcome one off payment was made as part of the Local Government Finance Settlement (see below).

Again, with the onset of the Pandemic, there has not yet been any consultation on a new method of incentivising housing growth. The CSR and budget announcement was silent on the future of New Homes Bonus, again making it very difficult to make accurate projections.

4.4 The Council's approach in the past has been to maintain or enhance levels of service whilst keeping council tax increases to a minimum. This has been achieved in a number of ways, including redesigning services, delivering efficiency savings, a budget challenge process and generating new sources of income. However in 2021/22 as a result of the pandemic there was the need to make cuts to services for the first time in 6 years. This was because fewer people are paying council tax as they claim council tax reduction (formally Council Tax benefits) and income levels from contracts, sales, fees and charges have reduced due to Covid-19.

4.5 The Budget Strategy 2022/23 - 2026/27 FIN/537 was considered by the Cabinet on 24th November 2021 and recommended for approval. The Strategy was approved by Full Council on 15th December 2021. The Strategy was based on a number of key assumptions:

- Extension on the existing settlement offer including a one year only New Homes Bonus payment for 2022/23.
- Work to keep Council Tax increases low without compromising local services.
- Lower tier services grant being paid by the Government.
- An average investment rate of 0.40% for 2022/23 increasing to 0.50% for future years. 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.
- A 2% pay award for all future financial years, and 2% for 2021/22, an offer of 1.75% has been turned down by the unions, the outcome of this is unknown at the time of writing this report, any increase over the 2% will have to be met from underspends, increased income, efficiencies or reserves in 2022/23.
- An inflation provision of 4.9% for contract expenditure in 2022/23, 2.7% in 2023/24, and future years with no inflation allowance for general running expenses.
- An overall increase in fees and charges of 3.1% (CPI).

4.6 Due to the pandemic the approved Budget Strategy was amended to work towards balancing the budget over a four year period rather than three year, including putting funds back into reserves when the Budget is in surplus.

A budget deficit of £139,000 was identified in the Budget Strategy, this assumed a £4.95 increase (2.31%) in a Band D Council tax for 2021/22. The Budget Strategy made it clear that there were a lot of unknowns and there would be variances identified when the budget was set.

4.7 There have been some significant changes since the Budget Strategy was approved in December 2021 including:

- The Local Government Finance Settlement on 16th December brought some welcome additional funding. The 2022/23 Services Grants was welcome, this is in part to fund the additional cost of employers National Insurance. In addition there was a further year of New Homes Bonus with higher grant than anticipated.

- The Lower Tier Services Grant was less than anticipated, however the Services Grant did offset this.
- Inflation figures are higher than anticipated with respect to utilities and the cost of fuel.
- The Omicron variant has resulted in delays in expected recovery around fees and charges but specifically around the Leisure Management contract, here there is continued uncertainty around market conditions.

4.8 Table 2 below summarises the changes between the approved Budget Strategy and the proposed 2022/23 Budget. Further details are provided in section 5 of the report.

Table 2

	£000's	**Paragraph**
November Cabinet deficit per Budget Strategy	139	4.6
New Homes Bonus	-343	5.5.1
Lower Tier Services Grant	164	5.5.2
Service Grant	-251	5.5.3
National Insurance (Employers contribution)	137	5.5.4
Contract costs (inflation)	60	5.5.5
Members allowance / Mayors car	-25	5.5.6
Inflation on utility costs	19	5.5.7
Council tax base/surplus	-71	5.5.8
Water Neutrality (lost income)	120	5.5.9
Additional provision for cost of Covid-19 on 2022/23 budgets	692	5.5.10
Increased interest	-194	5.5.11
Other – various minor	5	
Transfer from reserves	452	

The approved Budget Strategy seeks to balance the budget over a four year period, including putting funds back into reserves when the Budget is in surplus. There are sufficient reserves to cover this transfer. Plans have been to use reserves in 2022/23 where the New Town Hall was still being built but the upper floors yet to be let, the general fund reserve had been built up to cover a budget shortfall.

5. Analysis

5.1 The Government announced its Spending Review in October 2021 with the Autumn budget. In this autumn budget, £4.8bn of funding for all Councils was announced to address pressures that Councils are facing, this £4.8bn was to cover a three year period. This was to be front loaded so almost all the increase in grant will be in 2022/23 and little in the two following years. The Comprehensive Spending review was a three-year setting of Departmental Spending Limits. However Provisional Local Government Finance Settlement England, 2022 to 2023 was released on 16th December 2021 by the Department of Levelling Up, Housing and Communities (DLUHC) was for one year only. This saw a roll forward of the Revenue Support Grant for another year and business rates retention and fair funding review to be relaunched during 2022.

The settlement included –

- **A one-year settlement** for 2022/23
- Priority in the settlement is 'stability in the immediate term' with a more fundamental review of Local Government Funding starting in 2022. An announcement on 13th January by a Local Government minister Kemi Badnoch at the Local Government Association's annual finance conference was made. Included was that consultation on proposed reforms would take place in the spring, this would be following the Governments update of its data on council's needs and resources.
- The roll forward of many aspects of the current year's settlement.
- Council tax referendum principles of a 2% increase in a Band D council tax or £5 whichever is the higher.

In 2022/23 the Council will receive £61,613 in Revenue Support Grant.

Having this one year settlement makes it difficult to project forward with any certainty.

5.2 **Retained Business Rates**

Although the Council will collect in excess of £115 million in business rates the amount it retains is much smaller. One of the main reasons for this is that the Government retain 50% of the rates collected and West Sussex County Council retain 10%. The second main reason is that the Council also has to pay a significant tariff to the Government. There are further complications in that the Council's retained share can be added to by a safety net payment or suffer a further levy. This is where the Government say that need is less than business rates collected. These are applied if a Council's retained share is more than 7.5% below Government set figure (safety net) or above it (a levy of 50%).

5.3 The Tables below show that we are estimating to collect £115.0m but will keep significantly less.

Projected non-domestic rates income	£115,044,070
Government share (50%)	£-57,522,035
West Sussex County Council share (10%)	£-11,504,407
Crawley Borough Council share (before tariff & safety net)	**£46,017,628**

The projected retained rates amount for 2022/23 is set out below.

	£
Council's share of non-domestic rates income	**46,017,628**
Tariff	-42,592,432
Levy	-974,769
Additional rates due to renewable energy at K2 Crawley	5,120
S31 Grants	2,840,525
Total retained for the year	**5,296,072**
Deficit in 2020/21 financial year	-1,153,746
Transfer from the Business Rates Equalisation Reserve	1,093,968
Total	5,236,294

There is budgeted income of £2,840,525 in respect of Section 31 Grants. This is to reimburse the Council for business rate reliefs, including retail, hospitality and leisure relief given by the Government which have reduced the retained rates that the Council would otherwise have received. Section 31 of the Local Government Act 2003 allows a Minister of the Crown to pay a grant to a local authority of England towards expenditure that it has incurred.

5.4 The transfer to and from the business equalisation reserve is due to the way billing Authorities have to account for business rates income.

As a result of the pandemic, reliefs were offered in the Chancellor's budget on 11th March 2020; significant Business Rates discounts of £34m to the retail and hospitality sector and £356,000 to local nurseries were given. The General fund is reimbursed from Government for these discounts (which were announced after the annual bills were issued) via Section 31 Grant.

The accounting treatment which was set by legislation is based on the original budgeted income. Income collected from business rates is transferred to a separate account called the Collection Fund. The Collection Fund pays the General Fund the approved budget; any differences between the budget and what is actually collected is redistributed the following year.

In 2020/21, the General Fund received the budgeted business rates income before the £34m discounts were introduced. In addition the general fund received s31 Grant in respect of these discounts given.

The net effect is that there was a substantial surplus on the General Fund in respect of business rates at 31 March 2021 and a loss of the Collection Fund (£45.9m) which is shared with West Sussex County Council and central Government.

The surplus on the General Fund was transferred to the business rates equalisation reserve in order to be paid back to the Collection Fund in future years as shown below. Whilst this is technically classed as a useable reserve, it is already allocated and is merely to smooth the impacts from an accounting adjustment that has to be followed despite it being counter intuitive.

On 2 July 2020, the Government who are aware of this issue announced that repayments of collection fund deficits arising in 2020/21 would be spread over three years rather than the usual period of a year. The following table shows the timing of the repayments of the deficit to the collection fund:

	2021/22	2022/23	2023/24	Total
	£	£	£	£
Crawley Borough Council	16,192,955	1,265,312	1,265,312	18,723,579
West Sussex County Council	5,162,066	316,328	316,328	5,794,722
Central Government	20,241,194	1,581,640	1,581,640	23,404,474
Total	**41,596,215**	**3,163,280**	**3,163,280**	**47,922,775**

A business rates equalisation reserve has been established to assist in the management of these swings; this reserve currently has £21.821m, but there is a budget transfer of £16,912,968 in 2021/22. The resulting projected balance of £4,908,142 is considered adequate and will cover the deficit due in 2022/23 and 2023/24.

As part of the budget settlement there was another bid to DLUHC to have another West Sussex business rates pool. Crawley does not form part of this pool but all West Sussex councils share any gain, the split of the pool is done to ensure the highest retention for the county as a whole.

5.5 The following paragraphs identify changes since the approval of the Budget Strategy.

5.5.1 **New Homes Bonus**

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

The Council receives direct payment from the DLUHC for the number of new properties it reports to the Valuation Office. For each dwelling the total payment is £1,898.48 (of which West Sussex County (WSCC) receives £379.70 and Crawley Borough Council £1,518.78) with an additional £350 for affordable housing of which Crawley Borough Council receive £280 and WSCC receives £70.

Previously the New Homes Bonus was paid each year for six years, this was subsequently reduced to four years. Then in 2020/21 and 2021/22 New Homes Bonus was paid for one year only, with no legacy payments going forward. Again in 2022/23 a one year payment of New Homes Bonus will be received via grant. The amount payable in 2022/23 is £343,000 higher than anticipated in the Budget Strategy as it was expected that legacy payments only would be payable.

5.5.2 **Lower Tier Services Grant**

This grant, first introduced in 2021/22, is based on the Settlement Fund Assessment but it also ensures that 'no authority has a total Core Spending Power less than in the previous year'. Originally a one-off grant, it has been carried forward into 2022/23. The grant of £272,299 is £163,736 lower than projected in the budget strategy, there was a reduction of 33% on the current year budget.

5.5.3 **Services Grant**

A new one-off grant to support all services delivered by councils. It is distributed using the Settlement Funding Assessment. This was not expected and is a one-off payment of £251,134. This grant includes funding for local government costs for the increase in employer National Insurance Contributions (see 5.5.4 below).

5.5.4 **National Insurance (Employers' contribution)**
The Government is increasing National Insurance Contributions by 1.25% from April 2022 onwards to fund the NHS and social care reform. This increase is referred to as the Health and Social Care Levy. In the proposals in September 2021, the Treasury confirmed that authorities will receive compensation for the additional contributions in respect of their direct employees. As a result, no provision for the increase was made in the Budget Strategy. Now that the compensation has been incorporated into the budget (see 5.5.3 above), the additional costs of National Insurance Contributions of £137,000 have been added to the general fund.

5.5.5 **Contract costs**
Re letting of contracts has resulted in additional costs to those contracts. The additional costs in the main are due to costs associated to fuel and additional pay costs.

5.5.6 **Members' allowance / Mayor's car**
The agreement to freeze member's allowances and the Mayor to use their own vehicle with the retirement of the chauffer has resulted in total of savings of £25,000. This was omitted from the budget strategy in error.

5.5.7 **Inflation on utility costs**
The increased costs of utilities has been widely publicised, the anticipated additional cost in 2022/23 over and above what was included within the budget strategy is £19,000.

5.5.8 **Council tax base/surplus**
An exercise on single persons discount will result in an anticipated increase in the Council taxbase. In addition there is a small reduction in Council Tax Reduction claimants compared to previously estimated.

5.5.9 **Water Neutrality**
The anticipated costs and lost income in respect of Water Neutrality on the planning team is £120,000. The Development Management Team succeeded in recommencing the decision making process for householder and minor planning applications in early December and they managed to secure very positive feedback from Natural England to do so using a new water neutrality proforma screening process which accords with the Habitats Regulations. This has allowed the Team to address the back log of applications that had built up since Natural England issued their water neutrality position statement on 14th September. The Team have also appointed specialist water consultants to provide an independent assessment of five water neutrality statements produced by major site applicants who believe they are able to demonstrate water consumption neutrality "on site".

Following a positive outcome to their assessments - three such major commercial logistics applications have gone back to January Planning Committee seeking confirmation of the original resolution to permit on the basis that they can demonstrate water neutrality. This stands to unlock tens of millions of pounds of business investment and hundreds of new jobs for Crawley.

Other existing major site applications and new major applications will need to rely on water efficiency offsetting measures undertaken elsewhere before they can progress since they are unlikely to be able to demonstrate "on site" water neutrality.

The Natural England position statement is currently acting as a major barrier to economic investment in Crawley which is reflected in the fact that we have not received any major applications since 14th September 2021, when the Natural England position statement was issued. Natural England require a Water Neutrality Strategy to be drawn up and agreed and this is being progressed as part of the Local Plan work by the Strategic Planning Team with other affected Local Planning Authorities.

Unless Southern Water are able to come up with an alternative water supply solution, major planning applications will continue to be delayed or put on hold - and this is the primary reason for the forecast significant reduction in planning fees and loss of income to the Council.

5.5.10 **Costs of Covid-19**

The Budget Strategy FIN/537 allowed for £400,000 for costs and lost income as a result of the pandemic. The Omicron variant has resulted in delays in recovery. The Quarter 3 monitoring report elsewhere on this agenda identifies costs of £1,668m, offset in part from support from the Government for the first quarter of £0.316m. There is estimated cost/lost income of £1,092,000 included within the 2022/23 budget. This is in respect of the Leisure contract, car parking income, community centre income, cost of PPE and licencing income. There is however an assumption that the Leisure contractor will in part begin paying the council again in 2022/23 and be back to the full contract payment in future years with a small allowance in 2023/24 for a reduced contractor payment.

5.5.11 **Interest**

More capital receipts than originally budgeted for has reduced the borrowing requirement by £4m from that included in the Budget Strategy. The reduced borrowing and the changes to the forecast interest rates as laid out in Section 9 and the Treasury Management Strategy, has resulted in the interest projections improving by £194,000.

6. 2022/23 General Fund Budget

6.1 Details of the proposed 2022/23 Budget are set out in Appendix 2 and is summarised in the Table 3 below:

Table 3

2022/23 General Fund Budget	**£'000s**
Net Cost of Services (**see table below Table 4**)	14,435
Investment Interest receivable	-606
Interest (payable)	942
Transfer from General Fund Reserve (see Table 2)	-452
Net Expenditure	**14,319**
Funded by	
New Homes Bonus	606
Revenue Support Grant	63
Lower Tier Services Grant	272
Service Grant	251

Council Tax	7,824
Collection Fund deficit – Council Tax	67
Total Retained Business Rates (5.2)	5,236
Total	**14,319**

6.2 Estimated service expenditure is summarised in the Table 4 below:

Table 4

2022/23 Budget – Service Expenditure	
Portfolio	**£'000s**
Cabinet	49
Public Protection and Community Engagement	1,319
Environmental Services & Sustainability	4,816
Housing Services	2,783
Wellbeing	10,278
Planning & Economic Development	-2,742
Resources	458
Depreciation	-3,226
Contribution to Renewals Funds	700
Net Cost of Services	**14,435**

6.3 The savings already approved at Full Council in December 2020 are shown in Appendix 1 resulting in a budget reduction of £506,450 for the current and future years. In addition the transfer of garages to the General Fund resulted in further income of £808,000.

6.4 With the need to find further long term savings of over £2m as identified during the pandemic the Council undertook a consultation exercise on future savings options. The consultation took place from 8th October until 5th November 2020 which resulted in 1,212 external responses from residents who gave their views on potential service changes. This had the highest response rate for any Crawley Borough Council consultation. The results of the consultation are available on the Council's website.

The savings already identified as shown in Appendix 1 together with the savings and efficiencies in Table 6 below give a total of £2.132m included in the 2022/23 budget as shown in Table 5 below, this is an additional £313,000 above the current year.

Table 5

Saving	2021/22 £	From 2022/23 £	Additional saving included in 2022/23 budgets £
Already approved as per Appendix 1	506,450	506,450	0
Identified in Table 6 below	**506,000**	**819,000**	**313,000**
Appropriation of garages from HRA to General Fund (FIN/511)	807,000	807,000	0
Total savings identified to meet future budget gaps	**1,819,450**	**2,132,450**	**313,000**

Both Cabinet and Shadow Cabinet discussed the consultation results (in consultation with their own political groups during 2020) and agreed to the majority of savings suggestions. But a proposal to move from weekly to fortnightly rubbish collections has been ruled out at this time. This was the least popular savings suggestion in the consultation.

However, while a move to fortnightly collections will not be progressed at the moment it is expected to be inevitable in the medium term as new legislation around waste is introduced.

As shown in Table 5 above some of the savings were not achievable immediately from 1st April in the current financial year due to lead in transition times. Table 6 below shows the savings and the impact on 2021/22. The £313,000 has now been included within the 2022/23 budgets.

Table 6

Saving	Full Year effect from 2022/23 £	Saving in 2021/22 £	**Not achieved in 2021/22 £**	Comment
Community and Voluntary Sector	212,000	120,000	**92,000**	Some contractual commitments already made for 21/22.
Superloos	52,000	26,000	**26,000**	There is a cost of making good where the Superloo has been removed such as reinstating pavements.
Adventure play	210,000	61,000	**149,000**	Extended in part to the end of October half term with full saving in future financial years.
Pitch and Putt / fine turf pitches	28,000	22,000	**6,000**	Lead in times
Fees and charges	137,000	137,000	**0**	
Essential users / standby (internal and not part of public consultation)	100,000	100,000	**0**	
Neighbourhood Services (internal and not part of public consultation)	80,000	40,000	**40,000**	Lead in times due to service review.
Total	**819,000**	**506,000**	**313,000**	

6.5 The difficult decisions taken on the savings identified above has resulted in there not being a need to identify further savings in 2022/23. However due to the impacts of the pandemic, budgets and projections will be reviewed over the coming months, especially around the investment property lease renewals and the leisure management contract uncertainty around return to pre Covid-19 market conditions.

Recommendation 2.2 (a) to approve the proposed 2022/23 General Fund Budget including savings rolled forward from the current financial year as set out in paragraph 6.4.

7. 2023/2024 Budget Projections

7.1 The Budget Strategy for 2023/24 to 2027/28 is scheduled to be considered by the Cabinet in September 2022. Future predictions will be difficult to make until the impact of the pandemic is known together with the outcome of the Fair Funding review and review of business rates. It is very difficult to estimate future budgets at this stage, however the Table 7 below summarises the 2022/2023 Budget projections based on the following headline assumptions:

- A 2.26% increase in Council Tax £4.95 on a Band D property, the amount that Crawley keep is less than 11p in every £1 billed.
- Average investment rate of 0.3%
- An inflation provision of 2.7% for contract expenditure with no allowance for general running expenses.
- A pay award of 2.0%.
- An overall increase in fees and charges of CPI or 2% whichever is the highest.

Table 7

	2023/24 £'000s
Base Budget	13,717
Investment interest	400
Net Budget	14,117
Funded by:	
Council Tax	-8,168
Retained Business Rates	-5,276
Revenue Support Grant	-63
Services Grant	-188
Lower Tier Services Grant	-204
Indicative Budget Gap	**218**

The main changes between years are itemised in Table 8 below

Table 8

	Change £000's
Deficit in 2022/23 Table 2 paragraph 4.8	**452**
New Homes Bonus – only legacy payments made (fall out of previous four year payments)	606
Inflation provision	440
Increased Council tax income	-277
Decreased investment income	102
Increased retained business rates income	-39
Lower tier service grant / Service Grant reduction	68

Covid-19 reduction in provision	-820
Cost of borrowing	63
Rental income Town Hall	-619
Provision for void investment properties	500
Reduced provision to renewals	-200
Local election	-56
Other – various	-2
Projected Gap 2023/24	**218**

Reserves were built up to manage shortfalls in the short term while we are letting the upper floors of the Town Hall.

The Corporate Management Team continue to work on the refreshed transformation programme of service improvement savings, efficiencies and increased productivity through service redesign and other types of reviews aimed at reducing waste and duplication. The budget challenge was successful in identifying savings and efficiencies and will be repeated in future years. In addition a refreshed transformation programme includes an increased focus on achieving new sources of income which can be reinvested in the delivery of local public services. The progress on letting the upper floors of the New Town Hall will be monitored during 2022/23 together with the leisure contract and other fees and charge income to update projections.

8. Fees & Charges

8.1 The Budget Strategy for 2022/23 to 2025/26 assumes a general increase in fees and charges of CPI (3.1%) or 2% whichever is the highest. In some cases a lower increase has been assumed; for example when a service is required by statute to be self-financing e.g. Local Land Charges. In other cases, a higher increase has been assumed. The overall objective was to increase income by 3.1%. This has not been possible in some cases due to having to set commercially attractive prices. A schedule of most of the council's fees and charges is available on the website. Where the council is in competition with other service providers or where there is discretion in providing some services, some of these charges may not be made public in future as it allows the council to compete more flexibly with other providers in securing business going forwards. As these fees are reviewed the charges will be updated accordingly. The pricing strategy which was approved in the budget report last year is attached at Appendix 7. The commercialisation group are looking at fees and charges with the main emphasis at the moment on reviewing garage income, bulky waste, allotments, Tilgate Park initiatives, Pest control and Car parks but at the same time being aware of outside factors.

9. Treasury Management

9.1 Treasury management includes the investment interest on the Council's deposits, notional interest on deferred capital receipts, debt interest, minimum revenue provision (MRP), debt interest, and costs associated with treasury management. The following paragraphs provide details of the key factors and assumptions that affect the calculation of this Budget.

9.2 The average yield from investments in 2022/23 is projected at 0.6%. Most of the longer term investments at higher interest rates have now matured, so the projection now more closely matches the interest rates available in the market.

9.3 The 2022/23 Budget is based on the following assumptions:

- Average yield of 0.60% for new investments.
- Average rate of 0.75% for new borrowing.
- Cash flows have been calculated from the revenue and capital budgets reported in this report.
- Cash flows relating to the capital programme are spread evenly through the year.
- Cash flows relating to revenue are based on the timings of previous year's income and expenditure.

9.4 Notional interest on deferred capital receipts are based on a discount rate of 3.5%. The deferred capital receipts that relate to shared equity properties are also re-indexed so that they reflect current market values. It is assumed that the market value of these properties will increase by 3.5%.

9.4 It is believed that these assumptions are realistic and not over-cautious. However, it is likely that there will be variances due to the number of external factors that can affect investment performance and the size of the sums available for investment. The investment interest budget will be monitored closely throughout 2022/23 and any projected variances will be highlighted in quarterly budget monitoring reports.

9.5 Further information on the investments, borrowing and MRP policy can be found in the Treasury Management Strategy 2022/23 (FIN/557) which can be found elsewhere on the agenda.

9.6 Included in Appendix 5 is an identification that the volatility of interest rates is a key risk associated with the 2022/23 Budget and the medium term Budget Strategy.

10. Spending Plans – Crawley Homes Council House Service – Revenue

10.1 Details of the HRA Budget are set out in Appendix 3. The main changes between the 2021/22 budget and 2022/23 budget are as follows.

10.2 **Growth Bids**

The All Member Seminar on 5th January 2022 saw some growth bids in respect of Crawley Homes (HRA). They are listed on the table 9 below and in Appendix 3 (i)

Table 9 Growth Bids

	Cost £000's
Social Housing White Paper – policy engagement and compliancy demands	50
Energy Efficiency officer (working towards net zero)	33
Repairs surveyors x 2 – increased demand and more disrepair claims	65
General cleaner (salary plus cost of materials/vehicle)	24
Clearance operative	27
Total Additional costs	**199**

Further information is outlined in Appendix 3 (i)

10.3 **Rental income**

Current rent standards guidance allow for an increase of up to CPI+1%. The Cabinet member for Housing has delegated authority to vary the rent of properties held in the Housing Revenue Account. The Cabinet member for Housing has therefore proposed a CPI+1% increase (4.1%). This uplift coupled with anticipated new build income equates to an increased revenue budget of over £1,831,000. This increase is required due to additional regulatory demands on the service, growth of blocks to be managed, the increased costs of repairs and materials in addition to an RPI increase of 4.9%, which in total will increase costs by £1.86m.

During the current financial year the issue regarding the rents and the 48 to 52 weeks change back in 2014 was identified. This was outlined in report DCE/11 to Cabinet on 24 November 2021. The full year impact of this is £738,000 and has been included within the rental income projections. Together with the rent increase outlined above in 10.3 the total rent increase is £1,093,000.

10.4 **Other income**

Additional income of £981,000 will be received in respect of major works on leasehold properties completed during 2021/22. Corresponding costs can be seen in programmed repairs within the capital programme shown in the Quarter 3 budget monitoring report shown elsewhere on this Agenda FIN/554.

10.5 **Interest**

The HRA has a share of the interest that is credited to the General Fund based on the average level of reserves. As such, the same assumptions apply that are described in section 9.

Expenditure

10.6 **Pay award**

A provision for both the current financial year, where the Government advice was that there would be no pay award with the exception of the lower grades receiving £250, and 2022/23. An offer of 1.75% has been rejected, therefore a provision of 2% and an additional 2% for the financial year 2022/23 has been included within the budget.

10.7 **Repairs & Maintenance**

Elsewhere on this agenda the Budget monitoring report Quarter 3 FIN/554 outlines additional costs of supply together with increased demand for repairs. The estimated cost of this in the current financial year is £1.37m. The estimated cost in the financial year 2022/23 £1.77m, this is an increase due to additional costs of Employers National Insurance for the contract staff together with the rising costs of inflation whilst reflecting the increased costs within the wider sector. The Head of Crawley Homes will be looking for mitigations to offset these additional costs in the coming financial year.

10.8 **Cyclical & planned**

Includes an allowance for the additional cost of inflation.

10.9 Elsewhere on this Agenda is the Treasury Management Strategy (FIN/557), this shows that the £265m loan that was taken out in 2012 (report FIN/257) will begin to become repayable in March 2023 with corresponding savings on interest payments from future financial years. This will help mitigate some of the additional costs and reduced income as outlined above.

10.10 The Crawley Homes (HRA) capital programme as outlined in paragraph 11 below is funded from HRA resources, HRA capital reserves and 1-4-1 Right to Buy receipts and borrowing in future.

Recommendation 2.2 (b) to approve the proposed 2022/23 Housing Revenue Account Budget as set out above and Appendix 3(ii) of the report which includes the growth items as set out above in Table 9.

11. Capital Programme

11.1 The November 2021 Budget Strategy report approved 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. It agreed that any capital bids should be stand alone and be reported to Cabinet separately for approval due to the pandemic.

11.2 2021/22 to 2024/25 and future years Capital Programme

The Table below sets out the proposed capital programme and funding for 2021/22 to 2024/25 and future years based on the existing approved programme amended for items identified in the Quarter 3 Budget Monitoring report (FIN/554) and other changes.

Table 10

	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	Future years £'000s	Total £'000s
Capital programme reported to Cabinet 24th November 2021 FIN/535	**51,221**	**54,133**	**41,669**	**7,518**	**8,429**	**162,970**
Further approvals						
Items approved at Cabinet 24th November 2021 Budget Strategy **FIN/537**						
Section 9.2 -						
Replacement Chiller unit K2		155				155
Park Tennis – Phase 1		160				160
Little Trees Cemetery – Muslim burial ground		333				333
Kingsgate Car Park	300					300
Section 9.3						
Gigabit adjustment		-1,350				-1,350
Section 10.5 -						
HRA Improvements		2,769	-395	10,500		12,874
Garages			-139	339		200
Unsupervised Play Investment Programme **HCS/33**		218				218
District Heat Network Phase 2 **HPS/29**	70					70
Slippage / underspend identified in Q3 elsewhere on the Agenda	-5,017	-2,663	-620	3,907	4,393	0
TOTAL Agrees with Q3	**46,574**	**53,755**	**40,515**	**22,264**	**12,822**	**175,930**

11.4 In the current financial year the Council received a £1.055m grant from the Government for the Towns Fund. This was a 5% contribution of the £21.1m that has been committed to the Crawley Towns Fund. The Towns Fund team requests that any unused sum is used for the Council's existing capital programme and that an equal sum of capital reserves is ringfenced for future investment in the Towns Fund projects. This was to avoid repaying part of the grant.

Recommendation 2.2 (c): to agree to ringfence £1.055m of capital reserves for the Towns Fund projects as a result of using Government Grant for the Town Hall project.

11.5 At the All Member Seminar on 5th January 2022 there was a presentation on a capital investment on Tilgate Park Lake erosion. This was for £150,000 and is to be repaid back to capital reserves by the park over a three year period. Previous onset of erosion damage to the lake embankment at Tilgate was exacerbated by a flood event around 2013; this in combination with surface water erosion, visitor footfall and also the resident wildfowl has led to progressive erosion, undercutting and loss of land in vulnerable areas of the lake embankment. To do the work in the next financial year will mitigate more costly work in future. Therefore £150,000 has been added to the capital programme, funded from the capital programme reserve. With Tilgate park repaying this £150,000 from surpluses that they make over the coming years.

Recommendation 2.2 (d): to agree to increase the capital budget for Tilgate Park Lake Erosion by £150,000 funded from the capital programme reserve.

11.6 Phases of the Forge Wood development have been added to the capital programme as the scheme progresses. Phase 1b with an additional cost of £1,904,632 will be added to 2024/25 in the capital programme funded by Crawley Homes reserves and 1-4-1 receipts. The full allocation of £49.4 as outlined in report DTH/045 (part B) to Cabinet on 4th December 2013 is now included within the capital programme for the Forge Wood development.

Table 11 below gives the amended capital programme after the adjustments for the recommendations above and recommendations elsewhere on this Agenda.

Table 11

	2021/22 £'000s	**2022/23 £'000s**	**2023/24 £'000s**	**2024/25 £'000s**	**Future years £'000s**	**Total £'000s**
TOTAL Agrees with Q3	46,574	53,755	40,515	22,264	12,822	175,930
Tilgate Park Lake Erosion	0	150	0	0	0	150
Forge Wood Phase 1b	0	0	0	1,905	0	1,905
Total Capital Programme for approval	**46,574**	**53,905**	**40,515**	**24,169**	**12,822**	**177,985**

Funded by -						
Capital Receipts	20,028	2,305	6,770	980	109	30,192
Capital Reserve	1	1,102	0	0	0	1,103
1-4-1 Receipts	3,094	4,485	6,742	3,488	2,872	20,681
HRA revenue contribution	15,927	31,075	24,224	18,642	6,700	96,568
Section 106 contributions	319	1,543	0	720	65	2,647

External funding	558	5,193	2,779	0	3,076	11,606
Revenue incl. replacement fund	1,147	1,834	0	339	0	3,320
Borrowing (General Fund)	4,500	5,500	0	0	0	10,000
Better care fund (formally DFG's)	1,000	868	0	0	0	1,868
TOTAL	**46,574**	**53,905**	**40,515**	**24,169**	**12,822**	**177,985**

Recommendation 2.2 (e): to approve the 2021/22 and future years capital programme and funding as set out in section 11.6 of this report.

12. Robustness of Estimates and Adequacy of Reserves

12.1 Section 25 of the Local Government Act 2003 requires the Section 151 Officer (Chief Finance Officer) to report to their authority on the robustness of estimates and the adequacy of reserves provided for within the Budget. Authorities are required to take into account the Section 151 Officer's report when setting their Budget requirement and Council Tax. It is the view of the Head of Corporate Finance that the processes followed are sound and well established, the resultant estimates are robust, and reserves are at an adequate level. Regular monitoring reports are brought to councillors covering revenue budgets and the capital programme. The Head of Corporate Finance having considered the risks associated with Crawley Borough Council's capital investment plans is of the view that they are affordable, having taken into account the measures that are in place for mitigating against those risks; these measures include ensuring the adequacy of reserves to be held, regular monitoring of expenditure against the capital programme, and the expected resources available to fund those capital investment plans as detailed in the Capital Strategy.

12.2 The Budget Strategy was considered by the Cabinet on 24th November 2021 and recommended for approval. Full Council approval was given on 15th December 2021. Key objectives of the Strategy are:

- Work towards a balanced Budget over a four year period including putting back to reserves when the Budget is in surplus.
- Aim to keep Council Tax low without compromising local services.
- Instruct Corporate Management Team to take action to address the long term budget gap and to identify policy options for consideration by Cabinet. In the past two years all Member seminars have taken place with options for savings and capital bids.
- That items for the Capital Programme are driven by the need for the upkeep of council assets and environmental obligations, and schemes will be also considered that are spend to save and spend to earn but that such prioritisation should not preclude the initial consideration of capital projects that could deliver social value.

12.3 These objectives have been met. To date the Council has responded well to the financial challenges of recent years and maintained front-line services with only the year 2020, with the challenge of the pandemic, where savings were required to be sought as shown above in section 6.4. The challenges around Covid-19 makes this more difficult as the council manages the ongoing impact of the pandemic and looks at recovery options for the whole town, this has become more evident with the new Omicron variant impacting on budget projections.

Despite the healthy level of reserves, it is less likely that the Council will be able to continue to achieve a balanced Budget and maintain current service levels and will need to use reserves before the upper floors of the New Town Hall development are commercially let and resources have been spent on the building project. There are additional challenges around the Leisure contract which due to a change in law has resulted in the management fee not being paid by the contactor. There are also concerns around the investment properties that the council holds that are office buildings. Two of these are due for lease renewal in 2024. The General Fund reserve has been increased to £5.457m as a result to help absorb the impact.

12.4 In compiling the 2022/23 Budget, a review of all departmental budgets has been undertaken to ensure that existing budget provision is adequate and that additional provision has been made for known service pressures, this review has resulted in efficiencies, savings carried over to 2022/23 and additional income as identified in paragraph 6.4 above.

12.5 There are a number of services where budgets are susceptible to changes outside the direct control of the Council. These tend to be demand-led services such as homelessness and the implications of the Homelessness Reduction Act 2017, benefits payments (there has been a significant reduction in overpayment recoveries due to the pandemic) and the impact of universal credit on both general fund and Crawley Homes debt collection, development control fees (exacerbated by the water neutrality issue) and Council Tax Reduction payments; in addition the impact on Crawley Borough Council budgets of other public sector decisions for example West Sussex County Council and the NHS. There is also volatility in income streams that are affected by external factors such as investment and business rates income. Inflation is at its highest for several years, the impact on interest rates will be impacted. In addition there is additional cost of supply of materials which is impacting on the HRA repairs contracts. Contracts are also seeing higher costs due to wage inflation and the additional costs of employers National Insurance. For such budgets, the latest information has been used to calculate the Budget.

12.6 There is a risk that the economic outlook will continue to be depressed in the public sector as well as nationally which could have a significant effect on demand-led expenditure budgets and some income budgets; there will also be adverse impacts upon budgets due to the impacts of the pandemic, welfare reforms and the unknown future impacts such as supply now we have left the EU which we are beginning to see. Budgets are monitored by officers on a monthly basis and the Corporate Management Team receives an update on key issues, while a Quarterly Revenue and Capital Budget monitoring report is considered by the Cabinet and the Overview and Scrutiny Commission. This should ensure that any projected variances are identified at an early stage.

12.7 A review of reserves has been undertaken as part of the 2022/23 Budget preparation by the Corporate Management Team. Table 12 below summarises the estimated level of reserves available for 2022/23:

Table 12

	Estimated Available Balance at 31/3/22 £'000s	Paragraph
General Fund Reserves		
General Fund Reserve / Balance	**5,457**	12.7.2
Business Rates Equalisation	**4,908**	12.7.2
For the Capital Programme		
Usable Capital Receipts	6,711	12.7.3
Capital Reserve	1,303	12.7.4
1-4-1 Receipts	6,760	12.7.4
Affordable Housing Receipts	664	12.7.4
Vehicles & Plant	1,470	12.7.5
ICT Replacement	103	12.7.5
Specialist Equipment – Hawth & K2 Crawley	116	12.7.5
Homelessness Acquisition	672	12.7.6
Total available for the Capital programme	**17,799**	
Earmarked General Fund Reserves		
Restructuring Impact	400	12.7.7
Local Development Framework	280	12.7.8
Town Centre Regeneration	125	12.7.9
EU Exit	113	12.7.10
Queens Square – future maintenance	381	12.7.11
Insurance Funds	378	12.7.12
Covid-19 Support Reserve	645	12.7.13
Welfare Reform	280	12.7.14
Other *	1,180	12.7.15
Total General Fund	**31,946**	
HRA Reserves		
Housing Revenue Account	3,198	12.7.16
Housing Capital Investment reserve (committed)	22,257	12.7.17
Total HRA	**25,455**	
Total	**57,401**	

* Within 'other' there is £23,561.98 for voluntary sector transition funding. Should this not be required it will be ringfenced for the 75th year of the New Town and Emerald Jubilee celebrations.

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

- Potential cash flow problems; and
- Unanticipated adverse financial impacts.

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

12.7.2 In line with the Budget Strategy report the balance on this reserve will be £5.457m at 31 March 2022. The Head of Corporate Finance is satisfied that this level of reserve is adequate to enable the Council to face the challenges over the short term. In addition a reserve balance of £4.9m for business rates equalisation will be available to absorb the volatility of business rates income and the counterintuitive way that accounting for business rates impacts on the general fund.

12.7.3 The projected balance of usable capital receipts at the end of March 2022 is £6.711m. Usable capital receipts can only be used for capital spending. This reserve is fully committed for future years.

12.7.4 The capital reserve was created by transferring balances from the revenue reserve and the general fund balance. The estimated balance at the end of March is £1.303m, this reserve is committed in future years, however this was created from revenue sums and could be used for revenue purposes if approved for that by full Council. In addition to this there is a reserve and an estimated £6.760m of 1-4-1 receipts from right to buy. There are restrictions on these 1-4-1 receipts, including that they can only make a 40% contribution towards the capital expenditure of affordable housing and shared ownership dwellings. There is also an earmarked affordable housing reserve with a balance of £664,000.

12.7.5 There are three replacement funds; these are ICT Replacement, Specialist Equipment – Hawth & K2 Crawley, and Vehicles & Plant. The use of these funds is determined by the appropriate Cabinet member under delegated powers. Additional sums have been added to the Vehicle and Plant replacement fund to fund, in part, the purchase of refuse vehicles when the contract comes up for retendering. Also the cost of alternative fuel supply vehicles are more expensive.

12.7.6 The Homelessness Acquisition reserve is as a result of flexible homelessness support income. This reserve is for purchase of property for homelessness to reduce the revenue impact of bed and breakfast. Two reports have been agreed during the financial year that has committed the majority of this reserve; however there is a lead in time to make the purchases.

12.7.7 The Restructuring Impact reserve was created in order to smooth the impact of any restructuring/reorganisation initiatives. The reserve meets the one-off costs associated with restructuring. This reserve will be reviewed as part of the closure of accounts process with any excess transferred to the capital programme reserve.

12.7.8 The current balance of the Local Development Framework (Local Plan) has commitments and will be fully spent over the next two years.

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

12.7.10 Monies were received from Government for preparations for the EU exit. There is an estimated balance of £112,934 at 31st March 2022; some of this has been committed in the next financial year at Gatwick airport for environmental/port health staffing and lost income together with investigating a second fuel tank after the fuel crisis in September and October of 2021.

12.7.11 A commuted sum has been set aside in respect of future maintenance of Queens Square. Any expenditure would be approved by the Head of Corporate Finance in consultation with the relevant Cabinet Member.

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

12.7.13 The Budget Strategy to Cabinet in November 2020 FIN/508 report recommended setting up a Covid-19 Support Reserve of £644,679.62 to help with future impacts of the pandemic. Use of this reserve will be reported through the quarterly reports to Cabinet going forward. This will be monitored and may be required in the coming financial years with the Leisure management contract.

12.7.14 The Welfare reform reserve increased at the end of the last financial year as we received new burdens monies to fund the work on business grants and isolation payments. The teams involved in this have a large backlog of work and as a result temporary fixed term staff are being funded from this reserve.

12.7.15 Other reserves are several earmarked reserves of lower value, including wellbeing, Heritage Strategy and committed general fund housing reserves.

12.7.16 The Housing Revenue account balance is estimated to be just over £3 million at the end of the current financial year (31st March 2022); this is an acceptable balance.

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

13. Council Tax

13.1 The approved 2022/23 – 2026/27 Budget Strategy aimed to keep any increase in Council Tax low without compromising services. In discussion with the two all Member seminars it is proposed to increase the Council tax by **£4.95** per annum for a Band D property which is an increase of 2.31%, this is an increase of 9.5p per week.

The Department for Levelling Up, Housing and Communities (DLUCH) issued capping guidance of the increase of 2% or £5 on a Band D, whichever is the highest.

Appendix 4 to the report gives the proposed Council Tax per band including this 2.31% increase.

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

Table 13 below shows the impact on the proposed increase in Council Tax per year and per week, it also shows the change in the number of properties in each band since last year, this shows the largest increase are in bands B – C.

Table 13

Council Tax Band	Number of properties	Change in the number of properties from last year	Proposed Council Tax (Crawley element)	Proposed Increase per year	Proposed Increase per week
			£	£	£
A	1,292	+71	145.86	3.30	0.06
B	7,499	+94	170.17	3.85	0.07
C	22,217	+151	194.48	4.40	0.08
D	9,014	+113	218.79	4.95	0.09
E	3,806	+6	267.41	6.05	0.12
F	2,301	+28	316.03	7.15	0.14
G	473	+2	364.65	8.25	0.16
H	7	0	437.58	9.90	0.19
		465			

13.2 It is assumed that West Sussex County Council will increase their share of the Council Tax for 2022/23 by 2.99%, this will equate to an estimated increase of £45.17 per band D property. This includes an increase of 1% for Adult Social care responsibilities.

13.3 It is understood that the Sussex Police and Crime Commissioner will be increasing their share of the Council Tax by 4.7% which is an increase of £10.00 per annum. This will be confirmed at the Council meeting on 23th February 2022. A breakdown of the Crawley Borough Council charge per Council Tax band is given at Appendix 4.

13.4 If the increases outlined above are agreed the overall increase in Council Tax would be 3.1% which is £60.12 on a band D property as shown below (£53.44 for a Band C).

Authority	Increase £
Crawley Borough Council	4.95
West Sussex County Council	45.17
Police and Crime Commissioner	10.00
Total	**60.12**

Recommendation 2.2(f): to agree that the Council's share of Council Tax for 2022/23 be increased by 2.31% to £218.79 for a band D property.

14. Collection Fund

14.1 Council Tax
Each year, a forecast is made of the amount of Council Tax to be collected in the following financial year. The surplus or deficit on the Collection fund is the

difference between the actual amounts collected from the forecast at the beginning of the year. This year's surplus position is £543,680 of which £59,949 is the Council's share. Due to the significant impact on Councils due to the pandemic, the Government spread 2020/21 deficits due to non-collection over three financial years (2021/22 to 2023/24). For 2022/23, the adjustment for the Council is £33,634. The adjusted surplus for distribution in 2022/23 is therefore £26,315.

14.2 Business Rates
Section 5.4 above explains the Business Rates collection fund. Due to the business rates discounts given in the Chancellor's budget in March 2020 there was a significant deficit in the collection which was offset by the surplus in the General Fund due to the Section 31 grant being paid for these discounts together with the original amount collectable for business rates. There are corresponding repayments over the following three years (2021/22 to 2023/24).

15. National Non Domestic Rates (NNDR)

15.1 The Department for Levelling Up, Housing and Communities (DLUHC) has advised the provisional business rate multiplier for 2022/23 is as follows (see paragraph 5.2 above):-

i) Standard Multiplier – 51.2p per £ (51.2p in 2021/22)

ii) Small Business Multiplier – 49.9p per £ (49.9p in 2021/22)

As set out in the Spending Review published on 27 October 2021, the Government has decided to freeze the business rates multiplier in 2022/23. Local Authorities will be fully compensated for this decision.

16. Implications

16.1 The high level risks to the 2022/23 Budget and how they will be managed are shown in the Appendix 5. Risks on the Town Hall project are reported to the Audit Committee together with the strategic risks, some of which have financial implications. Risks are highlighted throughout the report including the impacts of the pandemic, water neutrality and future Local Government finance reforms. The current and unknown impacts of this on future years for both service costs and income but especially business rates, interest rates, the impact of the economic climate, and the availability of capital resources in future years and the need to take out borrowing. In some cases these can be mitigated by a stringent approach to financial control and planning and a rigorous approach to reviewing current levels of expenditure and procurement methods.

16.2 It is anticipated that the Budget measures set out in this report will increase the Council's staffing establishment by 1.4 Full time equivalent (FTE's) posts. All reorganisations are carried out in accordance with the Council's agreed Management of Organisational Change procedure which includes full staff consultation so the exact number may change as detailed proposals are drawn up. The redeployment process is designed to maximise the opportunity for those at risk of redundancy to find alternative employment within the Council.

16.3 The Council is required to produce a Pay Policy Statement for each financial year in accordance with Section 38(1) of the Localism Act 2011 and must have regard to statutory guidance issued under section 40 and this will be updated annually from April each year and must be approved by The Council. The Pay Policy statement for 2022/23 is attached at Appendix 6. The pay award is yet to be approved and as a result the salary scales will change once an agreement has been made.

This pay policy statement sets out the Council's policies relating to the pay of its workforce for the financial year 2022/23, in particular

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

Recommendation 2.2(g): to approve the Pay Policy Statement for 2022/2023 as outlined above and Appendix 6 of the report.

16.4 Financial implications are addressed throughout this report.

16.5 The Council Tax in England and Wales is provided for and governed by the provisions of the Local Government Finance Act 1992. Within this Act, the Council is designated as a "Billing Authority", responsible for the billing, collection and enforcement of Council Tax. The Chair of the Cabinet (The Leader of the Council), under delegated powers, has approved the calculation of the Council Tax base for the year 2022/23 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended, made under Section 33(5) of the Local Government Finance Act 1992.

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

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

The Chair of the Cabinet (The Leader of the Council), has delegated powers to approve the calculation of the Non-Domestic Rating (NNDR1) for the year 2022/23.

17. Other implications

The legal implications are set out in the report. The Equality Act 2010 includes a public sector equality duty arising under Section 149 which requires Councils when exercising functions to have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act and to advance equality of opportunity and foster good relations between those who share a "protected characteristic and those who do not share that protected characteristic". When a Budget proposal has implications for people covered by the Equality Act 2010, the Council must take account of the Equality Duty and any particular impact on the protected group. There are no specific equality implications arising from the Budget that the Council is proposing

18. Background Papers

Cabinet Reports 25 November 2020
Budget Strategy 2021/22 - 2025/26 FIN/508
Appropriation of Garages from the HRA to the General Fund - FIN/511
Unsupervised Play Investment Programme HCS/33

Cabinet reports 3 February 2021
2021/2022 Budget and Council Tax FIN/514
Treasury Management Strategy 2021/22 FIN/517

Cabinet reports 30 June 2021
Treasury Management Outturn for 2020/21 FIN/527
Financial Outturn 2020/2021: Budget Monitoring – Quarter 4 FIN/526

Cabinet Reports 8 September 2021
2021/2022 Budget Monitoring – Quarter 1 FIN/531

Cabinet 24 November 2021
Budget Strategy 2022/23 - 2026/27 FIN/537
Crawley Homes rent overcharge DCE/11
Treasury Management Mid-Year Review 2021/2022 FIN/538
Budget Monitoring Quarter 2 2021/2022 FIN/535
Unsupervised Play Investment Programme HCS/33
Town Centre District Heat Network (DHN) Phase 2 HPS/29
Climate Emergency Action Plan PES/390

Cabinet 8 February 2012
2012/2013 Budget and Council Tax (FIN/257) includes the HRA borrowing

Elsewhere on this Agenda -
Treasury Management Strategy 2022/23 FIN/557
Q3 Budget Monitoring 2021/22 FIN/554

MHCLG Guidance on Local Government Investments (Second Edition)
Provisional Local Government Finance Settlement England, 2022 to 2023 was released on 16th December 2021 by the Department of Levelling Up, Housing and Communities (DLUHC).

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Agenda Item 5

Appendix 1

FUTURE YEARS SAVINGS

Head of Service	2021/22 £	Posts FTE's
Corporate Finance		
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
	65,000	
Planning & Economic Division		
Training	6,000	
Town Centre Manager Vacancy	47,600	1.0
	53,600	
Strategic Housing		
Staff Savings (reorganisation saving)	12,000	
Capitalisation of Staff Time (Disabled Facilities Grant)	84,000	
	96,000	
Chief Executive - Town Centre Events		
Overtime	2,650	
Mail/Courier	15,000	
Printing	10,000	
	27,650	
Digital & Transformation		
Contact Centre Vacancies	62,200	2.0
Virgin / BT Line review	5,800	
Connectivity Rationalisation	5,800	
Training	10,000	
	83,800	
Major Projects and Commercial Services		
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
	108,500	
Community Services		
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	
	71,900	
Total	**£ 506,450**	**6.0**

Appendix 2

GENERAL FUND REVENUE BUDGET 2022/2023
Summary of Service Requirements

2021/22 Revised Estimate £		2022/23 Original Estimate £	2022/23 Variation £
1,138,160	Cabinet	49,290	(1,088,870)
1,493,310	Public Protection & Community Engagement	1,318,570	(174,740)
4,984,460	Environmental Services & Sustainability	4,815,540	(168,920)
2,635,920	Housing Services	2,782,880	146,960
9,319,260	Wellbeing	10,278,310	959,050
(3,250,360)	Planning & Economic Development	(2,741,890)	508,470
355,950	Resources	457,450	101,500
(3,455,630)	Depreciation	(3,225,600)	230,030
633,000	Contribution to Renewals Fund	700,000	67,000
13,854,070	**NET COST OF SERVICES**	**14,434,550**	**580,480**
(280,889)	Interest Receivable	(605,924)	(325,035)
0	Interest Payable	941,800	941,800
13,573,181		**14,770,426**	**1,197,245**
(155,606)	Transfer to / from ( ) reserves	(451,730)	(296,124)
13,417,575	**NET EXPENDITURE**	**14,318,696**	**901,121**
	External Support		
(60,402)	Revenue Support Grant	(62,808)	(2,406)
(363,272)	Lower Tier Services Grant	(272,299)	90,973
(168,916)	Local Council Tax Support Grant	0	168,916
(1,107,776)	New Homes Bonus	(605,604)	502,172
0	Services Grant	(251,134)	(251,134)
	Internal Resources		
(4,306,163)	Total Retained Business Rates	(5,236,294)	(930,131)
(7,476,253)	Council Tax	(7,823,537)	(347,284)
65,207	Collection Fund (Surplus)/Deficit	(67,020)	(132,227)
(13,417,575)		**(14,318,696)**	**(901,121)**

	2021/22	2022/23
Number of Band D Equivalents	34,961.9	35,758.2
Number of properties	46,144	46,609

Appendix 3 (i)

Crawley Homes Growth Bids

	Cost £000's
Social Housing White Paper (new requirements for social landlords) The Social Housing White Paper brings forth several new requirements for social landlords including ensuring compliance with the consumer standards (set by the Regulator of Social Housing), a stronger emphasis on resident engagement and a new regulatory regime which will include routine inspections. A Policy & Engagement Manager previously existed in Crawley Homes but was removed from the establishment in 2018 as at that time local authorities did not sit within the realm of the Regulator for Social Housing. This changed in April 2020 when local authorities were again included within the financial if not the governance remit of the regulator. An additional resource is now required to ensure Crawley Homes can meet the requirements of recent Social Housing White Paper and provide a strong focus on housing policy compliance and service development.	50
Energy Efficiency officer (working towards net zero) In July 2019 the Council declared a climate emergency. This commits us to cut our carbon emissions for our activities and workings by at least 45% by 2030 and to net zero by 2050 (subsequently brought forward to net zero 2040). The biggest direct contribution to that pledge the Council can make is through its Housing stock. We are ahead of the game in understanding how we can achieve this but in order to translate plans into actual change will require additional capacity over and above the existing resource. An additional resource is therefore required to support the existing planned maintenance team in delivering the carbon efficiency/net-zero programme.	33
Repairs surveyors x 2 (increased demand and disrepair claims) Two additional area surveyors are needed due to the increased demands of maintaining the existing housing stock. Whilst overall CH properties has remained broadly the same over the past 10 or so years, the number of buildings we manage has increased. A number of our older and more problematic properties are approaching an age where major works are required. Disrepairs claims has become the new PPI and is a significant area of new workload for the area surveyors and whilst Crawley has to date not been a particular target, this is now changing and is becoming an increasing area of work. Demand for repairs post Covid lockdown has also increased by 35%.	65
General cleaner The team is seeing increased demand on a number of fronts. This includes the taking on of new blocks with communal areas (for an increase of approximately 250 units since 2019), taking on cleaning of our sheltered schemes, the demand for additional cleaning post-Covid, and the higher specification of cleaning for new properties (for carpets rather than vinyl floors for instance). This demand, along with an increase in void properties, has seen the increased use of external contractors (primarily to address voids). Traditionally the annual cost of external contractors been around £3,000. In 21/22 this is anticipated to cost £50k a year.	24
Clearance operative The increased demands of the new 'fire safety order' has increased the work around clearance of stored, dumped, unwanted goods within communal areas in our general needs blocks of flats. We are now actively engaging with our 'zero tolerance' clearance of all items stored within communal areas (part of our fire safety risk assessment procedures) and again seen a recent increase in the demand on the service within this area of work. The additional clearance operative is appointed to assist the clearance team to ensure we maintain the fire safety within the communal area.	27
Total Additional costs	**199**

Appendix 3 (ii)

HOUSING REVENUE ACCOUNT

	Original Budget 2021/22	**Budget 2022/23**	**Variation**
	£'000s	£'000s	£'000s
Income			
Rental Income	(46,909)	(48,002)	(1,093)
Other Income	(1,640)	(2,635)	(995)
Interest	(150)	(305)	(155)
Total Income (a)	(48,699)	(50,942)	(2,243)
Expenditure			
Employees	3,743	4,165	422
Responsive Repairs	9,090	10,857	1,767
Cyclical and Planned	2,517	2,610	93
Other running Costs	1,794	1,773	(21)
Managed services	294	288	(6)
Support Services	3,096	3,096	0
Interest payable on Self Financing Debt	8,309	8,309	0
Total Expenditure (b)	28,843	31,098	2255
Balance available to fund existing and future HRA capital programme (a - b) *	19,856	19,844	(12)
Total	**0**	**0**	**0**

*Transferred to Housing capital investment reserve

Appendix 4

COUNCIL TAX 2022/23 PER BAND CRAWLEY ELEMENT					
PROPERTY BAND	BAND RATIO	PROPERTY VALUATION IN 1991	NUMBER OF PROPERTIES IN RANGE	AMOUNTS PER BAND PROPOSED 2022/23	2021/22
				£	£
A	6/9	Under £40,000	1,292	145.86	142.56
B	7/9	£40,000 - £52,000	7,499	170.17	166.32
C	8/9	£52,000 - £68,000	22,217	194.48	190.08
D	9/9	£68,000 - £88,000	9,014	218.79	213.84
E	11/9	£88,000 - £120,000	3,806	267.41	261.36
F	13/9	£120,000 - £160,000	2,301	316.03	308.88
G	15/9	£160,000 - £320,000	473	364.65	356.40
H	18/9	above £320,000	7	437.58	427.68
TOTAL			**46,609**		

Appendix 5

Risks

	Risk and Potential Impact	How Risk Will Be Managed including Probability of Occurrence
1.	Budget Gap future years The impact of the pandemic on rental income, fees and charges, demands on budgets such as benefits and Council tax reduction is not known at this stage. Reviews of Local Government finance will also impact upon future years.	CMT and Cabinet Members will be determining an approach to dealing with future gaps which will continued to be addressed through the transformation programme. There is an adequate General Fund reserve to be able to cover a shortfall in the short term. The impact of the pandemic will be carefully monitored and reported to Councillors in the quarterly budget monitoring reports. Financial risks associated with the New Town Hall are reported separately to the Audit Committee, income projections for letting these floors remain cautious and will be closely monitored. Regular meetings are taking place due to the uncertainty around returning to pre Covid market conditions with the Leisure management contractor and the aim is to get back to the pre pandemic position with the contract payment back to the council being reinstated.
2.	Interest rates (section 9 refers).	Investment rates are monitored daily to ensure that the Council obtains the best returns whilst achieving its objective of maintaining an appropriate balance between security, liquidity and yield and ethical. The investment income budget is reducing due to the capital commitments, it is monitored monthly
3.	Government funding	The Government is to reintroduce the Fair Funding review and business rates reforms. Assumptions around these have been built into future projections however there is a high likelihood that these assumptions are not correct. There is a healthy business rates equalisation reserve to cushion impacts in the short term.
4.	The Business Rates valuation list was updated on 1 April 2017. There is no history of appeals to calculate a provision, so there is a risk that this is over/under provided for causing a volatility in the business rates retained over the lifetime of the valuation list.	There is a high probability of occurrence which can be managed through the use of the business rates equalisation reserve.

5.	Increase in net costs to the Council as a result of changes to demand-led budgets. Provision in the 2022/23 Budget has been based on the latest available information. For example, further economic slowdown, any further impact of leaving the EU, changes in housing policy and welfare reform could mean that there are changes in demand. Also the impact on water neutrality on house building may impact future plans and budgets.	Provision in the 2022/23 Budget has been based on the latest available information but there could still be a significant change in demand as a result of external factors outside the control of the Council. This could affect either expenditure (especially those related to the pandemic) or income budgets; budgets such as the Leisure contract Investment/Commercial Properties, Housing Benefits, Council Tax Reductions, Homelessness, Car Parking and Planning Fees (which are affected by the water neutrality issue) will be monitored closely. The Covid-19 support reserve has been set aside for these purposes. There has also been an allowance as shown in table 2 for the estimated costs of Covid-19.
6.	Reduction in availability of capital resources in future years. This would lead to a reduced capital programme and the likelihood of reduced investment income. Town Hall investment will result in borrowing for future schemes.	There is projected borrowing over the next financial year of £12m. Any future capital schemes would come from borrowing or use of capital receipts received in the financial year. The impact of the loss of interest has been built into the financial strategy.
7.	Failure to collect income. The Council is responsible for collecting annual income totalling over £300 million. The economic climate could result in a reduction in collection rates, as could any delay in the Council approving the Budget and Council Tax levels.	There will be regular monitoring of debts and performance levels. The projected shortfalls due to the pandemic have been factored into the collection fund estimates together with the Council tax base as part of this report. Crawley Homes have not seen a significant change in arrears levels due to the pandemic. However staff involved in debt collection across the council have been involved in supporting residents and businesses and as a result additional temporary resources have been added to these teams to assist managing debt.
8.	Failure to maintain budgetary and financial control.	Variances between Quarter 3 and final outturn should be kept to a minimum. There will be regular monitoring and reporting by budget holders and reports to CMT, OSC and Cabinet. All Member seminars have also been taking place to keep Members up to date on financial projections. It is inevitable that variances will occur but it is important that any projected variances are reported promptly to the Cabinet.
9.	The initiatives to mitigate the impact of high demand on the homelessness service may not be	The initiatives are being well researched, and their success will be regularly monitored. This budget will be

	sufficient to avoid overspending the budget. The everyone in and the impact of the pandemic has seen significant spending on homelessness despite increased Government support.	regularly monitored during 2022/23 with future budgets adjusted to mitigate the impact. The proposed increase in the capital programme to purchase properties (for which two schemes have been approved) for the homeless service will help reduce ongoing revenue costs, however there will be increased future demand due to the severe impact that the pandemic has had on Crawley. There are adequate General Fund reserves to be able to cover a shortfall in the short term. The housebuilding programme is assisting in mitigating this risk, however this may slow due to the water neutrality issue.
10.	The Impact of leaving the EU; with demands on services and income budgets especially the supply of goods such as building materials including fencing.	The impact of the implications of the decision will be closely monitored and changes will be made to forecasts which will be reported to CMT and to Members through OSC and Cabinet. There is also an EU Exit reserve which can be called upon.
11.	Climate Emergency Action Plan. Resources available to fund the plan.	Report PES/390 to Cabinet on 24 November 2021 has an ambitious action plan to meet net zero. Several actions will have significant costs to the council. Some will result in applying for support such as the Towns Fund, however all phases of the plan will need to be fully costed during feasibility and future savings may need to be sought to fund the costs associated with the plan.

Appendix 6

Crawley Borough Council Pay Policy Statement for 2022/2023

Introduction and Purpose

Under Section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement sets out the Council’s approach to pay policy in accordance with the requirements of Section 38 (1) of the Localism Act 2011 and the statutory guidance issued under Section 40 of the Act.

The purpose of the Statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees by identifying:

- The methods by which salaries of all employees are determined.
- The detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation, and its lowest paid employees and the relationship between the remuneration of its chief officers and its employees.
- The responsibility for ensuring that the provisions set out in this Statement are applied consistently throughout the Council and that the Council gives approval for any amendments.

Key Aims

The Council is committed to the principles of equal pay for all employees and to ensuring consistency and fairness within its pay structures. The terms and conditions of the Council’s employees are in accordance with the relevant national negotiating bodies which are:

Chief Executive – Joint Negotiating Committee for Local Authority Chief Executives
Chief Officers– Joint Negotiating Committee for Chief Officers of Local Authorities, this covers Deputy Chief Executives and Heads of Service
All other staff – National Joint Council for Local Government Services.

In determining the pay and remuneration of all employees, the Council will comply with all relevant employment legislation. This includes legislation such as:

- Equality Act 2010, inclusive of the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, which specifies Gender Pay Gap Reporting for public bodies with 250 employees or more
- Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000.

Publication

This Statement will be reviewed and prepared for each financial year then approved by Full Council, usually by the 30th March each year or at the earliest Council in the financial year for which it applies. The Statement may be adapted and/or updated by agreement at a Full Council; the Council reserves the right to review, revise, amend or replace the content of this Statement from time to time to reflect service delivery needs and to comply with changes in legislation.

It will be published on the Council's website as soon as reasonably practicable following approval. For the 2022/2023 financial year approval will be at the Full Council meeting on 23rd February 2022. Also the policy is available annually on the website under the Freedom of information publication scheme.

Key Elements of the Pay Package

A substantial pay review was undertaken in 2001/2 and the national job evaluation was adopted for all posts. This was undertaken in partnership with trade unions and was implemented successfully. Incremental pay scales were established for all posts and progression within the scales occurs annually, subject to satisfactory performance. Annual cost of living increases are negotiated nationally.

A review of the scheme was carried out in 2016 in consultation with the trade union. A further grade was created at the top of the salary scale. This was agreed in recognition of the increased level of responsibility at third tier level following a review of the Council's senior management team.

New employees will normally be appointed to the first point of the salary scale for their grade, although this can be varied where the successful candidate is currently on a point higher than the minimum of the grade of the job being recruited to.

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

In the latest national round of pay negotiations carried out by the National Joint Council for Local Government Services, which was negotiated in conjunction with Unison and GMB, no agreement has been reached on the 2021/2022 pay rise.

A review of the Council's senior management team took place in 2018. As part of that review the salary scales were revised, and these revisions removed the allowance paid to officers who carry out the statutory S151 and Monitoring Officer functions, the allowance being consumed within the revised salary. These roles have a deputy for these functions, and these deputies still receive an allowance.

All salary scales and the Local Pay Agreement are attached, and these include:

- Chief Officers' Salary Scale
- Staff Salary Scale
- Local Pay Agreement
- Apprenticeship Salary Scale.

Other Financial Benefits

- Discretionary reimbursement of a proportion of relocation expenses (including contribution to professional and removal fees, disturbance allowance and interim arrangements up to a maximum of £8,000)
- Recruitment Incentive Scheme for hard to recruit posts
- Payment of professional fees where they are an essential requirement of the job
- Essential and casual car user allowances at NJC rates but subject to local criteria (scheme currently under review)
- Loans for car purchase and public transport season tickets
- Free parking at the Town Hall for essential car users (scheme currently under review)
- Salary sacrifice schemes for Shared cost AVC's , child care vouchers and bike to work available
- Voluntary Benefits Scheme allowing access to a range of retail discounts for staff
- Access to the Local Government Pension Scheme including local discretions

- Redundancy compensation at the rate of 2 weeks actual salary for each year of service up to a maximum of 104 weeks plus access to pension for staff over the age of 55. This will be reviewed in order to comply with the Government's proposed further reforms to exit payments when these are introduced.
- In exceptional circumstances other severance arrangements may be agreed. Any such payments will be subject to the agreement of the Chief Executive, Leader, and Head of Legal, Democracy and HR Services and will be subject to the delegated powers and processes set out in the Council's Constitution. The payment will take into account the Council's contractual and legal obligations, value for money, reputation of the Council and goodwill towards the employee. In the event of the Chief Executive being the subject of the payment then the Section 151 Officer would replace the Chief Executive in the authorisation process.
- All exit payments will be subject to compliance with the proposed Public Sector Exit Payment Regulations when these are introduced. The Regulations, which were introduced in 2016, remain as draft statutory instruments.

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

Definition and remuneration of lowest paid staff

All staff are paid within relevant nationally negotiated salary scales and the lowest paid staff will be on spinal column point 1 for which the annual salary inclusive of Crawley Allowance is £20,780. There is a pay ratio of 1:6 between these posts and the current top point of the scale for the Chief Executive. The Council feels that this is acceptable and is well within the Government's recommended pay ratio which is 1:20. There are a small number of apprentices who spend a significant amount of their time in training and are employed on a training contract at a locally agreed rate of 60% of Scale B.

The Council recognises the importance of the living wage and is accredited by the Living Wage Foundation. All staff, apart from apprentices, are paid above the living wage rate of £9.90 per hour.

Relationship between remuneration of the Chief Executive and other employees

The Council's highest paid employee is the Chief Executive (salary £122,653).
The mean average pay of employees is £27,429, so the pay ratio between this and the Chief Executive is 1:4.5.

Use of additional or one off payments

Honorarium payments - are paid to staff, for example when they carry out duties at a higher level e.g. cover for a higher graded colleague whilst they are away from the workplace.

Acting Allowance - where an employee undertakes all, or a proportion of the duties and responsibilities of a higher graded post on behalf of another in their absence for a period of four weeks or more**.**

Merit award - where an employee has achieved exceptional performance in their duties or conducted themselves in an exceptional manner during the course of their employment.

Payments on termination

The Council's approach to statutory and discretionary payments on termination of employment of its employees, prior to reaching normal retirement age, is covered within the Management of Organisational Change Policy, in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006.

The Council also has policies for the Local Government Pensions Discretions which may include additional payments on retirement. Additional or early payment of pension will only be granted if there is a demonstrable benefit to the Council to include the consideration of costs, and where approved by the Leader and Cabinet Member for the area in which the employee works.

Reemployment/re-engagement of former employees

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

Benefits Schemes

The Council believes that it has a responsibility to help support the health, wellbeing and welfare of its employees in order to ensure that they are able to perform at their best. As part of the approach, and in common with large organisations, we offer a range of initiatives including access to the Wellbeing Team, health and fitness activities and discount schemes which support the local economy.

Gender Pay Gap

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 require employers with more than 250 employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees. In line with legislation the Council now publishes the following information.

- Average gender pay gap as a mean average
- Average gender pay gap as a median average
- Average bonus gender pay gap as a mean average
- Average bonus gender pay gap as a median average
- Proportion of males and females receiving bonus payment
- Proportion of males and females when divided into quartiles ordered from lowest to highest pay

Natalie Brahma-Pearl
Chief Executive
February 2022

CMT Pay scales (subject to pay award)
W.E.F 01/04/2022

CATERGORY	TOTAL
CHIEF EXECUTIVE	£122,653.00
	£119,941.00
	£117,232.00
	£114,517.00
	£111,799.00
DEPUTY CHIEF EXECUTIVE	£106,730.00
	£104,380.00
	£102,032.00
	£99,677.00
	£97,321.00
HEAD OF SERVICE	£75,726.00
	£73,069.00
	£72,415.00
	£70,757.00
	£69,106.00

STATUTORY RESPONSIBILITY ALLOWANCE

DEPUTY MONITORING OFFICER	£1,702.89
DEPUTY SECTION 151 OFFICER	£1,702.89

NJC LG SERVICES SALARY SCALES FROM 1ST APR 2022 (subject to pay award)

Scale	Spinal point	Annual salary
B	1	£20,780.00
	2	£21,136.00
C	3	£21,500.00
	4	£21,871.00
D	5	£22,250.00
	6	£22,790.00
E	7	£23,030.00
	8	£23,596.00
	9	£23,996.00
	10	£24,260.00
	11	£24,749.00
F	12	£25,121.00
	13	£25,565.00
	14	£26,018.00
	15	£26,479.00
	16	£26,950.00
	17	£27,429.00
	18	£27,920.00
G	19	£28,419.00
	20	£28,929.00
	21	£29,449.00
	22	£29,979.00
	23	£30,679.00
H	24	£31,610.00
	25	£32,515.00
	26	£33,389.00
	27	£34,284.00
I	28	£35,172.00
	29	£35,848.00
	30	£36,720.00
	31	£37,666.00
J	32	£38,683.00
	33	£39,860.00
	34	£40,828.00
	35	£41,828.00
K	36	£42,818.00
	37	£43,814.00
	38	£44,819.00
	39	£45,759.00
L	40	£46,795.00
	41	£47,801.00
	42	£48,797.00
	43	£49,783.00
M	44	£50,779.00
	45	£51,788.00
	46	£52,799.00
	47	£53,819.00
N	48	£54,837.00
	49	£55,874.00
	50	£56,933.00
	51	£58,013.00

Apprenticeship scheme salary W.E.F. 1.04.2022 (subject to pay award)

Percentage of spinal point 1	Annual Salary
60%	£12,468.00
65%	£13,507.00
70%	£14,546.00
75%	£15,585.00
NMW	£17,710.82
National Living wage	£18,328.19

Appendix 7

CBC Pricing Strategy (Implemented 1st April 2021)

Introduction

Fees and charges are an important source of income to the Council, enabling services to be sustained and improved. The Council provides a wide range of services for which it has the ability to make a charge. These are either under statutory powers (set by the government) or discretionary (set by the Council). This is explained as follows:

Statutory charges

Charges are set nationally and local authorities have little or no opportunity to control such charges. These charges can still contribute to the financial position of the Authority. Income cannot be assumed to increase in line with other fees and charges.

For Example: Local Land Charges

Discretionary charges

Local authorities can make their own decisions on setting such charges. Generally, these are services that an authority can provide, but is not obliged to provide.

For Example: Green Bin or Bulky Waste collections, and the use of facilities such as Community Centre Hire.

Purpose of the Pricing Strategy

As part of the council's commercialisation journey and the current financial pressures, it is important that our fees and charges are understood and are set to enable the council to continue to provide good quality services.

Key principles

This strategy sets out the key principles that should be considered when setting fees and charges.

- The full cost of providing the service must be understood and will be determined by the following factors:
    - Establishing whether they are statutory or discretionary fees
    - Total expenditure including direct staff costs (delivering the service), indirect staff costs (involved in the process i.e. admin / payment) and equipment or vehicles used.
    - Current fees and charges
    - Current income
    - Current demand for the service
    - Market test costs with other LA's / service providers

- Fees and charges should be kept simple.

- Fees and charges will be set at a level that maximises income generation and recovers costs. At a minimum the service should break even and never run at a loss. If it is a discretionary service and running at a loss, then consideration should be given to whether we should provide the service directly.

- When considering discounts, the financial implications should be understood and thought should be given to how discounts will be funded i.e. other users from the same service pay for it, the council tax payer's generally or from other funding sources.

- The amount of discount applied should be no more than 25% of the total cost to provide the service.

- Discounts, where applied, will be on the basis of:

  - Crawley Resident discount
  - Customers in receipt of a means tested Benefit - Universal Credit, covers Job Seekers Allowance, Income Support, Housing Benefit, Council Tax Reduction Scheme (CTRS), Pension Credit Guarantee Credit and Employment Support Allowance (ESA).
  - Age (children, under 16 and seniors, over 67)
  - Support to those with a Disability or carers (Compass card)

- There should be flexibility to alter our pricing at any time in consultation with the relevant Head of Service and Cabinet Member, where appropriate. Especially when we have the market share in service delivery. Secondary spend may be delegated to the Service Manager in consultation with the relevant Head of Service.

- Our fees and charges will take into account the ability of our customers to pay and any relevant socio-economic factors.

- Where the Council develops new activities or revenue streams these may initially be offered as a "loss leader" to attract and build a customer base before reverting to a price that covers costs.

- The fees applied are rounded up, removing odd numbers.

- Payment for services should be collected in the most efficient and economical way possible, through direct debit or online payment methods, and accepted in advance of service delivery.

- Payments should be set up with the correct service budget codes and clear reference information to prevent any error or delay in payments being made.

- To support our channel shift agenda, automated and online payment methods will be incentivised by:

  - Easier access
  - Priority availability
  - Additional information and access to our marketing / mailing list

- Similarly, high cost payment methods such as cheques, will be disincentivised by the addition of a £12 admin fee.

- Cheque payments for services will not be accepted after the 31 March 2021.

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Agenda Item 6

Crawley Borough Council

Report to Overview & Scrutiny Commission
31 January 2022

Report to Cabinet
2 February 2022

Treasury Management Strategy 2022/2023

Report of the Head of Corporate Finance – **FIN/557**

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1. Purpose

1.1 The Strategy for 2022/23 covers two main areas:

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

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

2. Recommendations

2.1 To the Overview and Scrutiny Commission:

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

2.2 To the Cabinet

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

a) the Treasury Prudential Indicators and the Minimum Revenue Provision (MRP) Statement contained within Section 5;
b) the Treasury Management Strategy contained within Section 6;
c) the Investment Strategy contained within Section 7;

3. Reasons for the Recommendations

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

4. Background

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

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

4.3 The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

4.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

4.5 CIPFA defines treasury management as:

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

4.6 This report takes into account the revenue and capital implications arising in the 2022/23 Budget and Council Tax report (FIN/549).

5. The Capital Prudential Indicators 2022/23 – 2024/25

5.1 The Capital Expenditure Plans

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

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

Capital Expenditure £'000	2020/21 Actual	2021/22 Estimate	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
New Town Hall – joint responsibility	17,734	21,826	5,910	0	0
Cabinet	0	191	500	200	339
Environment Services & Sustainability	310	600	566	57	0
Housing General Fund	842	4,156	3,993	3,265	1,700
Planning & Economic Development	153	509	4,790	7,776	0
Resources	153	678	1,841	20	0
Wellbeing	322	1,273	1,245	0	0
General Fund	**19,514**	**29,233**	**18,845**	**11,318**	**2,039**
HRA	**22,703**	**17,341**	**35,060**	**29,197**	**22,130**
Non-financial investments *	0	0	0	0	0
Total	**42,217**	**46,574**	**53,905**	**40,515**	**24,169**

* Non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties, etc.

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

Financing of Capital Expenditure £'000	2020/21 Actual	2021/22 Estimate	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
Capital receipts	13,016	20,028	2,305	6,770	980
Capital reserves	3,556	1	1,102	0	0
1-4-1 receipts	2,828	3,094	4,485	6,742	3,488
Revenue	210	1,147	1,834	0	339
Capital grants	7,155	1,876	7,604	2,779	720
Major Repairs Reserve	15,452	15,928	31,075	24,224	18,642
Net financing need for the year	**0**	**4,500**	**5,500**	**0**	**0**

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

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

5.2.2 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

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

£'000	**2020/21 Actual**	**2021/22 Estimate**	**2022/23 Forecast**	**2023/24 Forecast**	**2024/25 Forecast**
Capital Financing Requirement					
CFR – General Fund	0	23,422	28,110	27,182	26,187
CFR - HRA	260,325	240,625	240,625	237,325	234,325
CFR – Non-financial investments	0	0	0	0	0
Total CFR	**260,325**	**264,047**	**268,735**	**264,507**	**260,512**
Movement in CFR	**0**	**3,722**	**4,688**	**(4,228)**	**(3,995)**

Movement in CFR represented by					
Net financing need for the year (above)	0	4,500	5,500	0	0
IFRS16 Leases	0	0	44	0	0
Less MRP/VRP and other financing movements	0	(778)	(856)	(4,228)	(3,995)
Movement in CFR	**0**	**3,722**	**4,688**	**(4,228)**	**(3,995)**

5.2.4 The above table includes the impact of transferring the garages from the HRA to the General Fund as set out in the Cabinet report FIN/511 Appropriation of Garages from the HRA to the General Fund.

5.2.5 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the Council's overall financial position. The capital expenditure figures shown in 5.1.2 and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Council's remaining activity.

5.3 Core funds and expected investment balances

5.3.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances. This is taken from the Budget Report and Capital Strategy elsewhere on this agenda. The borrowing shows the repayment of the PWLB loans that were taken out for the HRA self-financing.

Year End Resources £'000	2020/21 Actual	2021/22 Estimate	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
Total CFR	**260,325**	**264,047**	**268,735**	**264,507**	**260,512**
Less: External borrowing*	(260,325)	(260,325)	(249,325)	(237,325)	(224,325)
Under/over borrowing	**0**	**3,722**	**19,410**	**27,182**	**36,187**
Less: Usable reserves	(77,418)	(56,042)	(43,947)	(36,756)	(43,645)
Less: Working Capital**	(31,676)	(30,000)	(25,000)	(20,000)	(20,000)
Expected investments	**(109,094)**	**(82,320)**	**(49,537)**	**(29,574)**	**(27,458)**

* shows only loans to which the Council is committed and excludes optional refinancing
** Working capital balances shown are estimated year-end; these may be higher mid-year

5.3.2 Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table in 5.3.1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

£'000	2020/21 Actual	2021/22 Estimate	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
Total CFR	**260,325**	**264,047**	**268,735**	**264,507**	**260,512**
Less: Usable reserves	(77,418)	(56,042)	(43,947)	(36,756)	(43,645)
Less: Working Capital	(31,676)	(30,000)	(25,000)	(20,000)	(20,000)
Net loans requirement	**151,231**	**178,005**	**199,788**	**207,751**	**196,867**
Plus: Liquidity allowance	10,000	10,000	10,000	10,000	10,000
Liability benchmark	**161,231**	**188,005**	**209,788**	**217,751**	**206,867**

5.4 Minimum revenue provision (MRP) policy statement

5.4.1 Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The *Local Government Act 2003* requires the Council to have regard to the former Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

5.4.2 The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement only incorporates options recommended in the Guidance. The Council is recommended to approve the following MRP Statements in 5.4.3 to 5.4.7.

5.4.3 For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

5.4.4 Where former operating leases have been brought onto the balance sheet on 1st April 2022 due to the adoption of the *IFRS 16 Leases* accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.

5.4.5 No MRP will be charged in respect of assets held within the Housing Revenue Account.

5.4.6 Capital expenditure incurred during 2022/23 will not be subject to a MRP charge until 2023/24.

Based on the Council's latest estimate of its capital financing requirement (CFR) on 31st March 2022, the budget for MRP has been set as follows:

	31.03.2022 Estimated CFR £'000	**2022/23 Estimated MRP £'000**
Unsupported capital expenditure after 31.03.2008	24,200	(856)
Leases and Private Finance Initiative	0	0
Voluntary overpayment (or use of prior year overpayments)	(778)	0
Total General Fund	**23,422**	**(856)**
Assets in the Housing Revenue Account	0	0
HRA subsidy reform payment	240,625	0
Total Housing Revenue Account	**240,625**	**0**
Total	**264,047**	**(856)**

5.4.7 Overpayments: In earlier years, the Council has not made voluntary overpayments of MRP that are available to reduce the revenue charges in later years. It is planned to make a £0.778m overpayment in 2022/23.

MRP Overpayments	**£'000**
Actual balance 31.03.2021	0
Approved overpayment 2021/22	778
Expected balance 31.03.2022	778
Planned overpayment/drawdown 2022/23	0
Forecast balance 31.03.2023	778

6. Borrowing

6.1 The capital expenditure plans set out in Section 5 provide details of the service activity of the Council. The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.28%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5 to 2.5%).

6.2 Current portfolio position

6.2.1 The Council's treasury portfolio position at 31 March 2022, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£'000	2020/21 Actual	2021/22 Estimate	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
External Debt					
Debt at 1 April	260,325	260,325	260,325	261,325	259,325
Expected change in Debt	0	0	1,000	(2,000)	(3,000)
Other long-term liabilities (OLTL)	0	0	0	0	0
Expected change in OLTL	0	0	0	0	0
Actual gross debt at 31 March	**260,325**	**260,325**	**261,325**	**259,325**	**256,325**
The Capital Financing Requirement	260,325	264,047	268,735	264,507	260,512
(Under) / over borrowing	0	(3,722)	(7,410)	(5,182)	(4,187)

6.2.2 Within the above figures the level of debt relating to commercial activities / non-financial investment is:

	2020/21 Actual	2021/22 Estimate	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
External Debt for commercial activities / non-financial investments					
Actual debt at 31 March £m	0	0	0	0	0
Percentage of total external debt %	0	0	0	0	0

6.2.3 Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

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

6.3 Treasury Indicators

6.3.1 The Council measures and manages its exposures to treasury management risks using the following indicators.

6.3.1 **Affordable borrowing limit**
The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Operational boundary £’000	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Debt	260,325	261,325	261,325	259,325
Other long term liabilities	0	44	31	19
Total	260,325	261,369	261,356	259,344

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

Authorised limit £’000	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Debt	270,325	271,325	271,325	269,325
Other long term liabilities	0	44	31	19
Total	270,325	271,369	271,356	269,344

6.3.3 **Security**
The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A

6.3.4 **Liquidity**
The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a one week period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 1 week	£3m

6.3.5 **Interest rate exposures**: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£1,000,000
Upper limit on one-year revenue impact of a 1% fall in interest rates	£1,000,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

6.3.6 **Maturity structure of borrowing**
This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Maturity Structure of fixed interest rate borrowing 2022/23		
	Lower	**Upper**
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	30%
5 years to 10 years	0%	40%
10 years to 20 years	0%	50%
20 years to 30 years	0%	10%
30 years to 40 years	0%	10%
40 years to 50 years	0%	10%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

6.3.6 **Principal sums invested for periods longer than a year.** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities greater than one year will be:

Price risk indicator	2022/23	2023/24	2024/25
Limit on principal invested greater than 1 year	£20m	£20m	£20m

6.4 Prospects for Interest Rates

6.4.1 The Council has appointed Arlingclose Limited as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. A more detailed economic and interest rate forecast table provided by Arlingclose is attached below with assumptions and forecast detail at Appendix 1.

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
3-month money market ra													
Upside risk	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
Downside risk	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
5yr gilt yield													
Upside risk	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
Downside risk	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
10yr gilt yield													
Upside risk	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
Downside risk	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
20yr gilt yield													
Upside risk	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
50yr gilt yield													
Upside risk	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%
PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

PWLB certainty rate = relevant gilt yield + 0.80%

6.4.2 The Council's treasury management adviser Arlingclose is forecasting that Bank Rate will rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the Bank of England to move away from emergency levels of interest rates.

6.4.3 Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.

6.4.4 Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.

6.5 Borrowing Strategy

6.5.1 The Council currently holds £260.325 million of loans as part of HRA self-financing. The table in 6.2.1 shows that the Council expects to borrow up to £4.5m in 2021/22. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £270.369 million. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

6.5.2 The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

6.5.3 Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.

6.6 Related Matters

6.6.1 **Financial Derivatives**

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to.

Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

6.6.2 **Housing Revenue Account**
On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured as an average over year and interest transferred between the General Fund and HRA at the Council's average interest rate on investments, adjusted for credit risk

6.6.3 **Markets in Financial Instruments Directive**
The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Head of Corporate Finance believes this to be the most appropriate status.

6.7 Debt rescheduling

6.7.1 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

6.7.2 If rescheduling was done, it will be reported to the Cabinet at the earliest meeting following its action.

6.8 Other sources of debt finance

6.8.1 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

6.9 Municipal Bonds Agency

UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Full Council.

6.10 Short-term and variable rate loans

These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

6.11 Approved Sources of Long and Short Term Borrowing

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except West Sussex Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

7. Treasury Investment Strategy

7.1 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between £108.188 and £153.936 million, and lower levels are expected in the forthcoming year due to planned expenditure in the capital programme.

7.1.1 **Objectives**

The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

7.1.2 **Negative interest rates**
The Covid-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

7.1.3 **Strategy**
Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to diversify into more secure and/or higher yielding asset classes during 2022/23. This is especially the case for the estimated £20 that is available for longer-term investment. A dwindling proportion of the Council's surplus cash is currently invested in short-term unsecured bank deposits, certificates of deposit and money market funds. This diversification will represent a substantial change in strategy over the coming year.

7.1.4 **Business models**
Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

7.1.5 **Approved counterparties**
The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the limits shown.

Sector	**Time limit**	**Counterparty limit**	**Sector limit**
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£10m	Unlimited
Secured investments *	25 years	£10m	Unlimited
Banks (unsecured) *	13 months	£10m	Unlimited
Building societies (unsecured) *	13 months	£5m	£10m
Registered providers (unsecured) *	5 years	£5m	£10m

Money market funds *	n/a	£10m	Unlimited
Strategic pooled funds	n/a	£10m	£20m
Real estate investment trusts	n/a	£10m	£20m
Other investments *	5 years	£5m	£10m

This table must be read in conjunction with the notes below

*** Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

7.1.6 **Government**
Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

7.1.7 **Secured investments**
Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

7.1.8 **Banks and building societies (unsecured)**
Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

7.1.9 **Registered providers (unsecured)**
Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

7.1.10 **Money market funds**
Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

7.1.11 **Strategic pooled funds**
Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

7.1.12 **Real estate investment trusts** (REIT's)
Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

7.1.13 **Other investments**
This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

7.1.14 **Operational bank accounts**
The Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore aimed to be kept below £1,000,000 per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

7.1.15 **Risk assessment and credit ratings**
Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

7.1.16 **Other information on the security of investments**
The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

7.1.17 **Investment limits**
The Council's revenue reserves available to cover investment losses are forecast to be £17.3 million on 31st March 2022. In order that no more than 60% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £1,000,000 in operational bank accounts count against the relevant investment limits.

Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£25 m per manager
Negotiable instruments held in a broker's nominee account	£25m per broker
Foreign countries	£10m per country

7.1.18 **Liquidity management**
The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

The Council will spread its liquid cash over at least two providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

7.2 Ethical Investment Policy

7.2.1 The Council will not undertake direct investment or borrowing activities with organisations whose core activities include:
- Armaments – weapon systems
- Gambling
- Pornography
- Tobacco
- Pay-day loans
- Companies that generate more than 10% of their revenue from the extraction of coal, oil or gas.

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

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

7.3 Investment strategy

7.3.1 The Council invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- to support local public services by lending to or buying shares in other organisations (service investments), and
- to earn investment income (known as commercial investments where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

7.3.2 **Commercial Investments: Property**
Contribution - The Council has invested in local commercial property with the intention of making a profit that will be spent on local public services.

CURRENT INVESTMENT PROPERTIES

	Market value 31.03.2021 £m
Ashdown House	9.170
49-51 High Street	1.183
Atlantic House	4.909

	15.262

7.3.3 **Investment Indicators**
The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

7.3.4 **Total risk exposure**
The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third party loans.

Total investment exposure

Total investment exposure	**31.03.2021 Actual £000**	**31.03.2022 Forecast £000**	**31.03.2023 Forecast £000**
Treasury management investments	109,094	82,320	49,537
Commercial investments: Property	15,262	15,262	15,262
TOTAL INVESTMENTS	124,356	97,582	64,799
Commitments to lend	0	400	0
TOTAL EXPOSURE	124,356	97,982	64,799

7.3.5 **How investments are funded**
Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, no investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

7.3.6 **Rate of return received**
This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Investment rate of return (net of all costs)

Investments net rate of return	2020/21 Actual	2021/22 Forecast	2022/23 Forecast
Treasury management investments	0.40%	0.34%	0.60%
Commercial investments: Property	5.36%	4.74%	5.85%
ALL INVESTMENTS	1.20%	1.10%	1.62%

8. Implications

8.1 The budget for investment income in 2022/23 is £455,569 (£260,350 General Fund; £195,219 HRA), based on an average investment portfolio of £76 million at an interest rate of 0.60%. The budget for debt interest paid in 2022/23 is £8.3 million, based on an average debt portfolio of £261.325 million at an average interest rate of 3.19%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

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

9. Background Papers

Treasury Management Strategy for 2021/2022 – Cabinet, 3 February 2021 [report FIN/517 refers].
Treasury Management Mid-Year Review 2021/2022 – Cabinet, 24 November 2021 [report FIN/538 refers].
Appropriation of Garages from the HRA to the General Fund – Cabinet, 25 November 2020 [report FIN/511 refers].
2022/2023 Budget and Council Tax – Cabinet, 2 February 2022 [report FIN/549 refers].
"Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes", 2021 Edition – Chartered Institute of Public Finance and Accountancy.
"The Prudential Code for Capital Finance in Local Authorities", 2021 Edition – Chartered Institute of Public Finance and Accountancy.

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APPENDIX 1

Interest Rate Forecasts December 2021

Underlying assumptions:

- The global recovery from the pandemic has entered a more challenging phase. The resurgence in demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. The advent of the Omicron variant of coronavirus is affecting activity and is also a reminder of the potential downside risks.

- Despite relatively buoyant activity survey data, official Gross Domestic Product (GDP) data indicates that growth was weakening into Q4 2021. Other data, however, suggested continued momentum, particularly for November. Retail sales volumes rose 1.4%, Purchasing Managers Index (PMI) increased, and the labour market continued to strengthen. The end of furlough did not appear to have had a significant impact on unemployment. Wage growth is elevated.

- The CPI inflation rate rose to 5.1% for November and will rise higher in the near term. While the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is persistent medium term price pressure.

- These factors prompted Monetary Policy Committee (MPC) to raise Bank Rate to 0.25% at the December meeting. Short term interest rate expectations remain elevated.

- The outlook, however, appears weaker. Household spending faces pressures from a combination of higher prices and tax rises. In the immediate term, the Omicron variant has already affected growth – Q4 and Q1 activity could be weak at best.

- Longer-term government bond yields remain relatively low despite the more hawkish signals from the Bank of England and the Federal Reserve. Investors are concerned that significant policy tightening in the near term will slow growth and prompt the need for looser policy later. Geo-political and coronavirus risks are also driving safe haven buying. The result is a much flatter yield curve, as short-term yields rise even as long-term yields fall.

- The rise in Bank Rate despite the Omicron variant signals that the MPC will act to bring inflation down whatever the environment. It has also made clear its intentions to tighten policy further. While the economic outlook will be challenging, the signals from policymakers suggest their preference is to tighten policy unless data indicates a more severe slowdown.

Forecast:

- The MPC will want to build on the strong message it delivered this month by tightening policy despite Omicron uncertainty.

- Arlingclose therefore expects Bank Rate to rise to 0.50% in Q1 2022, but then remain there. Risks to the forecast are initially weighted to the upside, but becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.

- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in Bank Rate have maintained short term gilt yields at higher levels.

- Easing expectations for Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.

- The risks around the gilt yield forecasts vary. The risk for short and medium term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

APPENDIX 2

Economic Background

The ongoing impact on the UK from coronavirus, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Council's treasury management strategy for 2022/23.

The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.

Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously, but notes that Omicron could weaken the demand for labour.

UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% y/y from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%.

In October 2021, the headline 3-month average annual growth rate for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.

Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. The Q3 gain was modestly below the consensus forecast of a 1.5% q/q rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.

GDP growth in the euro zone increased by 2.2% in calendar Q3 2021 following a gain of 2.1% in the second quarter and a decline of -0.3% in the first. Headline inflation has been strong, with CPI registering 4.9% year-on-year in November, the fifth successive month of inflation. Core CPI inflation was 2.6% y/y in November, the fourth month of successive increases from July's 0.7% y/y. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.

The US economy expanded at an annualised rate of 2.1% in Q3 2021, slowing sharply from gains of 6.7% and 6.3% in the previous two quarters. In its December 2021 interest rate announcement, the Federal Reserve continue to maintain the Fed Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme earlier than previously stated and signalled they are in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.

Credit outlook

Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.

APPENDIX 3

Treasury Management Scheme of Delegation

(i) Full Council

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

(ii) Cabinet

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

(iii) Overview and Scrutiny Commission

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

APPENDIX 4

The Treasury Management Role of the Section 151 Officer

The S151 (responsible) officer

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

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

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

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

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Crawley Borough Council

Report to Overview and Scrutiny Commission
31 January 2022

Report to Cabinet
2 February 2022

2021/2022 Budget Monitoring - Quarter 3

Report of the Head of Corporate Finance, **FIN/554**

1. Purpose

1.1 The report sets out a summary of the Council's actual revenue and capital spending for the third Quarter to December 2021. 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:

a) **Agree to note the projected outturn for the year 2021/2022 as summarised in this report.**
b) **Note the updated proposed spend of Contained Outbreak Management Fund (COMF) grant funding as outlined in section 10.**

3. Reasons for the Recommendations

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

4. Background

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

4.2 Budget monitoring is undertaken on a monthly basis with budget holders. There are quarterly budget monitoring reports to Cabinet with the Corporate Management Team receiving monthly update reports on key areas and any other areas of concern.

The Overview and Scrutiny Commission also have the opportunity to scrutinise expenditure. Quarterly monitoring information is also included in the Councillors' Information Bulletin.

4.3 This report outlines the projected outturn for 2021/2022 as at the end of December 2021.

4.4 As discussed in the budget report and Budget Strategy, due to the pandemic it is very difficult to accurately forecast the Council's financial position for the year.

5. Budget Monitoring Variations

5.1 General Fund

The table below summarises the projected variances in the relevant Portfolio at Quarter 3. This shows a transfer from reserves of £12,000 compared to £155,000 budgeted transfer.

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

	Variance Projected at Quarter 3		Variance Projected at Quarter 2
	£'000's		£'000's
Cabinet	337	U	344
Public Protection & Community Engagement	(71)	F	(17)
Environmental Services & Sustainability	305	U	324
Housing	161	U	(6)
Wellbeing	1,225	U	930
Planning & Economic Development	(47)	F	(56)
Resources	(2)	F	(24)
Sub Total	**1,908**	**U**	**1,495**
Investment Interest	(622)	F	(258)
Sales, Fees and Charges Grant Q1	(316)	F	(316)
Use of Approved Coronavirus Budgets	(1,113)	F	(934)
NET VARIANCE	**(143)**		**(13)**
Budgeted transfer from reserves	155		155
Net transfer (to)/from reserves	**12**		**142**

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

Significant Quarter 3 variances over £20,000

5.2 Cabinet

There are no significant variations to report this quarter.

5.3 **Public Protection & Community Engagement**

Community Development vacancies previously expected to be recruited to are now likely to be vacant until March, producing an in year saving of £34,000.

5.4 **Environmental Services & Sustainability Services**

Effective chasing of arrears and a vacant post within the licensing team have reduced the projected overspend from £56,000 to £29,000.

5.5 **Housing Services**

There has been a large increase with households being placed into temporary accommodation under the council's statutory duty. Whilst this has been mitigated using the share of the Homeless Prevention Grant and other funding where available, there is however still a projected shortfall in funding of £178,000.

5.6 **Wellbeing**

K2 Crawley

Due to continued uncertainty around Covid and the emergence of the omicron variant, uptake and throughput across all service areas at K2 Crawley has been slower than previously anticipated. Assuming current restrictions are lifted, confidence is expected to return in the coming months. The special event programme is key to projected income at K2. This programme has been significantly affected over the last 18 months and it is anticipated to take a further twelve months to recover as National Governing Bodies start to reintroduce their sporting programmes.

From July 2021, the income support payments (which offset 75% the losses against non-payment of the management fee) were withdrawn and the furlough scheme payments have ceased. Earlier growth in utilisation and income has slowed with the growth in Omicron variant and the re-introduction of certain restrictions.

2021/22 Recovery Support Payments are significantly improved against projections now estimated at being circa £170,000. The National Recovery Funding CBC successfully received from Sport England will be utilised to cover these payments.

It is now estimated that no management fee will be paid by Everyone Active. The total projected loss of income is now £915,000. The projections are based on no further restrictions (lockdowns etc.).

The Hawth

The Hawth is currently operating to a deed of variation (DOV) requiring the Council to pay support relief payments to Parkwood Leisure. These are capped at the level of what the equivalent management fee would otherwise have been and therefore will not exceed the budgeted management fee. The Hawth programme has been significantly affected over the last 18 months and the recovery has been slow. Attendances did start to return during the autumn period with sales exceeding projections. The arrival of Omicron during December significantly affected footfall for the period and will impact over the next 3 months with a number of shows cancelling or rescheduling to later in the year.

Parkwood Leisure will continue to market the facilities and attract new business over the next quarter. The Hawth is not expected to return to normal services over the next three months. With reduced costs during previous lockdowns and a successful application to the Cultural Recovery Fund, it is anticipated that there will be a projected saving of circa £50k for 2021/22.

5.7 **Planning & Economic Development**

The Development Control Department is forecasting a shortfall of income of £83,000 which is made up of two elements. The first, which can be attributed to the continuing impact of Covid 19 on planning income of £42,000. The second is due to the new requirement that all planning applications must demonstrate water neutrality has resulted in an additional loss of income from planning applications of £41,000.

5.8 **Resources**

There has been a requirement to make use of locum agency staff within the legal services team to cover an increased volume of business-as-usual activity, new workstreams and complex one-off matters which could not have been expected at the start of the financial year. This was also required to maintain sufficient capacity pending a restructure of the team and the recruitment which will follow. This has resulted in a projected overspend of £48,000.

5.9 **Investment Income**

The Bank of England increased the base rate from 0.1% to 0.25% on 16 December 2021. The improved interest rate and higher investment balances due to slippage in the capital programme has resulted in an additional £24,000 in the projected interest on the Council's deposits and investments.

The notional interest on the Forge Wood shared equity properties is based on the change in the Nationwide house price index for the South East. The index has increased by 10.4% for the first three quarters of the year resulting in additional interest of £340,000 being recognised at Quarter 3. This is an exceptional movement and will not be an ongoing income in future budgets.

6. Coronavirus Budget

6.1 The Budget Strategy and budget report allowed for lost sales, fees & charges and additional expenditure pressures due to Covid of £1.113m. This is set up of £813,000 Covid related budget and £300,000 set aside for lost income. The below table sets out the proposed use of those funds and any remaining balance.

Covid Related Variations	**Q3 Projection Variance**	**Q2 Projection Variance**
	£000's	£000's
Environmental Services & Sustainability Services		
Parking Reduced Income	146	134
Port Health Reduced Income	105	109
Licensing Reduced Income	29	56
	280	**299**

Housing		
Homelessness Temporary Accommodation	178	0
	178	0
Wellbeing		
PPE (Neighbourhood services)	40	40
Community Centres Reduced Income	254	260
The Hawth Reduced Management Fees	(51)	0
K2 Crawley Reduced Income & Additional Support	915	579
	1,158	**879**
Planning & Economic Development		
Planning Reduced Income	42	42
Building Control Reduced Income	30	30
	72	**72**
Subtotal	**1,688**	**1,250**
Sales, Fees & Charges Grant Q1	(316)	(316)
Use of approved coronavirus budgets	**1,113**	**934**
Additional amount met by in year underspend / Covid reserve	**259**	**0**
Coronavirus budget remaining	**0**	**179**

7. Virements

7.1 Virements up to £50,000 can be approved by Heads of Service under delegated powers and reported to Cabinet for information. There have been no virements in this quarter.

8. Council Housing (Crawley Homes) – Revenue

8.1 The table below provides details of the 2021/2022 HRA variances.

HOUSING REVENUE ACCOUNT

	Q3 Projected Variation £000's		Q2 Projected Variation £000's
Income			
Rental Income	3,500	U	3
Other Income	(7)	F	(3)
Interest Received on balances	(215)	F	(166)
	3,278	U	**(166)**
Expenditure			
Employees	84	U	87
Repairs & Maintenance	1,361	U	1,206
Other running costs	45	U	45
Support services	0		0
	1,490	U	**1,338**

Net (Surplus) / Deficit	**4,768**	U	**1,172**
Transfer to the Housing Investment Reserve	(4,768)		(1,172)

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

8.2 **Rental Income**

The correction of the rental overcharge with the HRA (DCE/11) has seen a large number of refunds issued to tenants. Additionally, a high amount of voids is also impacting on the anticipated rental income in this financial year. These voids are taking longer to turn around due to several issues as identified below.

8.3 **Interest**

The notional interest on the Apex shared equity properties is based on the change in the Nationwide house price index for the South East. The index has increased by 10.4% for the first three quarters of the year resulting in additional interest of £49,000 being recognised at Quarter 3. This is an exceptional movement and will not be an ongoing income in future budgets.

8.4 **Repairs and maintenance**

As identified at Quarter 2, there is a significant forecast overspend on the responsive repairs contracts. The total projected overspend on responsive repairs has increased to £1.37m due to the following factors:

- Use of sub-contractors to complete works due to Omicron and higher levels of sickness.
- Voids averages around 90 per month in the third quarter, up from 70 a month in the previous.
- Sustained increases in the cost of materials.

9. Capital

9.1 The table below shows the 2021/22 projected capital outturn and proposed carry forward into 2022/23, 2023/24 and future years. Further details on the Capital Programme are provided in Appendix 2 to this report.

	Latest Budget 2021/22	Spend to Q3 2021/22	Estimated Outturn 2021/22	Under/ (over) spend	Re-profiled to/(from) future years
	£000's	£000's	£000's	£000's	£000's
Joint Responsibility	24,736	14,571	21,826	0	2,910
Cabinet	191	144	191	0	0
Environmental Services & Sustainability	658	80	600	0	58

Housing Services	5,856	2,842	4,156	0	1,700
Planning & Economic Development	572	216	509	0	63
Resources	710	115	678	0	32
Wellbeing	1,346	799	1,273	0	73
Total General Fund	34,069	18,767	29,233	0	4,836
Council Housing	17,522	10,173	17,341	0	181
Total Capital	**51,591**	**28,940**	**46,574**	**0**	**5,017**

9.2 Due to rephrasing payments to the contractors in respect of the New Town Hall there will be a need to slip £2,500,000 from 2021/22 into 2022/23.

9.3 Cabinet is asked to note that £116,325 of the flooding emergency works budget in 2022/23 has been moved to Water Course Work after a recent review of the flooding needs of Crawley, this has been agreed by the Corporate Projects Assurance Group (CPAG). In addition a review of this budget has also resulted in slippage of £58,206 into 2022/23.

9.4 Longley House has delays in both phases of the development giving slippage of £1,700,000 from 2021/22 to 2022/23 and £1,700,000 from 2023/24 to 2024/25 this is due to being caught up with the planning water neutrality issue.

9.5 Housing (Crawley Homes HRA)

<u>HRA Improvements</u>
The HRA Improvements are showing slippages between different areas of work but no overall change in budget. These works are closely connected to the responsive repairs and maintenance that are delivered within the HRA. The number of void properties has increased giving an increase on the Decent Homes works. The nature of the works that are required to bring these properties back into use is resulting in longer void periods.

<u>HRA Database</u>
There will be a delay in delivering of the new HRA Database due to the complexities of extracting data from existing systems and the recourses required to deliver the project being hit by Covid, giving a slippage of £169,839 into 2022/23.

<u>Forge Wood Phase 2</u>
The final phase of Forge Wood Phase 2 is currently being worked on at a pace requiring £257,835 to be brought forward from 2022/23 into 2021/22.

<u>Breezehurst Phase 2</u>
Breezehurst Phase 2 is caught up with planning and the water neutrality changes causing delays to the project so £153,988 of the 2021/22 budget will be slipped to later within scheme.

9.6 From 1st April 2021, the reporting of the use of Right to Buy 1-4-1 receipts to the Department for Levelling Up, Housing and Communities (DLUHC) has moved to an annual return. Other changes are that these receipts now need to be used within 5 years of receipt instead of 3 years, and can be used to fund up to 40% of new affordable homes including shared ownership dwellings. This was as a result of responses to Government consultation on Right to Buy receipts.

9.7 Within the third quarter of 2021/22 **nine** Council Houses were sold through Right to Buy with a sale value of £1,663,300 compared to ten in the third quarter of last year. Of these receipts a proportion will be paid over to the Government with the remainder being retained by the Council being set aside as 1-4-1 receipts and general capital receipts. The values of each will be calculated within the annual return. [The 1-4-1 arrangement is one where the Council retains a larger proportion of right to buy receipts then they otherwise would, in return for a commitment to spend the addition receipts on building or acquiring properties.]

10. Contain Outbreak Management Fund (COMF)

10.1 An urgent decision was taken by the Chief Executive on 8th July 2021 in consultation with the leader of the Council to allocate £642,362 of grant funding: this was included on the Councillor Information bulletin, dated 13th July 2021. The grant is ring-fenced for public health purposes to tackle Covid-19, working to break the chain of transmission and to protect the most vulnerable.

10.2 The funding was made of two elements, £167,553.74 direct grant to the council and £474,808 allocated from West Sussex County Council for redistribution. The purpose of the grant is to provide support to the Councils, as detailed, towards expenditure lawfully incurred or to be incurred in relation to the mitigation against and management of local outbreaks of COVID-19.

Area/ Activity -

- Testing
- Tracing
- Compliance measures
- Communication and marketing
- Support for the clinically extremely vulnerable
- Support for wider vulnerable groups, including rough sleepers
- Support for those self-isolating
- Targeted intervention for specific cohorts within the community
- Specialist support i.e. behavioural science
- Utilisation of local sectors (Academic, volunteers etc.)
- Support for educational outbreaks
- Other…..

As identified at Quarter 2, a further grant of £110,828 has been received from West Sussex County Council. The proposed allocation of total COMF grant is outlined below.

	Revised allocation £
Compliance measures	420,000
Support to the wider community including rough sleepers	270,190
Targeted intervention for specific cohorts within the community	63,000
Total	**755,190**

10.3 The release of the grant is dependent on the County Council providing a monitoring return on how the COMF allocation for 2021/22 has been used. There is also a requirement for Crawley Borough Council to report in the monthly Government 'Delta return' on Covid spend.

10.4 There has recently been confirmation from Government that any amount of unspent COMF funding as at 31st March 2022 may be carried forward to future years. This will result in some proactive work such as the enviro-crime warden contract being extended.

11. Background Papers

Budget Strategy 2021/22 – 2025/26 FIN/508
2021/2022 Budget and Council Tax FIN/514
Treasury Management Strategy 2021/22 FIN/517
2021/2022 Budget Monitoring – Quarter 1 FIN/531
Treasury Management Outturn for 2020/21 FIN/527
2021/2022 Budget Monitoring - Quarter 2 FIN/535
Crawley Homes Rent Overcharge DCE/11

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Agenda Item 7

Appendix 1 (i)

REVENUE MONITORING SUMMARY 2021/22
GENERAL FUND

	Latest Budget £000's	Projected Outturn £000's	**Variance £000's**
Cabinet	1,169	1,506	**337**
Public Protection & Community Engagement	1,454	1,383	**(71)**
Environmental Services & Sustainability	4,997	5,302	**305**
Housing	2,620	2,781	**161**
Wellbeing	9,279	10,504	**1,225**
Planning & Economic Development	(3,283)	(3,330)	**(47)**
Resources	390	388	**(2)**
	16,626	18,534	**1,908**
Depreciation	(3,456)	(3,456)	**0**
Renewals Fund	683	683	**0**
NET COST OF SERVICES	13,853	15,761	**1,908**
Investment Interest	(398)	(975)	**(577)**
Interest Paid	117	72	**(45)**
Council Tax	(7,411)	(7,411)	**0**
RSG	(60)	(60)	**0**
NNDR	(4,306)	(4,306)	**0**
New Homes Bonus	(1,108)	(1,108)	**0**
Local Council Tax Support Grant	(363)	(363)	**0**
Lower Tier Services Grant	(169)	(169)	**0**
Sales, Fees & Charges Grant Q1	0	(316)	**(316)**
Use of Approved Coronavirus Budgets	0	(1,113)	**(1,113)**
Net contribution from / (-to) Reserves	**155**	**12**	**(143)**

Main Variations identified for 2021/22 - General Fund Appendix 1 (ii)

	Q3 Projected Variation £'000s	Covid Related Variation £'000s	Other Variation £'000s	Q2 Projecte Variatio £'000s
Cabinet				
Unrealised Car Allowance/Out of Hours Savings	100	0	100	100
Pay Award (1.75%) Provision	300	0	300	300
Insurance Tender Savings	(100)	0	(100)	(100)
Minor Variations	37	0	37	44
	337	**0**	**337**	**344**
Public Protection & Community Engagement				
Community Development Vacancies	(34)	0	(34)	0
Minor Variations	(37)	0	(37)	(17)
	(71)	**0**	**(71)**	**(17)**
Environmental Services & Sustainability				
Parking Reduced Income	146	146	0	134
Port Health Reduced Income	105	105	0	109
Licensing Reduced Income	29	29	0	56
Minor Variations	25	0	25	25
	305	**280**	**25**	**324**
Housing				
Homelessness Temporary Accommodation	178	178	0	0
Minor Variations	(17)	0	(17)	(6)
	161	**178**	**(17)**	**(6)**
Wellbeing				
PPE (Neighbourhood services)	40	40	0	40
Community Centres Reduced Income	254	254	0	260
K2 Crawley Reduced Income & Additional Support	915	915	0	579
The Hawth Reduction in Management Fee	(51)	(51)	0	0
Minor Variations	67	0	67	51
	1,225	**1,158**	**67**	**930**
Planning & Economic Development				
Commercial Property Income (Lease Renewals)	(119)	0	(119)	(109)
Planning Reduced Income	83	42	41	42
Building Control Reduced Income	30	30	0	30
Property Built Environment Vacancies	(25)	0	(25)	0
Minor Variations	(16)	0	(16)	(19)
	(47)	**72**	**(119)**	**(56)**
Resources				

Legal Agency Staff Spend	48	0	48	0
Minor Variations	(50)	0	(50)	(24)
	(2)	**0**	**(2)**	**(24)**
TOTAL GENERAL FUND VARIANCES	**1,908**	**1,688**	**220**	**1,495**
Investment Interest	(622)	0	(622)	(258)
Sales, Fees & Charges Grant	(316)	(316)	0	(316)
Use of Approved Coronavirus Budgets	(1,113)	(1,113)	0	(934)
TOTAL VARIANCES	**(143)**	**259**	**(402)**	**(13)**

Appendix 1 (iii)

QUARTER 3

HOUSING REVENUE ACCOUNT			
Expenditure Description	**Latest Estimate** £'000s	**Projected Outturn** £'000s	**Variation** £'000s
Income			
Rental Income	(46,908)	(43,408)	3,500
Other Income	(1,640)	(1,647)	(7)
Interest received on balances	(150)	(365)	(215)
Total income	**(48,698)**	**(45,420)**	**3,278**
Expenditure			
Employees	3,768	3,852	84
Repairs & Maintenance	11,606	12,967	1,361
Other running costs	2,063	2,108	45
Support services	3,096	3,096	0
	20,533	**22,023**	**1,490**
Net (Surplus) / Deficit	**(28,165)**	**(23,397)**	**4,768**
Use of Reserves:			
Debt Interest Payments	8,309	8,309	0
Depreciation, Revaluation & Impairment	6,216	6,216	0
Transfer to/(from) Housing Reserve	13,640	8,872	(4,768)
Total	**28,165**	**23,397**	**(4,768)**

Appendix 1 (iv)

Main Variations Identified - Housing Revenue Account

	Q3 Variation £'000s	Q2 Variation £'000s
Income		
Shared equity deferred receipt interest	(215)	(166)
Rent Overcharge & Increase in void properties	3,500	0
Minor Variations	(7)	0
	3,278	**(166)**
Employees		
Pay award (1.75%) Provision	60	60
Unmet Vacancy Provision	21	21
Minor Variations	3	6
	84	**87**
Repairs & Premises Costs		
Repairs & Maintenance increased demand and material cost	1,368	1,200
Minor Variations	(7)	6
	1,361	**1,206**
Other Running Costs		
Voids Contract Cleaning	50	50
Minor Variations	(5)	(5)
	45	**45**
TOTAL VARIANCES	**4,768**	**1,172**

2021/22 Qtr. 3 Capital Appendix

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 it forward from later years.

Scheme Description	Budget 2021/22	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage	Budget 2022/23	Budget 2023/24	Budget 2024/25	Future Years
	£	£	£	£	£	£	£	£	£
New Town Hall Redevelopment - Joint responsibility	**23,953,975**	**14,328,935**	**21,453,975**	**0**	**2,500,000**	**5,500,000**	**0**	**0**	**0**
Manor Royal BID - Towns Fund	371,949	242,001	371,949						
Town Centre Fund	410,000				410,000	410,000			
Joint responsibility	**24,735,924**	**14,570,936**	**21,825,924**	**0**	**2,910,000**	**5,910,000**	**0**	**0**	**0**
Garages	191,185	143,549	191,185			500,000	200,000	338,897	
Cabinet	**191,185**	**143,549**	**191,185**	**0**	**0**	**500,000**	**200,000**	**338,897**	**0**
Environmental Services and Sustainability									
New Cemetery	18,694	14,736	18,694						
Muslim Burial Ground Cemetery						333,000			
Cycle Paths	25,300		25,300						
Crawters / Manor Royal Cycle Path	65,665		65,665						
Kingsgate Car Park	300,000		300,000						
District Heat Network Phase 2	94,950		94,950						
Flooding Emergency Works	108,206	32,896	50,000		58,206	56,804	56,804		
Telemetry Measuring Equipment	4,605		4,605						
Crabbett Park Pound Hill Flood Works	33,000	32,647	33,000						
Leat Stream Ifield Flood Alleviation	7,289		7,289						
Tilgate Lake Bank Erosion									
Water Course Work						116,325			
Solar PV CBC Operational Buildings						60,000			
TOTAL ENVIRONMENTAL SERVICES & SUSTAINABILITY PORTFOLIO	**657,709**	**80,279**	**599,503**	**0**	**58,206**	**566,129**	**56,804**	**0**	**0**

Scheme Description	Budget 2021/22	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage	Budget 2022/23	Budget 2023/24	Budget 2024/25	Future Years
	£	£	£	£	£	£	£	£	£
Housing Enabling (General Fund)									
Temp Accommodation Acquisitions	1,000,000		1,000,000			1,400,000			
Affordable Housing Town Hall	2,131,298	2,131,298	2,131,298				3,265,750		
Longley House	1,700,000				1,700,000	1,700,000		1,700,000	
Disabled Facilities Grants	1,000,000	691,992	1,000,000			868,451			
Improvement/Repair Loans	25,000	18,296	25,000			25,000			
TOTAL HOUSING (GENERAL FUND) PORTFOLIO	**5,856,298**	**2,841,586**	**4,156,298**	**0**	**1,700,000**	**3,993,451**	**3,265,750**	**1,700,000**	**0**

Planning and Economic Development									
Investment Property Acquisitions									
Manor Royal Business Group							200,000		
Crawley Fusion Innovation Centre	250,000	117,851	250,000						
Crawley Growth Programme									
Queensway	92,323	65,712	92,323			100,000			
Town Centre Signage and Wayfinding	10,000	5,788	10,000			12,016			
Town Centre General							71,100		
Manor Royal Cycle Improvements	50,000				50,000	360,632	1,415,303		
Town Centre Cycle Improvements	50,000	17,166	50,000			949,673			
Manor Royal Super Hub						263,028			
Station Gateway						250,720	1,588,172		3,176,344
Town Centre Super Hub									74,231
Town Centre Acquisition	95,000		95,000			2,362,000	3,543,000		
Three Bridges Station	25,000	9,925	12,425		12,575	491,667	958,186		
Total Crawley Growth Programme	**322,323**	**98,591**	**259,748**	**0**	**62,575**	**4,789,736**	**7,575,761**	**0**	**3,250,575**
TOTAL PLANNING & ECONOMIC DEVELOPMENT PORTFOLIO	**572,323**	**216,442**	**509,748**	**0**	**62,575**	**4,789,736**	**7,775,761**	**0**	**3,250,575**

Scheme Description	Budget 2021/22	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage	Budget 2022/23	Budget 2023/24	Budget 2024/25	Future Years
	£	£	£	£	£	£	£	£	£
Resources									
Gigabit						1,350,000			
ICT Capital - Future Projects			40,000		(40,000)	68,079			
New Website And Intranet	53,576	1,170	1,170		52,406	52,406			
Mobile Working (ICT)									
Digital Works						10,000			
ICT Transformation Future						75,000			
Unified Communications/Telephony	17,593	17,593	17,593						
Migration to Cloud Evaluation									
Power and UPS							20,000		
LAN Fresh									
ICT Cloud	314,000	64,823	314,000			150,000			
Income Management System	60,000		60,000						
Commercial Property System	25,000	4,860	25,000						
Sharepoint	50,000		50,000						
Agile Working	20,000		20,000			100,000			
Channel Shift	35,000		15,000		20,000	36,000			
Legal Case Management System	35,000	26,532	35,000						
Hardware Renewals	100,000		100,000						
TOTAL RESOURCES PORTFOLIO	**710,169**	**114,978**	**677,763**	**0**	**32,406**	**1,841,485**	**20,000**	**0**	**0**
Wellbeing									
Vehicle Replacement Programme	100,000	67,500	94,088		5,912	205,413			
Refurb Playgrounds Future Schemes						39,360			
Skate Park Equipment						46,000			
Memorial Gardens Improvements						33,400			

Scheme Description	Budget 2021/22	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage	Budget 2022/23	Budget 2023/24	Budget 2024/25	Future Years
	£	£	£	£	£	£	£	£	£
Tilgate Park	130,643	125,874	130,643						
Nature & Wildlife Centre	121,703	75,798	121,703						
Allotments	40,000		40,000			45,000			
Adventure Playgrounds	275,000	20,450	275,000			125,000			
Memorial Gardens Play Improvements	16,933				16,933	16,933			
Meadowlands						65,000			
Chichester Close	45,000	43,195	45,000						
Dormans Play Area	35,447	21,190	35,447						
Newbury Road	38,131	36,855	38,131						
Ninfield Court	15,000		15,000						
Rushetts Road	9,923	8,561	9,923						
Southgate Playing Fields	47,619		47,619						
Perkstead Court Play Area Bewbush	20,000		20,000						
Park Tennis						160,460			
Halley Close Play						15,000			
Curteys Walk Play						15,000			
Brideake Play						17,000			
Wakehams Play						55,000			
Puffin Road Play						18,000			
Browness Close Play						18,000			
Plantain Crescent Play						15,000			
Hawth Agreement	400,000	400,000	400,000						
K2 Crawley Climbing Wall	50,000				50,000	50,000			
K2 Crawley Replacement Chiller						155,000			
TOTAL WELLBEING PORTFOLIO	**1,345,399**	**799,423**	**1,272,554**	**0**	**72,845**	**1,094,566**	**0**	**0**	**0**
TOTAL GENERAL FUND	**34,069,007**	**18,767,193**	**29,232,975**	**0**	**4,836,032**	**18,695,367**	**11,318,315**	**2,038,897**	**3,250,575**

Scheme Description	Budget 2021/22	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage	Budget 2022/23	Budget 2023/24	Budget 2024/25	Future Years
	£	£	£	£	£	£	£	£	£
Housing - HRA (Crawley Homes)									
Improvements -									
Decent Homes	4,759,017	3,500,842	5,391,027		(632,010)	4,800,000	2,300,000	2,300,000	
Renovations	1,172,646	680,939	1,103,552		69,094	650,000	650,000	650,000	
Insulation	1,392,648	900,222	1,348,959		43,688	2,500,000	2,200,000	2,200,000	
Renewable Technology/Carbon Efficiency	238,123	31,246	50,000		188,123	250,000	250,000	250,000	
Compliancy Works	911,985	464,506	553,087		358,898	1,750,000	1,450,000	1,450,000	
Boilers & Heating	850,000	471,008	787,067		62,934	1,500,000	1,800,000	1,800,000	
Electrical Test & Inspection	465,508	335,680	536,912		(71,404)	350,000	350,000	350,000	
Adaptations For The Disabled	830,000	571,540	830,000			1,250,000	1,300,000	1,300,000	
Hostels	30,677	33,944	50,000		(19,323)	200,000	200,000	200,000	
TOTAL HRA IMPROVEMENTS	**10,650,604**	**6,989,927**	**10,650,604**	**0**	**0**	**13,250,000**	**10,500,000**	**10,500,000**	**0**
Other HRA (Crawley Homes)									
HRA Database	399,748	163,509	229,909		169,839	169,839			
151 London Road (New Build)	27,156	27,492	27,492	(336)					
Bridgefield House	28,659	2,259	28,659						
Acquisition Of Land Or Dwellings	578,250	80,234	578,250			1,800,000			
Kilnmead	6,555		6,555						
Forge Wood								1,235,388	
Telford Place Development	48,924	29,927	48,924			107,500	7,670,300	3,510,167	9,350,816
Woolborough Road Northgate	500	109	109	391					
Goffs Park - Depot Site	2,969	2,969	2,969						
83-87 Three Bridges Road	996	996	996						
Dobbins Place	2,500			2,500					
Barnfiel Road		6,902	6,902	(6,902)					
Forge Wood Phase 2	4,116,859	2,592,253	4,374,694		(257,835)	1,601,273			

Scheme Description	Budget 2021/22	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage	Budget 2022/23	Budget 2023/24	Budget 2024/25	Future Years
	£	£	£	£	£	£	£	£	£
257/259 Ifield Road	499			499					
Forge Wood Phase 3									
Forge Wood Phase 4	152,161	152,162	152,161			4,094,236	3,514,583	4,825,065	
Purchase Of Properties						3,500,000			
5 Perryfields	28,041	13,041	28,041			35,000	394,000	153,694	8,924
Carey House						129,159			
Fairlawn House	10,000	2,866	10,000			200,000			
Milton Mount Major Works	874,196	21,754	874,196			847,909			
Breezehurst Phase 2	188,728	25,215	34,740		153,988	8,936,436	5,663,733	500	210,820
Orchards Hostel	19,485				19,485	21,000	317,485		
Contingencies	168,307		164,460	3,848			1,137,311		
Prelims	216,570	61,434	121,434		95,136	367,683			
TOTAL OTHER HRA	**6,871,103**	**3,183,122**	**6,690,491**	**0**	**180,613**	**21,810,035**	**18,697,412**	**9,724,814**	**9,570,560**
TOTAL HRA	**17,521,707**	**10,173,049**	**17,341,095**	**0**	**180,613**	**35,060,035**	**29,197,412**	**20,224,814**	**9,570,560**
TOTAL CAPITAL PROGRAMME	**51,590,714**	**28,940,242**	**46,574,070**	**0**	**5,016,645**	**53,755,402**	**40,515,727**	**22,263,711**	**12,821,135**

FUNDED BY

Capital Receipts	(20,710,304)	(15,831,322)	(20,027,876)		(682,428)	(2,304,498)	(6,769,597)	(980,000)	(109,465)
Capital Reserve	(953,576)	(1,170)	(1,170)		(952,406)	(952,406)			
Better Care Fund (formally DFGs)	(1,000,000)	(691,992)	(1,000,000)			(868,451)			
External Funding	(570,651)	(188,236)	(558,076)		(12,575)	(5,193,631)	(2,779,344)		(3,076,344)
HRA Revenue Contribution	(16,137,468)	(9,318,260)	(15,926,689)		(210,779)	(31,075,150)	(24,224,626)	(17,307,370)	(6,699,392)
Replacement Fund/Revenue Financing	(1,102,725)	(237,582)	(1,146,573)		43,848	(1,833,413)		(338,897)	
Section 106	(1,051,975)	(136,893)	(319,282)		(732,693)	(1,542,968)		(720,000)	(64,766)
1-4-1	(3,064,015)	(2,534,787)	(3,094,403)		30,388	(4,484,885)	(6,742,160)	(2,917,444)	(2,871,168)

Scheme Description	Budget 2021/22	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage	Budget 2022/23	Budget 2023/24	Budget 2024/25	Future Years
	£	£	£	£	£	£	£	£	£
Borrowing	(7,000,000)		(4,500,000)		(2,500,000)	(5,500,000)			
TOTAL FUNDING	**(51,590,714)**	**(28,940,242)**	**(46,574,070)**	**0**	**(5,016,645)**	**(53,755,402)**	**(40,515,727)**	**(22,263,711)**	**(12,821,135)**

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Crawley Borough Council

Report to Overview and Scrutiny Commission

31 January 2022

Report to Cabinet

2 February 2022

Extension to Public Space Protection Order (PSPO) – Car Cruising

Report of the Head of Crawley Homes, **CH/195**

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1. Purpose

1.1 The Council made a Public Space Protection Order (PSPO) to prohibit car cruise activity on 7 December 2018. This PSPO was made under the provisions of the Anti-Social Behaviour, Crime and Policing Act 2014 and is due to expire on 14 March 2022.

1.2 Section 60(2) of the Anti-Social Behaviour, Crime and Policing Act 2014 allows the local authority that made the order to extend the period for which the PSPO has effect if satisfied on reasonable grounds that doing so is necessary to prevent –

(a) Occurrence or reoccurrence after that time of the activities identified in the order, or
(b) An increase in the frequency or seriousness of those activities after that time.

1.3 This report seeks the Cabinet's agreement and recommendation that Full Council extends the PSPO for a further 3 years to continue to prohibit car cruise activity in the borough of Crawley.

2. Recommendations

2.1 To the Overview and Scrutiny Commission:

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

2.2 To the Cabinet:

The Cabinet is recommend to:

a) Request that Full Council extends for a period of 3 years the Borough wide Public Space Protection Order (PSPO) to prohibit vehicle related anti-social behaviour associated with car cruise activity in the borough of Crawley as set out in Appendix A.

b) Request that Full Council agrees that fixed penalties imposed for breaches of the PSPO be maintained at £100.

3. Reasons for Recommendations

3.1 A PSPO can target a range of behaviours and can prohibit specified activities or require certain things to be done by people engaged in certain activities. PSPO's can send a clear message that certain behaviours will not be tolerated and help reassure residents and businesses that unreasonable conduct is being addressed.

3.2 Council officers from a number of services including ASB, Community Wardens and Community Safety consider it necessary to extend the PSPO in order to prevent an increase in the in frequency and/or seriousness of car cruise activity after the current PSPO expires. The extension is also supported by the Police, Police and Crime Commissioner (PCC), and West Sussex County Council.

3.3 The current PSPO has had some success at controlling the incidence of car cruise activity, particularly in relation to repeat offenders. However, the incidence of car cruise incidents continues to occur and there are currently regular gatherings including those occurring late into the evening and early hours of the morning between the hours of 22:00 and 03:00.

3.4 The extension of the PSPO will continue to enhance public safety through a targeted approach to tackle the problems associated with car cruise activity.

4. Background

4.1 The power for local authorities it make PSPOs were introduced under the Anti-social Behaviour Crime and Policing Act 2014. They are intended to deal with a particular nuisance or problem in a specific area that is having/likely to have a detrimental effect to the local community's quality of life, by imposing prohibitions and requirements on persons specified which are aimed at preventing or reducing the detrimental effect. They are intended to ensure the law abiding majority can use and enjoy public spaces, safe from anti-social behaviour.

4.2 Before making, varying, extending or discharging a PSPO, the council must carry out the necessary publicity, consultation and notifications and must publish information about the order in accordance with the regulations.

4.3 A PSPO can be extended if certain criteria under section 60 of the Act are met. This includes that a council is satisfied upon reasonable grounds that an extension is necessary to prevent activity recurring or an increase in frequency or seriousness of the activity after the end of the current PSPO. An extension can be repeated and each extension can last for a period of up to 3 years. The impact of the original order should be evaluated.

4.4 Consultation should include formal consultation with the chief officer of the police, PCC, local partners, including West Sussex County Council and the local community including the public and local businesses (further details regarding consultation are noted below, including the legal requirements which are set out in 8.1).

4.5 Breach of a PSPO is a criminal offence and can be dealt with by way of a fixed penalty notice (FPN) (currently set at £100) or a fine up to level 3 (£1000) on prosecution.

4.6 Once the PSPO has been extended, an "interested party" namely, an individual being anyone who lives in, or who regularly works in or visits the restricted area, can challenge the validity of the PSPO in the High Court within six weeks of the making of the Order. A similar challenge exists if a PSPO is varied by the council.

4.7 Within the confines of the legal framework, councils have the freedom to determine their own procedures for introducing a PSPO including satisfying themselves that the statutory requirements are met and giving final approval for the Order to go ahead.

4.8 The existing PSPO signage is not dated and will not need to be adjusted in light of the extension of the Order.

5. Description of Issue to be Resolved

5.1 Car cruise activity involves the drivers and passengers of a number of vehicles taking part in organised and ad hoc 'car cruise' events in public locations including the public highway and car parks to which the public has access.

5.2 Car cruise gatherings pose both a danger and nuisance to the wider public, road users and participants of the events due to the performance of stunts and the speed at which the vehicles are driven and possibility of drivers losing control and a crash occurring.

5.3 Key locations that are currently affected include Manor Royal, County Oak Way, supermarket car parks and local parks including Tilgate Park and Maidenbower Park. The number of vehicles involved can vary from two or three vehicles gathering, to organised events with over 50 vehicles.

5.4 According to police data, between March 2019 and October 2021 there were a total of 146 incidents reported relating to car cruise activity and anti-social driving reported in the key locations associated with car cruises. 116 incidents occurred in Sainsbury West Green car park. The peak month was July 2021. The peak time for the reporting of incidents was between 23:00 and 00:00, and a further peak between 20:00 and 22:00.

5.5 131 incidents have also been reported to Crawley Borough Council during the same period (though some of these may be duplicates of the incidents reported to the police).

5.6 Since the PSPO was made, the council has issued 83 breach of PSPO letters. 4 of these related to repeat offenders. No fixed penalty notices have been issued (as the required evidential burden of proof for the repeat offenders was not met).

6. Consultation, Information & Analysis Supporting the Recommendation

6.1 Consultation took place from 27 October 2021 to 15 November 2021. A copy of the consultation questions is included in Appendix B.

6.2 A range of methods of consultation have been used including:

- Consultation with the police, PCC, WSCC, Crawley and Gatwick Diamond Business Watch
- Consultation with car cruise organisers via face to face meeting
- Publicity via the local press
- An online questionnaire
- Paper copies of questionnaire upon request
- Promotion to local businesses via the Business Watch
- Social media
- Targeted letter drops to residents known to be affected
- Display of posters in community centres, ward notice boards, library, Crawley rail stations and Sainsbury's West Green

6.3 Formal consultation has been carried out with Sussex Police. Chief Inspector Shane Baker – District Commander said:

"Anti-social vehicle use (or car cruising) affects our local communities and causes serious damage, injuries or potential fatalities. The PSPO allows Sussex Police, Crawley Borough Council and the local community to work together and tackle these issues in a combined effort; by generating intelligence, commissioning patrols and enforcing legislation. This community partnership approach ultimately prevents issues and continually improves Crawley for us all."

6.4 Formal consultation has taken place with the Police and Crime Commissioner and they are in support of the proposal.

6.5 West Sussex County Council have been consulted and have confirmed they support the extension of the PSPO.

6.6 Manor Royal Business District has been consulted and has confirmed its support for the extension of the PSPO. A copy of the letter of support can be found in Appendix C.

6.7 An interview has taken place between the Council, Police and the organiser of a local car cruise group which indicated that the organisers would not cease their activity in the absence of enforcement powers, such as those provided by the PSPO.

6.8 Consultation responses:

- 219 responses were received, 196 from members of the public and 23 from businesses or organisations. 95% of respondents live in Crawley. 10 respondents have been involved in car cruise activity, 6 of whom live in Crawley and 4 were from out of town.
- 82% of non-business respondents and 83% of business respondents support the extension of the PSPO
- 71% of respondents had experienced or been affected by the anti-social use of vehicles in the past 12 months. 47 mentioned noise and many stated it had kept them awake or woken them up.
- 72% of respondents had experienced anti-social use of vehicles more than 6 times in the past 12 months.
- 77% of all respondents and 70% of businesses who responded felt that the anti-social use of vehicles in Crawley was a big problem.
- 13% of respondents felt that the anti-social use of vehicles in Crawley is not a problem at all. Around a third of these take part in car cruise activity.
- Key areas that were noted as being affected were Sainsbury's West Green, Matthews Drive, Tilgate Park, Buchan Park, Maidenbower Park/car park, Lucas Close, A23 between Pease Pottage towards County Oak and Astral Towers to Gatwick and also A23 Sainsbury's to Cheals roundabout, Gainsborough Road playing field, A264 between Horsham Road and Pease Pottage, Crompton Way, Tesco car park, Tollgate Hill, Peglar Way and Morrisons car park.

7. Financial Implications

7.1 There are no significant financial implications.

7.2 Legal costs in the event of prosecutions being taken. To date, no prosecutions have been necessary.

8. Legal and Risk Implications

8.1 The government has issued statutory guidance in respect of powers under the Anti-Social Behaviour, Crime and Policing Act 2014 (which includes the power to make and extend PSPOs) and it is recommended that this guidance is taken into account in making decisions in relation to this report. The guidance can be found on the government's website. The LGA has also published guidance for local authorities.

8.2 Section 59 of the Anti-Social Behaviour, Crime and Policing Act 2014 gives local authorities the powers to make a PSPO. Section 60 give the power to extend a PSPO and Section 61 gives the power to vary one. The requirements for consultation, notification and publication are set out in section 72 of the 2014 Act and in the Anti-social Behaviour, Crime and Policing Act 2014 (Publication of Public Spaces Protection Orders) Regulations 2014.

8.3 Before making or renewing a PSPO the Council must publicise the text of the proposed order and:

- consult with the chief police officer and the local policing body
- consult with such community representatives as the Council thinks appropriate
- consult (as reasonably practicable) the owners or occupiers of land in the area of the proposed order
- notify West Sussex County Council
- consider any representations made.

8.4 The Council has complied with the above requirements and in order to complete the process must take into account any consultation responses before taking its decision, which it has done.

8.5 Section 72(1) of the Act specifically states that a council, when deciding to extend a PSPO, and if so for how long to extend it, must have "particular regard" to the rights of freedom of expression and freedom of assembly set out in articles 10 and 11 of the European Convention for the Protection of Human Rights and Fundamental Freedoms (as given effect in domestic law by the Human Rights Act 1998).

8.6 The consultation process and making of PSPOs in some locations to address some issues have received wide public criticism, particularly where they have sought to address behaviours linked to homelessness and begging. The possible reputational risks need to be balanced with the wider public risks associated with the continuation of car cruise activity, as well as the risks associated with a failure of local agencies to find a solution to the impact on local businesses who are affected by the behaviour.

8.7 The Cabinet is reminded of the requirement under the Public Sector Equality duty (Section 149 of the Equality Act 2010) to have due regard to the duty when making this decision.

Report author and contact officer:
Clare Prosser, Tenancy Services Manager
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CRAWLEY BOROUGH COUNCIL
ANTI SOCIAL BEHAVIOUR, CRIME AND POLICING ACT 2014, SECTION 59

Draft Car Cruising Public Spaces Protection Order 1 of 2022 (“Order”)

PUBLIC SPACES PROTECTION ORDER

This order is made by Crawley Borough Council (the “Council”) and shall be known as the Car Cruising Public Spaces Protection Order 1 of 2022.

PRELIMINARY

1. The Council, in making this Order is satisfied on reasonable grounds that:

   1.1 The activities identified below have been carried out in public places within the Council’s area and have had a detrimental effect on the quality of life of those in the locality, and

   1.2 That the effect, or likely effect, of the activities:

      (a) is, or is likely to be, of a persistent or continuing nature,

      (b) is, or is likely to be, such as to make the activities unreasonable, and

      (c) justifies the restrictions imposed by the notice.

2. The Council is satisfied that the prohibitions imposed by this Order are reasonable to impose in order to prevent the detrimental effect of these activities from continuing, occurring or recurring, or to reduce that detrimental effect or to reduce the risk of its continuance, occurrence or recurrence.

3. The Council has had regard to the rights and freedoms set out in the European Convention on Human Rights. The Council has had particular regard to the rights and freedoms set out in Article 10 (right of freedom of expression) and Article 11 (right of freedom of assembly) of the European Convention on Human Rights and has concluded that the restrictions on such rights and freedoms imposed by this Order are lawful, necessary and proportionate.

THE ACTIVITIES

4. The Activities prohibited by the Order are:

   4.1 Participation in car cruising or a car cruising event.

   4.2 Encouraging any other person to participate in car cruising or a car cruising event.

   4.3 Congregating to watch car cruising or be in attendance to watch a car cruising event.

   4.4 Attending a car cruising event to supply or sell to those present any food, drink, goods or services.

   4.5 Urinating in a public place whilst participating or attending a car cruising event.

THE PROHIBITION

5. A person shall not engage in any of the Activities anywhere on any public highway, carparks or any other land to which the public or any section of the public has access, whether on payment or otherwise, as of right or by virtue of express or implied permission within the borough of Crawley, and being the area edged in blue (but excluding the area hatched in red) on the attached map labelled “The Restricted Area”.

6. This Prohibition is subject to the Exceptions stated below.

THE REQUIREMENTS

7. A person who is believed to have engaged in a breach of this order or anti-social behaviour within the Restricted Area, is required to give their name and address to a police officer, police community support officer or other person designated by Crawley Borough Council.

8. A person who is believed to have engaged in a breach of this order, or in anti-social behaviour within the Restricted Area, is required to leave the area if asked to do so by a police officer, police community support officer or other person designated by Crawley Borough Council.

DEFINITIONS

9. In this Order, "car cruising" has the following meaning: where the drivers and/or any passengers of 2 or more motor vehicles (including motorcycles) congregate and any one or more of the following activities also occurs:

9.1 Motor vehicles driven at excessive speed;

9.2 Sudden or rapid acceleration or deceleration of motor vehicles (braking);

9.3 Motor vehicles being raced against one another;

9.4 Obstruction of the highway by motor vehicles (whether moving or stationary), including driving in convoy;

9.5 Stunts (including but not limited to doughnutting, drifting, skidding, handbrake turns, wheel-spinning) being performed in motor vehicles;

9.6 Sounding horns (so as to cause a nuisance);

9.7 Causing or allowing loud amplified music or other very loud noise to be emitted from a motor vehicle or from a portable device;

9.8 Revving of engines (so as to cause a nuisance).

10. In this Order, "car cruising event" has the following meaning: a gathering of people who have come together for the purpose of car cruising.

11. In this Order "Restricted Area" has the meaning set out in paragraph 5 above.

THE EXCEPTIONS

12. The prohibitions in this Order do not apply to any person travelling in, or standing to observe:

12.1 A convoy of motor vehicles taking part in a funeral procession;

12.2 Vehicles taking part in an event organised by the Royal Automobile Club or similar body, such as the annual Veteran Car Rally.

PERIOD FOR WHICH THIS ORDER HAS EFFECT

13. This Order will come into force at midnight on [DATE] and will expire at midnight on [DATE].

14. At any point before the expiry of this three year period the Council can extend the Order by up to three years if they are satisfied on reasonable grounds that this is necessary to prevent the activities identified in the Order from occurring or recurring or to prevent an increase in the frequency or seriousness of those activities after that time.

WHAT HAPPENS IF YOU FAIL TO COMPLY WITH THIS ORDER?

Section 67 of the Anti-Social Behaviour Crime and Policing Act 2014 says that it is a criminal offence for a person without reasonable excuse –

(a) to do anything that the person is prohibited from doing by a public spaces protection order, or

(b) to fail to comply with a requirement to which the person is subject under a public spaces protection order

A person guilty of an offence under section 67 is liable on conviction in the Magistrates Court to a fine not exceeding level 3 on the standard scale

FIXED PENALTY

A constable, police community support officer or authorised Council officer may issue a fixed penalty notice to anyone he or she believes has committed an offence under section 67 of the Anti- Social Behaviour, Crime and Policing Act. You will have 14 days to pay the fixed penalty of £100. If you pay the fixed penalty within the 14 days you will not be prosecuted.

APPEALS

Any challenge to this order must be made in the High Court by an interested person within six weeks of it being made. An interested person is someone who lives in, regularly works in, or visits the restricted area. This means that only those who are directly affected by the restrictions have the power to challenge. The right to challenge also exists where an order is varied by the Council.

Interested persons can challenge the validity of this order on two grounds: that the Council did not have power to make the order, or to include particular prohibitions or requirements; or that one of the requirements of the legislation has not been complied with.

When an application is made the High Court can decide to suspend the operation of the order pending the Court's decision, in part or in totality. The High Court has the ability to uphold the order, quash it, or vary it.

<u>Section 67 Anti-Social Behaviour Crime and Policing Act 2014</u>

(1) It is an offence for a person without reasonable excuse-

  (a) To do anything that the person is prohibited from doing by a public spaces protection order, or

  (b) To fail to comply with a requirement to which a person is subject under a public spaces protection order.

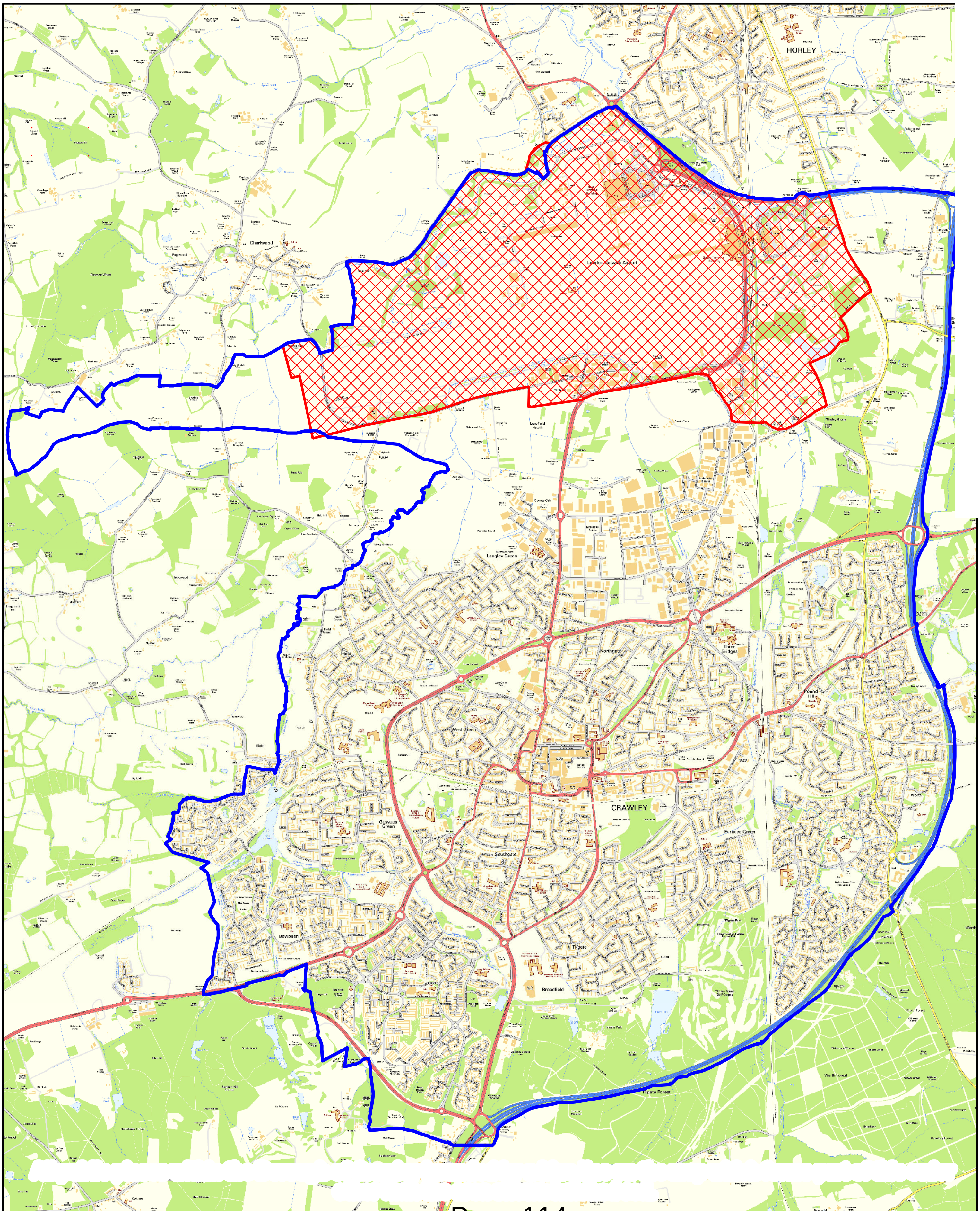
(2) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

(3) A person does not commit an offence under this section by failing to comply with a prohibition or requirement that the local authority did not have power to include in the public spaces protection order.

The COMMON SEAL of CRAWLEY)
BOROUGH COUNCIL was hereunto)
affixed the day of)
in the presence of:)

The Restricted Area

The Order applies to the area edged in blue (but excluding the area hatched in red) on this map.



Anti-social use of vehicles Public Space Protection Order (PSPO) - Survey

Crawley Borough Council is proposing to renew the Public Space Protection Order (PSPO) under Section 59 Anti-social Behaviour, Crime and Policing Act 2014, designating the area of Crawley, West Sussex as shown edged black on the plan referred to in this Notice as a PSPO area to anti-social use of vehicles activity, also known as car cruising.

The following pages contain copies of both the proposed Order and coverage area.

The effect of this Order is such that the police and council officers will have the power to prohibit "car cruise" activity and the behaviours associated with it within the designated area. A person guilty of such an offence can be issued with a Fixed Penalty Notice. For persistent offenders the council can prosecute for breach of the PSPO, any person found guilty is liable on summary conviction to a fine of up to £1000.

The introduction of the PSPO was initially effective in reducing car cruising activity in the area. However, we have recently seen an increase in car cruising activity reports. Local businesses and residents in Crawley are still affected by vehicles gathering in large groups and engaging in anti-social 'car cruise' activity. The behaviour associated with this is damaging private and public land and causing a danger to pedestrians and other road users.

Businesses and residents have reported various problems including significant noise i.e. loud music and sounds of cars racing, foul language, litter and detritus, tyre marks, and urinating in doorways and letterboxes.

If you wish to support/object this proposal, please complete our online questionnaire.

About you

Are you a Crawley Resident?

- ☐ Yes
- ☐ No

If yes, which neighbourhood ward do you live in? ______________________________

If no, which town or city do you live in? ______________________________

Q1) Have you been affected by car cruising activity in the last 12 months?

- ☐ Yes
- ☐ No

If 'Yes' please briefly describe how you have been affected:

Q2) If answered 'Yes' to Q2, how often have you experienced or been affected by car cruising in the past 12 months?

- ☐ None
- ☐ 1-2 times
- ☐ 3-4 times
- ☐ 5-6 times
- ☐ More than 6 times

Q3) How much of a problem do you think car cruising is in Crawley?

- ☐ Very big problem
- ☐ Fairly big problem
- ☐ Not a big problem
- ☐ Not a problem at all
- ☐ Don't know/ not applicable

Q4) Do you take part in any anti-social use of vehicles or car cruising activity in Crawley as stated in the draft Public Space Protection Order (PSPO)?

- ☐ Yes
- ☐ No

Q5) Do you support the implementation of the Public Space Protection Order (PSPO) to ban car anti-social driving Crawley?

- ☐ Yes
- ☐ No

If 'No' please state your reason(s) why:

Thank you for taking the time to complete this survey.

Please place your finished survey in the black ballot box marked 'PSPO Surveys'.

If you wish to speak to someone regarding this proposal or require further information, please contact Laura Padgett on 01293 438374 or Nicola Glemas 01293 438313 or e-mail pspo@crawley.gov.uk

Finally, if you witness any activity involving the anti-social use of vehicles, please report it to Sussex Police by calling 101 or reporting online at sussex.police.uk

Contact: Steve Sawyer (Executive Director)
Direct Line: [redacted]
Email: steve@manorroyal.org
Date: 11 November 2021

MANOR ROYAL
BUSINESS DISTRICT
CRAWLEY & GATWICK

Laura Padgett (ASB Team Manager)
Crawley Borough Council
Town Hall,
The Boulevard, Crawley,
West Sussex
RH10 1UZ

Dear Laura

In support of renewing the Public Space Protection Order (PSPO) for Manor Royal Business District

I am writing in my capacity as Executive Director of the Manor Royal BID Company (MRBD Limited) that represents and works in the interests of over 600 companies based in Manor Royal and whose purpose it is to improve the trading and working environment of the Business District.

For a number of years, certainly since 2013 when MRBD Limited was created, we have been aware of the blight caused to companies by frequent car cruise meetings and the associated anti-social behaviour in various parts of the Business District particularly but not limited to the County Oak and Priestley Way areas. Crompton Way has also been a specific area of concern.

Over the years this has caused significant frustration, disruption and damage. For some, at times, businesses have found the situation intolerable and upsetting.

The type of behaviour associated with car cruising includes; racing and speeding cars that has caused damage to property, wheel spinning and drifting leaving tire tracks and skid marks all across the road, significant levels of discarded rubbish following a meeting, discharging fireworks including firing them at nearby buildings, threatening behaviour to staff and visitors, trespassing onto private property, moving private property and urinating in the door ways of businesses.

While the threat of this behaviour continues and instances of car cruising do still take place, things have improved since the introduction of the Public Space Protection Order (PSPO). It has provided a new level of comfort and powers for the authorities to use to help deter this behaviour and is empowering to the local business community providing a higher degree confidence in the authorities' ability to act. This in turn helps to enable and support better levels of collaboration and partnership between public partners, private companies and concerned individuals.

MRBD Limited wholly supports the renewal of the Public Space Protection Order (PSPO) to protect the Manor Royal Business District as a place of business and employment. Without it we would be concerned that Manor Royal would once again be a soft target for these activities that have had a significant impact on business satisfaction, affecting both small and large businesses. Numerous attempts to resolve this issue have not been successful and I strongly believe the PSPO has proven to be a useful device in our combined attempts to restore and reassure the public and businesses here while sending a clear message that this behaviour will not be tolerated and that the businesses have not been abandoned.

If you need further information I would be delighted to provide it.

Yours Sincerely

[redacted]

Steve Sawyer
Executive Director, Manor Royal Business District Ltd

T: 01293 813 866
E: info@manorroyal.org
www.manorroyal.org
MRBD Limited
Unit 38 Basepoint Business Centre, Metcalf Way,
Manor Royal Business District, Crawley, RH11 7XX

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Agenda Item 13

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