

## Crawley Borough Council

### Overview and Scrutiny Commission

Agenda for the **Overview and Scrutiny Commission** which will be held in **Committee Room C - New Town Hall**, on **Monday, 30 January 2023** 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, H Hellier, I T Irvine, R A Lanzer, A Pendlington, S Piggott, S Pritchard, T Rana and S Sivarajah

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Published 20 January 2023



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

## Part A Business (Open to the Public)

	Pages
<b>1. Apologies for Absence</b>	
<b>2. Disclosures of Interest and Whipping Declarations</b>	
In accordance with the Council's Code of Conduct, councillors are reminded that it is a requirement to declare interests where appropriate.	
Councillors must also declare if they are subject to their party group whip in relation to any items under consideration.	
<b>3. Minutes</b>	5 - 12
To approve as a correct record the minutes of the Overview and Scrutiny Commission held on 9 January 2023.	
<b>4. Public Question Time</b>	
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 <b>15 minutes</b> or later at the Chair's discretion.	
<b>5. Crawley Borough Local Plan Review - Publication and Submission</b>	13 - 30
To consider report PES/427 of the Head of Economy and Planning.	
<b>6. 2023-2024 Budget and Council Tax</b>	31 - 78
To consider report FIN/606 of the Chief Executive and Chief Accountant (s151 officer).	
<b>7. 2022/2023 Budget Monitoring - Quarter 3</b>	79 - 98
To consider report FIN/607 of the Chief Executive and Chief Accountant (s151 officer).	
<b>8. Treasury Management Strategy 2023-2024</b>	99 - 128
To consider report FIN/608 of the Chief Executive and Chief Accountant (s151 officer).	
<b>9. Corporate Debt Policy</b>	129 - 150
To consider report FIN/610 of the Chief Executive and Chief Accountant (s151 officer).	

**10. Corporate Plan 2023-2027**

To consider report CEX/60 of the Leader and Chief Executive.

**11. Health and Adult Social Care Scrutiny Committee (HASC)**

To receive a brief update on the [Health and Adult Social Care Scrutiny Committee](#) (HASC).

**12. 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.

OSC 6 March

Cabinet 8 March

	Item
1	Tenancy Policy (Crawley Homes)
2	Leisure Contract - PART B
3	Allocating Monies Collected Through CIL
4	Waste and Recycling Contract Extension - PART B

As previously discussed, the OSC is also due to receive an update on the K2 Contract along with a Cabinet Member discussion from the Cabinet member for Wellbeing.

**13. Supplemental Agenda**

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

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## Crawley Borough Council

### Minutes of Overview and Scrutiny Commission

Monday, 9 January 2023 at 7.00 pm

#### Councillors Present:

T G Belben (Chair)

K Khan (Vice-Chair)

M L Ayling, H Hellier, I T Irvine, R A Lanzer, A Pendlington, S Piggott, S Pritchard, T Rana and S Sivarajah

#### Also in Attendance:

Councillors R D Burrett, S Mullins and Chief Inspector Ben Starns - Sussex Police

#### Officers Present:

Dan Carberry Public Protection and Enforcement Manager

Ian Duke Deputy Chief Executive

Trish Emmans Community Safety Officer

Heather Girling Democratic Services Officer

Kate Wilson Head of Community Services

#### 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	Health and Adult Social Care Scrutiny Committee (HASC) (Minute 6)	Personal Interest – Member of WSCC
Councillor R A Lanzer	Health and Adult Social Care Scrutiny Committee (HASC) (Minute 6)	Personal Interest – WSCC Cabinet Member for Public Health & Wellbeing

#### 2. Minutes

The minutes of the meeting of the Commission held on 21 November 2022 were approved as a correct record and signed by the Chair.

#### 3. Public Question Time

No questions from the public were asked.

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

The Commission received an update from Chief Inspector Ben Starns, Public Protection & Enforcement Manager and the Community Safety Officer, together with the Head of Community Services and Councillor S Mullins on the annual performance report of the Safer Crawley Partnership along with the future priorities. During the discussion, the following points were expressed:

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

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

The Four priorities:

- Serious and Organised Crime (Modern Slavery and Human Trafficking)
- Street Community
- Protecting Vulnerable Individuals
- Business Crime
- Violence Against Women & Girls

2021-2022 funding included:

- Funding allocation from Sussex PCC - £51,362,87
- Project funded in 2021-2022
  - £25,000 mobile CCTV/ANPR cameras. Two CCTV cameras deployed in Church Walk
  - £10,000 Crawley & Gatwick Business Watch. Support following reduction in membership fees due to impact of COVID and lockdown, provided the BCRP manager with the opportunity to re-engage with members
  - £1,500 Joint Action Group. Small scale initiatives such as 'no motor vehicle' signage in Broadfield to tackle issue of motorbikes and quadbikes being used on footpaths causing a nuisance to local residents
  - £9,580 Safer Schools Event. Presentation from St Giles Trust to all Year 8 and Year 9 students on county lines, drugs, gangs and exploitation, followed by a market place of positive activity providers and supports services
  - £9,312 AudioActive Cyphers Schools project. Cypher/Beats and Bars sessions delivered in schools to vulnerable young people identified by teachers/pastoral care team who are at risk of exploitation or who they may have concerns about.
  - £50,000 Violence Reduction Partnership (VRP). Funding for AudioActive to run the SHIFT programme targeting young people aged 11 to 18 years old, who are involved in, or at risk of being involved in antisocial behaviour, crime and or violence.

2022-2023 funding included:

- Crawley Open House Outreach and Day Centre – towards staffing costs for drop-in services and for Outreach Team.

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- Youth Advice Centre – CSE Prevention Initiative – preventative workshops in schools for young women identified as being at risk of exploitation and 1:1 mentoring.
- AudioActive - provide music recording/production equipment and pump prime 4 additional AudioActive projects and taster sessions for 11-25 year olds.
- Junior Citizens - contribution to multi-agency 2 week event for all year 6 students educating young people on ASB and increasing awareness on how to keep themselves safe on the streets and online etc.
- Bike marking kits - bike marking pop up sessions to be held early 2023.

In terms of crime data, *crimes with a weapon* figure had increased, however this could be attributed to better reporting of offences. Acting on intelligence received was critical and it was noted that 'stop and search' along with other methods had attributed to a reduction in *possession with a weapon* figure. It was important that these figures did not escalate to *crimes with a weapon*. It was acknowledged that the public needed confidence in reporting crime as emerging issues would equate to prompt resourcing. Public engagement and interaction needed to be productive.

The make-up of the Neighbourhood Policing Team was discussed as the PCSOs were allocated for each area with increased knowledge and being able to network with key stakeholders.

2021-2022 Key Achievements included:

- Serious and Organised Crime (SOC) – joined up group able to identify vulnerable individuals and groups.
- Street Community – joint working to liaise and work with partners on a regular basis to tackle street homelessness, begging and street drinking, but also enforcement powers were used for those that unfortunately were not willing to engage due to the complexity of their needs. Whilst figures had increased in comparison to 2021, they did not equate to 2020 levels and had remained low following the impact of 'Everyone In' initiative.
- Protecting Vulnerable Individuals – There was continued awareness raising of domestic abuse and hate crime support services. Individuals susceptible to cuckooing were identified and monitored and a number of addresses had been attended and part / full closure orders had been obtained which also included arrests of criminal individuals and drugs seized. Meetings with partners ensured the scope of cases, supporting of individuals and preventative work.
- Business Crime – There were designated PC and PCSOs for the Town Centre, which fed into the intelligence meetings which resulted in good and effective use of ASB legislation. The increased use of the DISC app for reporting crime by business watch members had been positive. In addition the joint working between Police and the borough Licensing was in place in relation to the night-time economy.
- Violence against women and girls – The PCC 'Do the right thing campaign' campaign was regularly promoted via social media, along with StreetSafe for the public to report locations where they feel unsafe to inform police patrols. Additionally further work had been undertaken to promote the 'Bystander to Upstander' training which involved the skills to challenge unacceptable behaviours, including those which may have become normalised over time. It had been predominantly used to challenge attitudes towards women and girls. Specific patrols had been instigated in relation to the night-time economy and key hotspot locations with funding had been provided by the PCC to St John Church to reinvestigate the street pastor scheme.

## Other Achievements:

- Partnership working continued around tackling organised criminal groups involved in modern day human trafficking as did the work on identifying and deterring county drug lines travelling from London.
- Awareness had continued in relation to domestic abuse, hate crime support services and digital safety.

## Challenges/Emerging Issues:

- There was still the unwillingness of some individuals from the street community to engage with support services, which has impacted the town centre businesses.
- It was acknowledged that the reporting of hate crime required encouragement.
- The Violence against Women and Girls priority was unfortunately added late 2022 which had limited project opportunities.
- Rise in number of individuals carrying knives
- Series of robberies within town centre footprint.
- Increase in drug related activities within the town centre and surrounding wards.

The presentation has been attached as Appendix A to these minutes.

## During the discussion with Councillors, the following comments were made:

- Support that PCSOs had been reinstated for each area.
- It was important to continue to report crime or possible crime, as this would aid intelligence gathering. This message needed to be communicated as evidence would assist in more target policing.
- Acknowledgement that the public required confidence in the reporting mechanisms.
- It was commented that it was hoped the reduction in rough sleepers and the street community would continue, as a result of the joint partnership arrangements.
- Recognition that recent bike thefts were a concern, and lack of CCTV was an issue. However, funding had been sought for bike marking kits with sessions to be held early 2023.
- Clarification was sought and obtained on the data, in particular *crimes with a weapon* and *possession of weapons*. There was a rise in number of individuals carrying knives, but it was important that the methods used (eg stop and search) impacted the *crimes with weapon* marker to ensure possession did not result in use. It was noted that the 10,656 figure indicated the total crimes including minor offences.
- Acknowledgement that the fear of crime was impactful (particularly knife crime) and there was a need to manage any community tensions with positive, constructive engagement; Engagement Officers, PCSO relations, social media and Sussex alerts which provided crime data.
- Recognition that the DISC reporting system for businesses had been welcomed especially for targeted shoplifting and robberies within the Town Centre footprint.
- Clarification obtained as to the training undertaken engaging with vulnerable persons together with gang affected individuals and risk of exploitation, particularly in schools. Whilst predominately provided within secondary schools, it was hoped this would be rolled-out within other school settings.
- Recognition that video doorbells could prove a deterrent for criminals. It was noted that some Neighbourhood Watch Schemes (Hillingdon, Cumbria,



Portsmouth) invested in offering free or discounted video doorbell schemes and further investigation would take place for the borough.

## **RESOLVED**

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

## **5. Cabinet Member Discussion with the Cabinet Member for Public Protection and Community Engagement**

The Commission noted the update given by Councillor S Mullins and questioned her on a variety of issues relating to the portfolio. The following topics were discussed:

- Junior Citizen had proven to be extremely successful for young people to gain experience and advice, particularly on ASB and increasing awareness on how to keep themselves safe on the streets and online etc. All councillors were encouraged to be involved in this event.
- Youth Council elections could now take place post-Covid and it had been interesting to see young people engaged and involved with the process.
- It was recognised that there were opportunities for councillors to become more involved, particularly with events such as Junior Citizen. The life skills being offered enhance the lives of young people and councillors could make a positive contribution.
- It was suggested that through the Social Inclusion work there was a chance to rebuild the engagement following the pandemic and reach out to communities. It was important to build links with the community, experience events and activities. It was hoped with the new town hall that community engagement would increase.
- Clarification sought and obtained in relation to the Community Wardens' role and cross-portfolio working, community safety and ASB. Recognition that the role was wide-ranging and well-respected by the community and businesses but had struggled to recruit recently. It was important that resources were targeted in specific areas and a review would commence shortly over the different models of working.
- Confirmation that the methods of policing had changed and more work was carried out covertly.
- The Community Grants process was discussed in relation to the cost of living crisis and it was acknowledged it was a 'balancing act' to support groups as well as provide information for alternative funding.
- Recognition that the 50-year anniversary of Town Twinning was approaching and ideas were welcomed from councillors as to how to celebrate as it was important to maintain connections.

## **RESOLVED**

That the Overview and Scrutiny Commission thanked Councillor S Mullins for attending and for the informative discussion that had ensued.

## **6. Health and Adult Social Care Scrutiny Committee (HASC)**

An update was provided from the most recent HASC meeting. It was noted that the previous meeting had focused on the following items:

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- NSH Winter Preparedness
- Access to NHS Primary Care
- South East Coast Ambulance Service Update
- Quarter 2 Quarterly Performance and Resources Report.

The [minutes](#) of the meeting held on 23 November 2022 were published on the WSCC website.

The next meeting was scheduled for 11 January 2023 and would focus on the following:

- West Sussex Stroke Programme
- Delivery of the Adult Social Care Strategy 2022-2025 'The life you want to lead'
- Adults' Services Quality Assurance Update

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

The Commission confirmed the following reports:

### **30 January 2023**

1. Crawley Borough Local Plan Review
2. 2023/2024 Budget and Council Tax
3. Treasury Management Strategy 2023-2024
4. 2022/2023 Budget Monitoring - Quarter 3
5. Corporate Plan 2023-2027
6. Corporate Debt Policy - PROV REFERRAL
7. Tenancy Policy (Crawley Homes) – PROV REFERRAL

### **Closure of Meeting**

With the business of the Overview and Scrutiny Commission concluded, the Chair declared the meeting closed at 9.04 pm

**T G Belben (Chair)**

## Appendix A

### Safer Crawley Partnership

Annual Review 2021-22 and Priorities for 2022-23



### Purpose

To reduce re-offending, tackle crime and disorder, anti-social behaviour, alcohol and substance misuse and any other behaviour which has a negative effect on the local community so that people in Crawley are safer and feel safer.



### Statutory Partners

- Crawley Borough Council
- WSCC
- Sussex Police
- West Sussex Fire & Rescue Service
- Probation
- Clinical Commissioning Group

Other partners involved in the community safety partnership include:

- OSPC, Crawley Open House, Crawley & Gatwick Business Watch, CGL, Audio Active, CCYS and schools



### Priorities for 2021/22

- Serious and Organised Crime
- Street Community
- Protecting Vulnerable Individuals
- Business Crime
- Violence Against Women & Girls



### Funding for 2021-22

- Funding allocation from Sussex PCC - £51,382.87
- Project funded in 2021-22
  - £25,000 mobile CCTV/ANPR cameras
  - £10,000 Crawley & Gatwick Business Watch
  - £1,500 Joint Action Group
  - £8,580 Safer Schools Event
  - £9,312 AudioActive Cyphers Schools project
- £50,000 VRP funding for AudioActive to run the SHIFT programme



### Crime Data

	01.10.21 - 30.09.22	01.10.20 - 30.09.21	01.10.19 - 30.09.20
Total Crime	10,856 (+4.3%)	10,219 (5.5%)	10,815 (5.4%)
Crimes with DA flag	1,916 (-2.1%)	1,968 (8.2%)	2,132 (+2.3%)
Burglary	267 (-11.0%)	300 (-28.1%)	417 (-11.1%)
Stalking and Harassment	636 (+50.0%)	1,267 (+16.5%)	1,088 (+10.5%)
Crimes with Weapons flag	335 (+15.5%)	290 (-17.1%)	350 (+10.8%)
Possession of Weapons	64 (+7.0%)	149 (-16.3%)	178 (-14.0%)



### Crawley PCSOs

**Beauchamp & Osceops Green** - PCSOs Vanda Lengyel & Lucy Dentley  
**Broadfield** - PCSOs Anna Urbanczyk & Leo Elves-Smart  
**iffeld** - PCSO Doreen Walling  
**Lurgyle Green** - PCSOs Niallora Darabagh  
**Maldencover, Worth & Three Bridges** - PCSOs Riley Brown-Douglas  
**West Green** - PCSOs Sarah Mariner  
**Northgate, Pound Hill & Forge Wood** - PCSO Joanne Hall  
**Southgate** - PCSO Ryan Howker  
**Furnace Green & Tiggle** - PCSO Steve West  
**Town Centre** - PCSOs Suzanne Lyden, Alex Saratoga & Jamie Chandler  
**BCRP** - PCSO Aid Ahmad



### Review of 2021-22 Achievements & Challenges



### Serious & Organised Crime

- Partnership working (Police, CBC, Immigration, DWP) around tackling organised criminal groups involved in modern day human trafficking through utilising car washes and other business interests within Crawley
- Identifying and deterring county drug lines travelling from London, Kent, Surrey and other counties, targeting young people and the vulnerable in Crawley



### Street Community



Number of Rough Sleepers by month



### Street Community

**Key achievements**

- Joint working to tackle street homelessness, begging and street drinking
- Focus on triggers for rough sleepers
- Use of enforcement powers for those not willing to engage
- Rough sleeper numbers remain low continued impact of "Everyone In" initiative
- Multi-disciplinary outreach team

**Key challenges**

- Unwillingness of individuals to engage with support services
- Access to mental health services
- Impact of street community in the town centre businesses



### Protecting vulnerable individuals

**Key achievements**

- Continued awareness raising of domestic abuse, hate crime support services and digital safety
- Individuals susceptible to cuckooing identified and monitored. A number of addresses have been attended and part full closure orders have been obtained. This also includes arrests of criminal individuals and drugs seized.
- safeguarding awareness training package for licensed taxi drivers

**Key challenges**

- Vulnerable individuals - often chaotic and complex
- Encouraging the reporting of hate crimes
- Ejection ban made it challenging to deal with offenders in the traditional way



### Business Crime

**Key achievements**

- Designated PC and PCSOs for town centre
- Increased use of DISC app for crime reporting by business watch members
- Joint working between police and council licensing in relation to the night-time economy
- Use of enforcement action to impact on profit shifting



### Violence against women & girls

**Key achievements**

- PCCs "Do the right thing campaign" promoted via social media
- Promotion of "Bystander to Upstander" training
- Promotion of StreetSafe for the public to report locations where they feel unsafe to inform police patrols
- Op Tondem patrol in relation to the night-time economy
- Op Safety patrols in key hotbed locations
- Funding provided by the PCC to St John Church to reinvigorate the street pastor scheme

**Key challenges**

- VAWG priority added November 2021 which limited project opportunities



### Priorities for 2022-23



### Four priorities

- Serious and Organised Crime
- Street Community
- Protecting Vulnerable Individuals
- Business Crime
- Violence Against Women and Girls



### Current challenges/ Emerging Issues



### Current Challenges/Emerging Issues

- Rise in number of individuals carrying knives.
- Series of robberies within the Town Centre footprint.
- Seasonal rise in disorder associated with the Night-time Economy in the Town Centre.
- Increase in drug related activities within the town centre and surrounding wards.



### Funding for 2022-23

- Crawley Open House Outreach and Day Centre
- Youth Advice Centre - CSE Prevention Initiative
- AudioActive
- Junior Citizens
- Bike marking kits



### Questions?



# Agenda Item 3

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# Agenda Item 5

## Crawley Borough Council

### Report to Overview and Scrutiny Commission 30 January 2023

### Report to Cabinet 1 February 2023

## Crawley Borough Local Plan Review: Publication and Submission

Report of the Head of Economy and Planning – PES/427

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### 1. Purpose

- 1.1. The purpose of this report is to recommend that Cabinet requests Full Council approve the submission draft Crawley Local Plan 2024-2040 and its supporting documents to go out to formal Regulation 19 public consultation and then on to submission to the Secretary of State for independent examination
- 1.2. The Crawley Local Plan Review has been undertaken to ensure the borough's Local Plan remains up-to-date. The new Crawley Local Plan 2024-2040 has been prepared based on the outcomes of monitoring the implementation of the 2015 adopted Local Plan, feedback from previous stages of formal public consultations and updating the supporting technical evidence base.
- 1.3. The Local Plan is supported by a number of statutory supporting documents (a Local Plan Map, a Sustainability Appraisal, a Habitats Regulations Assessment and a Consultation Statement) and substantial technical evidence base.

### 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) Delegate the following authority to the Head of Economy and Planning in consultation with the Cabinet Member for Planning and Economic Development (Generic Delegation 5 will be used to enact these recommendations):
  - i. Factual amendments and minor modifications to the Local Plan necessary in accordance with national policy and updated evidence for the purposes of clarity and accuracy.
  - ii. The approval of updates or additions to the supporting documents for the Local Plan and technical evidence base documents to support the Local Plan through Examination.

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- b) Request the Full Council to:
- i. approve the submission draft Local Plan for Publication consultation (a statutory six-week period of public consultation), commencing 9 May 2023.
  - ii. approve the submission draft Local Plan for Submission to the Secretary of State for Examination by an independent Planning Inspector, subject to minor amendments deemed necessary following the above consultation for the purposes of clarity and accuracy.
  - iii. approve the publication and submission of the supporting documents for the Local Plan: the Local Plan Map; the Sustainability Appraisal; the Habitats Regulations Assessment; the Consultation Statement; and the detailed technical evidence base documents necessary for supporting the Local Plan through Examination.

## 3. Reasons for the Recommendations

- 3.1. National Government guidance expects local planning authorities to produce up-to-date Local Plans for their areas, setting out the strategic priorities for the area over a 15-year timescale and showing how development needs will be met. The Crawley Borough Local Plan was adopted by Full Council on 16 December 2015. It covers the period 2015 – 2030 and provides the borough’s full planning policies for the purposes of development management decisions.
- 3.2. A full Local Plan Review is being undertaken to ensure the borough maintains up to date planning policies. A draft Local Plan has been considered and approved by the Council previously at the meetings of the Full Council held on 16 December 2019 and 16 December 2020. It had to be considered a second time in December 2020 due to advice relating to the government’s aviation policy, which required us to reinstate most of the land safeguarded for an additional runway to the south of Gatwick Airport.
- 3.3. Unexpected critical legal matters relating to water supply and its potential impacts on internationally protected habitat sites have caused additional work and substantial delays to the progression of the Local Plan whilst being resolved. However, there is now sufficient information available to address these concerns through the Local Plan Review. As a consequence, Cabinet approval is being sought to refer the revised Local Plan and supporting documentation to Full Council, seeking approval to undertake a further period of Regulation 19 consultation prior to submission of the final draft Plan to an Inspector for examination in public.

## 4. Background

- 4.1. The draft Local Plan (published in January 2021<sup>1</sup>) was subject to a Full Council decision held in December 2020. This approved the draft Local Plan Review for a second Publication Consultation (Regulation 19<sup>2</sup>) and Submission to the Secretary of State for Independent Examination. The extracts from the Cabinet and Council decisions in relation to the Local Plan are set out in Appendix A.
- 4.2. Following the Full Council decision in December 2020, the Local Plan Review was subject to formal public consultation, which took place from early January 2021 until end of June 2021.

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<sup>1</sup> Submission Draft Crawley Local Plan January 2021 <https://crawley.gov.uk/sites/default/files/2021-01/Submission%20Draft%20Local%20Plan%20January%202021.pdf>

<sup>2</sup> Town and Country Planning (Local Planning) (England) Regulations 2012: <http://www.legislation.gov.uk/uksi/2012/767/contents/made>

# Agenda Item 5

## Water Neutrality

- 4.3. Progression of the Local Plan to Submission was subsequently delayed due to the work required in order to meet the Habitats Regulations specifically in relation to water supply constraints<sup>3</sup>. Due to the unique and complex nature of the issue, the extent of this was previously unknown and could not have been predicted in advance.
- 4.4. Work has been ongoing across the Sussex North Water Resource Zone between the affected authorities (Crawley, Chichester, Horsham, South Downs National Park and WSCC), Natural England, Environment Agency, Southern Water, Ofwat, Defra and DLUHC. This has sought to find a solution to deliver a Local Plan which will achieve water neutrality in the parts of the borough which continue to be served by the Pulborough abstraction sites. To meet the cumulative (in-combination) impact requirements of the Habitats Regulations, this work needs to take account of all development proposed in all the local plans across the Sussex North Water Resource Zone.
- 4.5. A Joint Advisory Meeting was held with the Planning Inspectorate to consider the joint approach being taken forward by the Local Planning Authorities to progress the Local Plans. The approach being taken by the draft Crawley Local Plan and supporting joint working with the other affected Local Planning Authorities reflects the advice given at that meeting.
- 4.6. The Water Neutrality Strategy “Part C” has been published. This was agreed by the Local Authority Chief Executives and Southern Water at the Executive Board meeting held on 27 October, subject to minor amendments, and was endorsed by Natural England on 23 November 2022.

## Crawley Local Plan Timetable

- 4.7. A number of key changes, which account for the impact of “water neutrality” and associated time delay, have been made to the draft Local Plan.
- 4.8. It is essential that the Local Plan is progressed in a timely manner. Planning law (Section 38(6) of the Planning and Compulsory Purchase Act 2004) requires that applications for planning permission must be determined in accordance with the development plan unless material considerations indicate otherwise, so an up-to-date Local Plan is critical for development control decision making.
- 4.9. On this basis, the amended draft Plan should be considered again at Full Council as soon as possible, and subject to Full Council approval, go out for a further stage of Regulation 19 Publication Consultation.
- 4.10. Therefore, the following Local Plan programme timetable has been updated and published to the council’s website with the following key dates:

Milestone	Date
Local Plan Working Group	26 January 2023
OSC	30 January 2023
Cabinet	1 February 2023
Full Council Meeting	22 February 2023
Public Consultation Start	9 May 2023
Public Consultation End	20 June 2023
Submission to the Planning Inspectorate	July 2023
Examination in Public	September – December 2023
Adoption	February – July 2024

<sup>3</sup> Water Neutrality in Crawley Webpage: [Water neutrality in Crawley | Crawley GOV](#)

# Agenda Item 5

- 4.11. An All Members' Seminar, focused primarily on the Water Neutrality work was held on 30 November 2022. A Local Plan Working Group, open to all members, is to be held on 26 January 2023, providing the opportunity for members to consider the changes to the Local Plan since January 2021.

## 5. Description of Issue to be Resolved

- 5.1. Crawley currently has an up-to-date adopted Local Plan (Crawley 2030: Crawley Borough Local Plan 2015 – 2030)<sup>4</sup>. This was subject to a 5-year Policy Review by Full Council decision on 16 December 2020, which confirmed the policies remain up-to-date for the purposes of Development Management decisions (see Appendix A).
- 5.2. However, the requirement to review the Plan every five years and ensure it is up-to-date triggered the need to assess the existing policies against the revised national planning policy requirements. In particular, the standard methodology and the housing delivery test have been identified through the adopted Local Development Scheme<sup>5</sup> and the Authority's Monitoring Report<sup>6</sup> as necessitating a review<sup>7</sup>.
- 5.3. Without an up-to-date Plan, all planning decisions would be based on the guidance in the National Planning Policy Framework (NPPF) and the borough's total housing need based on the standard methodology (750 dwellings per annum), rather than its constrained land supply position (314 dwellings per annum), and accordingly local priorities and local designations would only be afforded limited weight particularly in the case of meeting housing and economic development needs<sup>8</sup>. Therefore, potentially undesirable developments could go ahead to the detriment of Crawley's character and quality of life for residents. Similarly, the NPPF requires local targets for affordable housing levels required by new development to be set in the Local Plan. Without an up-to-date Local Plan, based on an up-to-date assessment of local needs and viability, the council would not be in a strong position to defend its affordable housing policy requirement if challenged by an applicant.
- 5.4. Positive planning through the preparation of the Local Plan, together with joint working with neighbouring local authorities across the housing market area, will secure a stronger position for the council to defend against inappropriate developments. This has been proven to be the case with the strong position of the existing up-to-date adopted Local Plan being cited in Inspectors' appeal decisions.
- 5.5. To accompany this Cabinet Report, the following Key Documents are available (see Section 8 below):
- Submission Local Plan;
  - Submission Local Plan Map;
  - Sustainability Appraisal/Strategic Environmental Assessment;
  - Consultation Statement;
  - Habitat Regulations Assessment;
  - Infrastructure Plan;
  - Duty to Cooperate Statement;
  - Various Evidence Base Documents (see Appendix C).

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<sup>4</sup> Crawley 2030: Crawley Borough Local Plan 2015 – 2030 (December 2015) CBC:  
<https://crawley.gov.uk/sites/default/files/documents/PUB271853.pdf>

<sup>5</sup> [Local Development Scheme | Crawley GOV](#) (2020) CBC

<sup>6</sup> [Authority's monitoring report | Crawley GOV](#) (2021) CBC

<sup>7</sup> "Relevant strategic policies will need updating at least once every five years if their applicable local housing need figure has changed significantly": National Planning Policy Framework, para. 33 (February 2022) MHCLG

<sup>8</sup> National Planning Policy Framework, para. 11 (February 2022) MHCLG



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- 5.6. This Local Plan (2024 – 2040), once adopted, will replace the current Crawley Local Plan (2015 – 2030).

## Key Changes

- 5.7. The Local Plan being taken through Full Council and to be published for Regulation 19 consultation is a new Submission Draft Local Plan. However, much of the draft Local Plan Review and its Key Documents and Evidence Base are already established and remain the same as approved by Full Council in December 2020.
- 5.8. Key changes which have been made since the published January 2021 Draft Local Plan Review are associated with:
- Water Neutrality Requirement;
  - Amendments related to other evidence document updates;
  - Response to representations made during the 2021 Regulation 19 Consultation;
  - Passing of time – factual & data updates;
  - National Policy updates.
- 5.9. Appendix B sets out the key changes and the reason for each of the changes.
- 5.10. A copy of the new draft Local Plan is available in the link set out in Section 8 below.
- 5.11. References in the Local Plan to the Corporate Plan will be updated to reflect the new Corporate Plan, should it be approved at Full Council on 22 February 2023.

## **6. Information & Analysis Supporting Recommendation**

### Local Development Scheme

- 6.1. The Local Plan must be prepared in conformity with the council's Local Development Scheme (LDS) (a Statutory document setting out the council's Local Plan timetable). Crawley's LDS has recently been updated and published<sup>9</sup>, formally confirming the revised Local Plan programme to its adoption (as set out in paragraph 4.10).

### Consultation

- 6.2. A key milestone in the Local Plan Review is undertaking the statutory period of consultation ('Publication of the Local Plan'). A copy of each of the proposed submission documents has to be made available for inspection through being published on the council's website and in paper form available in the council offices and other appropriate locations (Crawley Library).
- 6.3. Any representations received during this period are required to be submitted with the Local Plan to the Secretary of State, and respondents will be able to present their case to the Inspector at the Examination. Minor amendments for the purposes of clarity can be made to the Local Plan itself following the consultation, prior to Submission. The council can also propose other modifications to the Inspector for consideration as part of the Examination process. The only other option in response to representations at that stage is for the entire Plan to be withdrawn and further consultation undertaken.
- 6.4. The reports and "advertising" of the formal consultation will clearly explain it is an amended Local Plan due to Water Neutrality and the passing of time. However, representations will be able to be made on the whole document (for example, objectors may want to highlight other matters they believe have changed). This is to ensure the legal process of public consultation carried out under Regulation 19 is met.

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<sup>9</sup> Crawley Local Development Scheme 2023 – 2025 (January 2023) CBC [Local Development Scheme | Crawley GOV](#)

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- 6.5. Representors will be asked if they wish for their previous representations to be carried forward, or if they wish to amend anything – they won't need to resubmit the same representations.

## Examination

- 6.6. The independent Inspector's role will be to assess whether the Plan has been prepared in accordance with the Duty to Cooperate, legal and procedural requirements, and whether it is sound. The Inspector can suggest changes in order to make a Plan sound, but these would have to be subject to further consultation.
- 6.7. The local planning authority must only submit a plan for examination which it considers to be sound. This is defined by the National Planning Policy Framework as being:  
**Positively Prepared:** providing a strategy which, as a minimum, seeks to meet the area's objectively assessed needs; and is informed by agreements with other authorities, so that unmet need from neighbouring areas is accommodated where it is practical to do so and is consistent with achieving sustainable development;  
**Justified:** an appropriate strategy, taking into account the reasonable alternatives, and based on proportionate evidence;  
**Effective:** deliverable over the plan period, and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground; and  
**Consistent with national policy:** enabling the delivery of sustainable development in accordance with the policies in this Framework.
- 6.8. In carrying out the function of preparing a Local Plan and Statement of Community Involvement regard must be given to the public sector equality duty set out in Section 149 of the Equality Act 2010. As part of the process undertaken for the Sustainability Appraisal (SA), the potential effects of the Plan on people in respect of disability, gender and racial equality impacts were considered, in accordance with this duty. Therefore, the draft SA/SEA Report incorporates the Equalities Impact Assessment and Health Impact Assessment.
- 6.9. The Local Plan is a key policy document for the borough as a whole and therefore impacts on every ward. Members of the Local Plan Working Group have been involved throughout the preparation stages of the submission Crawley Local Plan.

## Evidence

- 6.10. To support the Local Plan, the technical evidence documents which have been, or are currently being, finalised or updated are set out in Appendix C.
- 6.11. Critical updates currently underway include the Viability evidence, to consider the implications of the new water neutrality requirements on development within the borough alongside the other policy requirements of the Plan, a focused refresh of the Economic Growth Assessment, and an appraisal of options for the Crawley Western Multi-Modal Transport Corridor Area of Search. These are available internally in draft on request.
- 6.12. The Viability Study update has suggested that the viability appears to have the scope to support the anticipated water neutrality cost alongside a sensitivity tested/additional contingency, without the need for revisions to any other policy requirements.
- 6.13. The EGA Update establishes the current employment floorspace need. Whilst the quantitative need for new employment floorspace has reduced in the forecasts and because of the pipeline of development consents, the study confirms justification for

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the continued allocation of Gatwick Green Strategic Employment Site in order to support the mixed-use function of Manor Royal, the lack of a strategic logistics provision planned elsewhere in the Functional Economic Market Area, and national planning policy focus on meeting particular logistics/storage & distribution locational demands.

- 6.14. Another study being finalised is the Systra Crawley Western Link Road study. This has refined the Area of Search for the Crawley Western Multi-Modal corridor, bringing the majority of it outside safeguarding. It proposes an interim option through safeguarding at the eastern end, to avoid having to CPO any property in County Oak unless GAL brings forward a southern runway, and shows indicative route options through County Oak as a longer term option should GAL make this decision in the future.
- 6.15. Additional new Evidence Updates are required to commence in January 2023. These will be finalised for inclusion as part of the Publication Consultation.
- 6.16. A series of Topic Papers giving more background information and further explanation of key matters in the Local Plan will be published at the time of consultation.

## **7. Implications**

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

### Legal Implications

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

### Finance Implications

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

### Risks

#### *National Planning Changes:*

- 7.4. DLUHC has published a consultation on revisions to the NPPF (closing date 2 March 2023) and has confirmed it will be progressing the Levelling Up and Regeneration Bill over the next year. Significant reforms are anticipated to the planning process, but the legislative changes are not expected to take effect until 2024.
- 7.5. The proposed changes are being considered by the Strategic Planning Team in relation to their potential impacts on the current Local Plan. However, there are transitional arrangements in place, which may allow the Local Plan to continue under the existing NPPF, subject to the Publication of the Local Plan for Regulation 19 Consultation meeting the timetable set in paragraph 4.8 above. Whilst this is dependent on the date of the changes to the NPPF being finalised, it should also be noted that some of the proposed changes being considered as part of the consultation may not be progressed following responses received. The advice from DLUHC is to continue progressing Local Plan work.

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## Evidence:

- 7.6. The Local Plan is at risk of not being legally compliant or to be found unsound if the council does not make the appropriate information available at the right time and particularly if they are relevant to the Plan's strategy.
- 7.7. A Habitats Regulations Assessment has been carried out to accompany the Local Plan. The draft Integrity Test required to be undertaken by Crawley Borough Council, as the competent authority, is embedded in the Habitats Regulations Assessment report. This has concluded that there will be no adverse impact on site integrity at any Habitats site, either alone or in combination with other Plans and Projects. However, this is an iterative process and will need to be updated throughout the Local Plan preparations. In particular, it is necessary for Natural England to be consulted on this work and the conclusions and for their feedback to be taken into consideration as part of the Local Plan Publication, Submission, Examination and Adoption.

## 8. Background Papers

- Submission Draft Local Plan (OSC Cabinet Version January 2023):  
<https://crawley.gov.uk/sites/default/files/2023-01/Submission%20Local%20Plan%20for%20cabinet%2030%20January%202023%20to%201%20February%202023.pdf>
  
- Local Plan Map (January 2023): <https://crawley.gov.uk/sites/default/files/2023-01/Local%20Plan%20Map%20January%202023.pdf>
- Local Plan Map Web Friendly (January 2023):  
<https://crawley.gov.uk/sites/default/files/2023-01/Local%20Plan%20Map%20January%202023%20web%20friendly.pdf>
  
- Local Development Scheme (January 2023): available on the council's dedicated webpage – [Local Development Scheme | Crawley GOV](#)
  
- Statement of Community Involvement: available on the council's dedicated webpage – [Statement of Community Involvement | Crawley GOV](#)
  
- Draft Sustainability Appraisal/Strategic Environmental Assessment (January 2023):  
<https://crawley.gov.uk/sites/default/files/2023-01/Sustainability%20Appraisal%20draft%20report%20January%202023.pdf>
  
- Draft Habitats Regulations Assessment (January 2023):  
<https://crawley.gov.uk/sites/default/files/2023-01/Habitats%20Regulations%20Assessment%20report%20January%202023.pdf>
  
- Consultation Statement Main Report (January 2023):  
<https://crawley.gov.uk/sites/default/files/2023-01/Consultation%20Statement%202023.pdf>
- Consultation Statement Appendices 1-4b: available on the council's Local Plan Review webpage
  - [Appendix 1 Early engagement consultation materials.pdf](#)
  - [Appendix 2 Early engagement representations 0.pdf](#)
  - [Appendix 3 Initial publication materials.pdf](#)
  - [Appendix 4 Initial publication representations.pdf](#)
  - [Appendix 4b Wilky Group appendices combined.pdf](#)

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- Consultation Statement Appendix 5 – Additional Publication Consultation Materials: <https://crawley.gov.uk/sites/default/files/2023-01/Consultation%20Statement%20appendix%205%20additional%20publication%20consultation%20materials.pdf>
- Consultation Statement Appendix 6 – Additional Publication Consultation Representations: <https://crawley.gov.uk/sites/default/files/2023-01/Consultation%20Statement%20appendix%206%20additional%20consultation%20representations.pdf>
- Draft Infrastructure Plan (January 2023): <https://crawley.gov.uk/sites/default/files/2023-01/Crawley%20Infrastructure%20Plan%20January%202023.pdf>
- Draft Duty to Cooperate Statement (January 2023): 2021 version available on the council's Local Plan Review webpage ([Draft Duty to Cooperate Statement March 2021.pdf](#)); update to be prepared for Publication Consultation.
- Evidence Documents: available on the council's Local Plan Review webpage: [Local Plan Review | Crawley GOV](#); New evidence documents and updated Topic Papers to be added for Publication Consultation.

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## APPENDIX A: CABINET AND COUNCIL NOVEMBER/DECEMBER 2020 LOCAL PLAN DECISIONS

### Crawley Borough Council Notification of Decisions Cabinet 25 November 2020

Item No.	Title	Decision
6.	Submission Crawley Local Plan 2021 – 2037	<p><b>RESOLVED</b></p> <p>That Cabinet delegates the following to the Head of Economy and Planning in consultation with the Cabinet Member for Planning and Economic Development (<i>Generic Delegation 5 will be used to enact these recommendations</i>), subject to recommendation 2.3 being agreed by Full Council:</p> <p>a) Factual amendments to the Local Plan necessary in accordance with national policy and updated evidence for the purposes of clarity.</p> <p>b) The approval of the supporting documents for the Local Plan and technical evidence base documents to support the Local Plan through Examination.</p> <p>That Cabinet recommends to Full Council to:</p> <p>a) Approve the submission draft Local Plan and Local Plan Map for a further Publication consultation (a statutory six-week period of public consultation).</p> <p>b) Approve the submission draft Local Plan for Submission to the Secretary of State for Examination by an independent Planning Inspector, subject to amendments deemed necessary following consultation and updated evidence for the purposes of clarity.</p> <p>c) Note that the final Local Plan will be brought back to Full Council following its independent examination for adoption.</p> <p>d) Approve the Local Plan Five Year Policy Assessment to confirm that each adopted Local Plan Policy retains full weight for Development Management decisions.</p> <p><b>Reasons for the Recommendations</b></p> <p>National Government guidance expects local planning authorities to produce up-to-date Local Plans for their areas, setting out the strategic priorities for the area over a 15-year timescale and showing how development needs will be met. The Crawley Borough Local Plan was adopted by Full Council on 16 December 2015. It covers the period 2015 – 2030 and provides the borough’s full planning policies for the purposes of development management decisions. A review of this Plan is therefore required, to ensure the 2 borough maintains up to date planning policies. A full Local</p>

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		Plan Review has been undertaken, as well as an interim assessment of the adopted Local Plan policies to provide a strong planning policy position for the borough in the immediate future, and over the next 16 years.
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## Minutes of Full Council, 16 December 2020

### 6. Submission Crawley Local Plan 2021-2037 – Cabinet – 25 November 2020 (Recommendation 2)

The Full Council considered report PES/367 of the Head of Economy and Planning which sought Full Council approval of the submission of the draft Local Plan for a further publication consultation, and followed by the submission of draft Local Plan for Submission to the Secretary of State for Examination by an independent Planning Inspector, (subject to minor amendments deemed necessary following consultation for the purposes of clarity) and the approval of the publication and submission of the supporting documents for the Local Plan. The item had been previously considered at the Cabinet on 25 November 2020.

Councillor P Smith introduced the recommendation to the Full Council noting that it was a legal requirement for a Council to have a Local Plan in place which needed to regularly reviewed. The current Local Plan had been approved by Full Council in December 2015. It was noted that the development of the proposed Local Plan had occurred in a cross-party manner to ensure that the proposals were in the best interest of the borough and its residents. Officers were thanked for their hard work on producing the proposed Local Plan. Councillors Lamb and P Smith jointly moved the recommendation which was seconded by Councillor Purdy, in so doing he commented his support for the proposal.

Councillor Burrett moved and presented the Pound Hill North and Forge Wood Councillors Amendment, namely:

*That the Local Plan be agreed as proposed but with all reference to the Gatwick Green employment site allocation having been removed.*

The amendment was seconded and supported by Councillor McCarthy.

A single debate occurred on both the recommendation and the proposed amendment. Councillors Crow, Lanzer, B Burgess, Jaggard and Guidera all spoke during the debate.

Following the conclusion of the debate, the Mayor invited the Democratic Services Manager to commence the voting process on the amendment. Before the vote commenced, it was confirmed that none of the Labour Members requested to vote as an individual, rather than through their respective Group block vote. However the Conservative Group confirmed that there would be no Group block vote on the amendment and as such Conservative Councillors would be voting individually.

For the amendment: Councillors Ascough, T Belben, Burrett, Eade, Jaggard, and McCarthy (6)

Against the amendment: Labour block vote of 14 votes and Councillors R Burgess, Crow, Guidera, Lanzer, Millar-Smith, Mwangale, Peck, Pendlington and Purdy (23)

Abstentions: Councillors A Belben, B Burgess, and Sudan. (3)

The Mayor declared that the proposed amendment had fallen – votes in favour 6, and votes against 23 with 3 abstentions.

Following the conclusion of the debate, the Mayor invited the Democratic Services Manager to commence the voting process on the recommendation 2. Before the vote commenced, it was confirmed that none of the Labour Members requested to vote as an individual, rather than through their respective Group block vote. However the Conservative Group confirmed that there would be no Group block vote on recommendation 2 and as such Conservative Councillors would be voting individually.

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For the recommendation: Labour block vote of 14 votes, and Councillors A Belben, T Belben, R Burgess, Crow, Guidera, Jaggard, Lanzer, Millar-Smith, Mwangale, Peck, Pendlington, Purdy and Sudan (27)

Against the recommendation: None (0)

Abstentions: Councillors Ascough, B Burgess, Burrett, Eade, and McCarthy (5)

The Mayor declared the recommendation was carried – votes in favour 27, and votes against 0 with 5 abstentions.

## **RESOLVED**

That Full Council:

- a) Approves the submission draft Local Plan and Local Plan Map for a further Publication consultation (a statutory six-week period of public consultation).
- b) Approves the submission draft Local Plan for Submission to the Secretary of State for Examination by an independent Planning Inspector, subject to amendments deemed necessary following consultation and updated evidence for the purposes of clarity.
- c) Notes that the final Local Plan will be brought back to Full Council following its independent examination for adoption.
- d) Approves the Local Plan Five Year Policy Assessment to confirm that each adopted Local Plan Policy retains full weight for Development Management decisions.



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## APPENDIX B: KEY EMERGING LOCAL PLAN CHANGES (JANUARY 2021 VERSION TO JANUARY 2023)

Change	Reason
Local Plan Period: 2024 – 2040	Factual: To Reflect Passing of Time
Updates to Mini-Maps throughout	To Reflect Correlating Changes to Policies and the Local Plan Map and update Copyright Year to 2023
Update to Key Diagram	To Reflect Correlating Changes to Policies and the Local Plan Map
Update Vision	To Reflect Updated Corporate Positions
All References to Stages of Local Plan and Additional Consultation	Factual: To Reflect Passing of Time
References to Water Neutrality to be incorporated	To Reflect Water Neutrality Issue
Updates to Crawley's economic context	To reflect the corporate Economic and Regeneration positions
Amendments to Covid References throughout document	Factual: To Reflect Passing of Time
Population of Crawley Figures	Factual: To Reflect Census 2021 Data
Standard Method Housing Number for Crawley to change from 750dpa to 748dpa	Factual: To Reflect Required Updates to Standard Method Data
Updates to Crawley Borough Council Climate Emergency: Net Zero Pledge	To Reflect Unanimous Decision at Full Council in December 2021.
Update references to New Directions Crawley Transport Strategy and the West Sussex Local Transport Plan	Factual: To Reflect Approval of Documents
Update to references to CCG	Factual: To Reflect Passing of Time
Updates on Urban Design and Character guidance	To reflect updated national position
Detailed minor amendments to Character and Design Policies	For Clarification
Reinsert references omitted from adopted Local Plan in relation to planned extensions to Manor Royal	To Correct an Omission Error
Updates to references to National Design Guidance	Factual: To Reflect Updates in National Policy and Design

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Change	Reason
Insert references to Airport Public Safety Zone and new mini-map	Factual: To Reflect New Guidance issued by DfT
Insert reference to digital advertising	To Reflect an emerging issue
To include reference to the two new Conservation Areas and changes to existing Conservation Area boundaries	Factual: To Reflect the Cabinet decision to designate new Conservation Areas
Reference to enhancements to Public Rights of Way in the Policy	To Respond to a Representation and reflect government guidance
Updates to Infrastructure references	To Reflect Updated National Position
Updates to Telecommunications supporting information	To Reflect Technical Updates and advice from WSCC
Updates to Economic Growth Supporting Text	To reflect the corporate Economic and Regeneration positions
Updates to Employment Land Supply	To reflect the updated employment land supply position
Updates to Employment Land Requirements	To reflect the updated evidence in the EGA Focused Update
Updates to justification for employment land supply need	To reflect the updated evidence in the EGA Focused Update
Insertion of requirement for HGV-turn ban for Gatwick Green Strategic Employment site into Policy	To reflect requirements of Transport Modelling Study
Insertion of requirement for Agricultural Land Classification statement for Gatwick Green Strategic Employment site into Policy	To reflect National Requirements
Amendments to Hotels Policy	For Clarification
Detailed amendments to Evening and Night-Time Economy Policy	For Clarification
Updates to supporting text to Creative Industries and temporary Cultural and Creative Uses	For Clarification
Updates to Employment Development and Amenity Sensitive Uses Policy and supporting text	For Clarification
Detailed amendments to Neighbourhood Centres Policy	For Clarification
Detailed amendments to Rural Economy Policy	For Clarification
Update references to Gatwick Airport DCO	Factual: To Reflect Passing of Time

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Change	Reason
Add references to Flightpath to the Future and Jet Zero	Factual: To Reflect Updates in National Policy
Amend detailed wording regarding impacts of airport operation in Policy	In response to 2021 Reg 19 Representations
Updated supporting text to Safeguarded Land	For Clarification and to reflect updates in National Policy
Updated supporting text to Gatwick Airport Related Parking	To reflect current data
Updated introduction text to Employment Uses at Gatwick	For Clarification
Updates to Town Centre Supporting Text	To reflect the corporate Economic and Regeneration work
Detailed amendments to Town Centre Neighbourhood Facilities Policy	For Clarification
Updates to Town Centre Key Opportunity Sites supporting text	To reflect the updated position
Insert references to Crawley's Housing Delivery Tests for 2020 and 2021: 252% and 406% respectively	Factual: To reflect the Government's most up-to-date published position
Update Housing Supply and Unmet Needs Figures	To reflect the updated housing supply position
Update Key Housing Sites	Factual: To Reflect Changes to the Housing Trajectory
Remove Henty Close and Rushetts Road sites from Policy H2 Allocations and instead consider CBC Sites as part of the Housing Trajectory Windfalls Allowance	Factual: To Reflect Changes to the Housing Trajectory
Insert reference to First Homes into Affordable Housing Policy	To Reflect Updates in National Policy and introduction of New Requirement now in place
Insert New Sub-Set within Affordable Housing Policy H5: Affordable Care	To Correct an Omission Error
Update affordable housing supporting text with reference to First Homes and Affordable Care	To reflect new policy insertions
Update self-build data in supporting text to Self and Custom Build	To reflect current position
Amend reference to "Temporary" in Gypsy, Traveller and Travelling Showpeople Sites Policy	To provide greater clarity and distinction between a 'temporary site' (i.e. less than 1 month) and a temporary planning permission (i.e. permanent until date on permission)

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Change	Reason
Factual update Position on Gypsy and Traveller Need	To reflect outcome of recent Planning Appeal decision
Reinsert reference to Gatwick Airport Noise Contours omitted from adopted Local Plan to supporting text for Policy H8: Gypsy, Traveller and Travelling Showpeople Sites	To Correct an Omission Error from adopted Local Plan
Update references to Environment Act and Biodiversity Net Gain	To update to reflect enactment of the Environment Bill to the Environment Act 2021 and to reflect the current national guidance and position of the Biodiversity Metric.
Restructure supporting text for Biodiversity Sites	For Clarification
Insert reference to Biodiversity Metric, and measurements into Biodiversity Net Gain Policy	For Clarification
Insert reference to requirement to Urban Greening Factor into Biodiversity Net Gain Policy	For Clarification and to address concerns relating to urban sites with low or no existing Biodiversity value
Insert requirement for findings to be submitted to the Sussex Biodiversity Record Centre	For Clarification and to support future monitoring across Sussex
Restructure supporting text for Biodiversity and Net Gain	For Clarification and to reflect new additions to Policy
Update data relating to Crawley's greenhouse gas emissions	To Reflect Current Position
Insert New Sub-Section within Sustainable Construction and Design Policy SDC1 relating to renewable and low carbon energy developments	To Correct an Omission Error
Update Supporting Text and Policy on Water Efficiency	To Address the Requirements of the Habitats Regulations
Add New Policy to reflect new Water Neutrality Requirement	To Address the Requirements of the Habitats Regulations
Update Flood Risk Policy EP1 and supporting text	To Reflect Updates in National Policy
Amend reference to when Figure 1 of the Noise Annex will be updated	To reflect fact that CAA no longer "approve" noise contours and legal advice
Adjustment to noise metrics, adjustments responding to updated evidence, clarification to assist in policy interpretation for Policy EP4 Development and Noise.	To Reflect updated Technical Evidence

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Change	Reason
Detailed updates to the supporting text for Air Quality	Factual: To Reflect Current Position
Updates to criteria in External Lighting Policy to include impact on wildlife	To Reflect representations received and technical advice from stakeholders
Add reference to Bus Back Better National Bus Strategy	To Reflect Updates in National Policy
To Update Crawley Western Link Multi-Modal Transport Corridor Policy and Search Area on the Local Plan Map	To Reflect New Evidence to partially address WSCC and GAL objections and Legal Advice
Add references to the Crawley Western Link Multi-Modal Transport Corridor from the adopted West Sussex Transport Plan, and Transport for the South East Draft Investment Plan	To Reflect Updates to County and Regional Transport Policy
Updates to Glossary, Supporting Guidance and Background Documents	To Reflect Changes to Local Plan and New Publications
Updates to Planning Obligations Annex to include Requirements for Offsetting Water Contribution	To Address the Requirements of the Habitats Regulations
Updates to the Parking Standard references to Use Classes	To Reflect National Changes to the Use Classes Order
Correlating Updates to the Local Plan Map	To reflect the changes to Policies and evidence above and factual changes

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## APPENDIX C: LOCAL PLAN EVIDENCE DOCUMENTS

Evidence Document	Status
Habitats Regulations Assessment	January 2023
Strategic Housing Market Assessment	Published: November 2019
Strategic Housing Land Availability Assessment	Published: September 2020 Updated – January 2023
Housing Trajectory	Base date 30 September 2022
Crawley Windfall Statement	Published: January 2021 To be Updated – January 2023
Gypsy, Traveller and Travelling Showpeople Accommodation Needs Assessment Review	Draft Published: January 2021 To be Updated: January – May 2023
Economic Growth Assessment	Published: January 2020
Economic Growth Assessment Update	Published: September 2020
Economic Growth Focused Update	Draft Received December 2022; final report anticipated January 2023
Employment Land Availability Assessment	Published: January 2021 To be Updated: January 2023
Employment Land Trajectory	Base date 30 September 2022
Retail, Commercial Leisure and Town Centre Neighbourhood Needs Assessment	Published: January 2020
Eco-Serv Report	Published: January 2020
Water Cycle Study	Published: August 2020
Water Cycle Study Addendum	Published: January 2021
Strategic Flood Risk Assessment	Published: September 2020 To be Updated: January – May 2023
Densification Study	Draft Report Published: January 2021 Final Report Anticipated February – May 2023
Open Space, Sport and Recreation Assessment	Published: December 2020
Indoor Sports Facilities Assessment	Published: January 2021
Playing Pitch Strategy	Published: March 2021
Heritage Assets Review	Published: January 2021
Transport Modelling	Published: June 2022
Crawley Western Link Study	Draft Report: December 2022 Final Report: January 2023
Water Neutrality Study Part A	Published: July 2021
Water Neutrality Study Part B	Published: April 2022
Water Neutrality Study Part C	Published: November 2022
Water Neutrality Implementation Scheme	To Be Prepared: to be agreed before <b>adoption</b> of the Local Plan
Viability Study	Published: March 2021
Viability Update	Draft Report: Anticipated December 2022; Final Report: Anticipated January 2023

# Agenda Item 6

## Crawley Borough Council

Report to Overview and Scrutiny Commission  
30 January 2023

Report to Cabinet  
1 February 2023

### 2023/2024 Budget and Council Tax

Report of the Chief Executive and Chief Accountant (s151 officer), **FIN/606**

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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 2022 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 2023/2024 considering 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 2023/24 Budget and to:**

- (a) **Approve the proposed 2023/24 General Fund Budget which includes using £261,970 of general fund reserve and includes savings rolled forward from the current financial year as set out in section 6,**
- (b) **Approve the proposed 2023/24 Housing Revenue Account Budget as set out in Appendix 3 of the report which includes the savings and growth items as set out in section 10,**
- (c) **Agree to increase the capital budget for Crawley Homes retrofit schemes by £900,000 to assist with water neutrality, funded from the HRA but reimbursed by developers to carry out further retrofitting works on Council's housing stock and new-build schemes (para 11.3). In addition that authority be delegated to the Head of Crawley Homes, the Head of Corporate Finance, and the Head of Governance, People & Performance; in consultation with the Leader of the Council and the Cabinet Member for Housing, to enter into the necessary contracts, and complete all relevant legal documentation to achieve the above**

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recommendation (Generic Delegation 2 and 3 will be used to enact this recommendation).

- (d) Increase the capital programme by £129,950 funded from Government grant for the Town Centre DHN Phase 2 extended feasibility. An increase of £184,950 for the DHN and a reduction of £55,000 for the Town Centre Capital programme (para 11.5).
- (e) Approve the 2022/23 and future years Capital Programme and funding as set out in paragraph 11.6 of the report,
- (f) Agree the transfers between reserves as outlined in section 12 of the report, this includes creating a Cost of Living reserve.
- (g) Agree that the Council's share of Council Tax for 2023/24 be increased by 2.99% (£6.55) from £218.79 to £225.34 for a band D property as set out in paragraph 13.1,
- (h) Approve the Pay Policy Statement for 2023/2024 as outlined in paragraph 16.3 and Appendix 6 of the report noting that the pay award has yet to be agreed,
- (i) Approve that the S151 Officer (in consultation with the Chief Executive and Leader of the Council) be delegated authority to make minor amendments to the Hardship Policy (under Generic Delegation 7).

## 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 2023/24 General Fund and Housing Revenue Account Budgets and the overall Capital Programme will be recommended for approval by Full Council on 22<sup>nd</sup> February 2023.
- 4.2 The Council's revenue expenditure is funded from a number of sources. The major sources are income from investment and commercial properties, 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, the move away from the European Union then the war in Ukraine which has impacted the cost of utilities, interest rates and general inflation. In common with all authorities there have been significant reductions in Government funding, which are highly likely to continue in the coming years. The worldwide issues over the last three years have 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 homelessness, leisure contract, fees and charges and income from



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investment properties. In addition Crawley is seeing the financial impact of the Water Neutrality issue.

## *Local Government Finance Reforms*

The [provisional Local Government Settlement](#) which was announced on 19<sup>th</sup> December 2022 was for one year only. The Settlement confirmed that the fair funding review and reset of accumulated business rates growth has been paused for the remainder of the Spending Review period, but that the government remains committed to it in the next Parliament. It has been assumed in the projections that these will take place from 2026/27.

**New Homes Bonus** – The last legacy payment was received in 2022/23. A single year allocation has been made for 2023/24. The government plan to review the future position of New Homes Bonus before the 2024/25 settlement, though it has been assumed in the projections that it will continue in some form going forward.

Again, with the onset of the Pandemic, there has not yet been any consultation on a new method of incentivising housing growth. Crawley has been affected on this growth because of Water Neutrality. **Because of the reduction in new properties, the growth in funding is less than the 3% guaranteed by Government, this is because they estimate the growth in the Council taxbase (the number of Band D properties) based on the last four years actuals.**

- 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 2022/23 as a result of the pandemic and the cost-of-living crisis there was the need to undertake a further challenge of budgets sessions and further future years savings will be required. This was due to increases in inflation, the pay award was higher than anticipated together with other running costs. In addition there has been unprecedented demand upon the homelessness service with additional costs of £1.4m. Funding in respect of the homelessness prevention grant has not increased. Also due to the pandemic there was a change in law on the leisure contract, this has resulted in significantly less income from the agreed the contract value.
- 4.5 The [Budget Strategy 2023/24 – 2027/28 FIN/583](#) was considered by the Cabinet on 5<sup>th</sup> October 2022 and recommended for approval. The Strategy was approved by Full Council on 19<sup>th</sup> October 2022. 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 2023/24 however a similar alternative payment for future years in its place.
  - Work to keep Council Tax increases low without compromising local services.
  - Lower tier services grant being paid by the Government, this reducing annually.
  - An average investment rate of 2.45% for 2023/24 falling to 1.89% in 2024/25 and 1.85% in 2025/26 for future years.
  - A 4.5% pay award for 2023/24, however the pay agreement in the current financial year of £1,925 per person equated to an average of 5.8% was much higher than originally budgeted for at 2%. Assumptions for future years for pay awards were 3.5% in 2024/25. 2.5% in 2025/26 and 2% in the following years.

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- An inflation provision of 10.1% for contract expenditure in 2023/24, 9.53% in 2024/25, reducing to 2.0% in 2025/26 with no inflation allowance for general running expenses.
- An overall increase in fees and charges of 5.0%.

- 4.6 Due to the pandemic and the cost-of-living crisis the approved Budget Strategy was to work towards balancing the budget over a four-year period including putting funds back into reserves when the Budget is in surplus.

A budget deficit of £204,109 was identified in the Budget Strategy, this assumed a £4.95 increase (2.21%) in a Band D Council tax for 2023/24. 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 The Budget Strategy [Mid-Year Review](#) 2022 FIN/596 was approved by Cabinet on 23<sup>rd</sup> November 2022 and Full Council on 14<sup>th</sup> December 2022. Due to the constant changes within the economy revised projections were presented. The projected gap remained similar to the earlier report with a budgeted shortfall in 2023/24 of £201,792. However there were several changes identified in the report in Table 2. These included a provision for an increase in the External Audit fee of £89,000 as Councils had been warned to expect an increase in fees of 150%. Interest rates were also on the rise and revised projections were for 5.25% in 2023/24, falling to 5.00% in 2024/25 and then 3.25% in 2025/26.

- 4.8 There have been some significant changes since the [Mid-Year Review](#) was approved in December 2022 including:

- The provisional Local Government Finance Settlement on 19<sup>th</sup> December brought some welcome additional funding. The 2022/23 Services Grants has been reduced by the National Insurance compensation (see below) and the Lower Tier Services Grant has been removed. The Revenue Support Grant has been uprated by CPI and then a number of grants have been rolled into it, including the Local Council Tax Reduction Scheme admin grant. In addition there was a funding guarantee grant to ensure that there was a 3% increase in spending power before any decisions on Council tax. The net impact of these were an increase of £276,217 above previously estimated. Due to the water neutrality issue the actual increase is 2.7% as shown in section 5.1 below, this is because the expected increase in the numbers of properties is based on the last 4 years average and water neutrality has had a big impact on growth.
- A reversal of Employers National Insurance increase of £152,100 as announced by the government on 22 September. This had not been incorporated earlier as it was not known how much compensation was included within the Services Grant (see above).

- 4.9 Table 1 below summarises the changes between the approved [Mid-Year Review](#) and the proposed 2023/24 Budget. Further details are provided in section 5 of the report. This shows the need to transfer £261,970 from the General Fund reserve to balance the budget in 2023/24.

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**Table 1**

	£000's	Paragraph
November Cabinet deficit per Budget <a href="#">Mid-Year Review</a>	202	4.7
New Homes Bonus	-34	5.5.1
Revenue Support Grant	-160	5.5.2
Council Tax Reduction Admin Subsidy	143	5.5.2
Lower Tier Services Grant	170	5.5.2
Service Grant	110	5.5.2
Funding Guarantee	-539	5.5.2
National Insurance (Employer's contribution) reversal	-152	5.5.3
Town Hall lettings delay due to late handover	200	5.5.4
Increased Council Tax income	-57	5.5.5
Covid losses on income	314	5.5.6
Interest Changes in assumptions	210	5.5.7
Two Year fixed term posts removal	-40	5.5.8
Increased commercial property lease negotiations provision	-60	5.5.9
Changes in inflation	-23	
Other – various minor	-22	
<b>Transfer from General Fund reserve</b>	<b>262</b>	

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 2023/24 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. However this reserve will be called on in the current financial year due to the additional costs of homelessness, pay and inflation. Savings for future years will be required to maintain a sustainable budget as outlined below.

- 4.10 Table 2 below shows the major movement between the current financial year and 2023/24. These have been reported in the [Budget Strategy](#) and [Mid-Year Review](#) reports and above. Key items are the cost of inflation which is £2.293m and homelessness of £1.400m. These are in part mitigated by additional investment income of £1.167m and garage rents increases of £455,000 as outlined in report [CEX/59](#) which was approved by Cabinet in October 2022.

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**Table 2 – Movement in budgets between 2022/23 and 2023/24**

	£000's	£000's
Budget Gap in 2022/23		452
<b>Inflation –</b>		
Employees, includes the additional costs in the current financial year	1,703	
Contract costs (Sept CPI at 10.1%)	830	
Other additional costs including utilities	509	
Customer and client receipts – fees and charges at 5%	-749	
<b>Total cost of inflation</b>		<b>2,293</b>
<b>Additional cost of Homelessness</b>		<b>1,400</b>
<b>Additional income from investment interest</b>		<b>-1,167</b>
<b>Additional External Audit cost (150% increase)</b>		<b>89</b>
New Town Hall assumed letting		-399
Tilgate Park no longer subsidised and becoming cost neutral		-113
Removal of fixed term posts -		
Human Resources	-43	
Income Generation officer	-40	-83
Reduced provision for losses for Covid		-706
Challenge of budget savings (See Appendix 1)		-413
Extension of the Waste Management contract provision		60
Growth posts agreed in Budget Strategy report -		
Energy efficiency officer		53
Garages rent increase		-455
Additional income from Council Tax		-278
Additional income from business rates		-425
Additional Government Grants (net)		-39
Another minor		-7
<b>Gap 2023/24</b>		<b>262</b>

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## 5. Analysis

- 5.1 The [Provisional Local Government Finance Settlement 2023 to 2024 consultation](#) was released on 19<sup>th</sup> December 2022 by the Department of Levelling Up, Housing and Communities (DLUHC) funding was for one year only.

Table 3 below summarises the provisional Local Government Settlement and the change from the previous year.

**Table 3 – Breakdown of Provisional Government Settlement**

	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>Change £</b>	
RSG *	216,575	222,946	6,371	
Baseline Funding Level	3,642,926	3,779,252	136,326	
S31 grant (business rates)	372,323	643,760	271,437	
Services Grant	251,134	141,510	(109,624)	
New Homes Bonus	605,604	274,905	(330,699)	
Lower Tier Services Grant	195,567	-	(195,567)	
Funding Guarantee	-	539,107	539,107	
<b>Total before Council Tax</b>	<b>5,284,129</b>	<b>5,601,480</b>	<b>317,351</b>	
Council Tax (no Band D inc)	7,823,537	7,894,675	71,138	
<b>Total Spending Power</b>	<b>13,107,666</b>	<b>13,496,155</b>	<b>388,489</b>	<b>3.0%</b>

\* In 2023/24 the Council will receive £222,946 in Revenue Support Grant, though this rolls in the Local Council Tax Support grant (£142,570) and Family Annexe grant (£11,197). The RSG from 2022/23 of £62,808 was increased by CPI of 10.1%, but the rolled in grants are frozen at 2022/23 levels.

The settlement included –

- **A one-year settlement** for 2023/24, with outline spending for 2024/25.
- A one-off Funding Guarantee that ensures every council in England will see at least a 3% increase in core spending power before any local decisions around council tax are taken. **However, due to water neutrality, the actual growth in taxbase is lower than assumed in the settlement and results in an increase in spending power of just 2.7% (see table 4 below).**
- The roll forward of many aspects of the current year's settlement.
- Council tax referendum principles of a 3% increase in a Band D council tax or £5 whichever is the higher.

Table 4 below shows the impact of water neutrality on the Council Tax and the impact on the settlement.

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**Table 4 Impact on Water Neutrality v Settlement estimate on Council Tax**

	£	£	£	
<b>Total before Council Tax</b>	<b>5,284,129</b>	<b>5,601,480</b>	<b>317,351</b>	
Council Tax (no Band D inc)	7,823,537	7,866,091	42,554	
<b>Total Adjusted Spending Power</b>	<b>13,107,666</b>	<b>13,467,571</b>	<b>359,905</b>	<b>2.7%</b>

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

The table above shows the Council are not receiving the full 3% guaranteed in the settlement due to water neutrality, but there are further implications of water neutrality on the budget that are shown in table 5 below.

**Table 5 – Losses due to Water Neutrality**

	£
Change in Council tax base	112,027
New Homes Bonus	25,095
Reduced planning income	120,000
<b>Total loss</b>	<b>£257,122</b>

## 5.2 Retained Business Rates

Although the Council will collect in over £131 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 state 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 £131.3m but will keep significantly less.

Projected non-domestic rates income	£131,268,024
Government share (50%)	£-65,634,012
West Sussex County Council share (10%)	£-13,126,802
Crawley Borough Council share (before tariff & safety net)	<u>£52,507,210</u>

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The projected retained rates amount for 2023/24 is set out below.

	£
Council's share of non-domestic rates income	<b>52,507,210</b>
Tariff	-48,005,842
Levy	-930,414
Additional rates due to renewable energy	959
S31 Grants	3,035,629
<b>Total retained for the year</b>	<b>6,607,542</b>
Deficit in 2022/23 financial year	-1,939,348
Transfer from the Business Rates Equalisation Reserve	993,243
<b>Total</b>	<b>5,661,437</b>

There is budgeted income of £3,035,629 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 11<sup>th</sup> 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

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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
<b>Total</b>	<b>41,596,215</b>	<b>3,163,280</b>	<b>3,163,280</b>	<b>47,922,775</b>

A business rates equalisation reserve has been established to assist in the management of these swings; this reserve currently has £7.962m, but there is a budget transfer of £1.094m in 2022/23. The resulting projected balance of £6.868m is considered adequate and will cover the deficit due in 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 £1,965.70 (of which West Sussex County (WSCC) receives £393.14 and Crawley Borough Council £1,572.56) 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, 2021/22 and 2022/23 New Homes Bonus was paid for one year only, with no legacy payments going forward. Again in 2023/24 a one year payment of New Homes Bonus will be received via grant. The amount payable in 2023/24 is £34,300 higher than anticipated in the Budget Strategy. The Government will set out the future position of New Homes Bonus ahead of the 2024/25 local government settlement.

## 5.5.2 Government Grants -

### Lower Tier Services Grant

This grant, first introduced as a one-off grant in 2021/22, was carried forward into 2022/23. The grant has been repurposed in the provisional settlement (see Funding Guarantee below), and therefore £170,165 lower than projected in the budget strategy.

### Services Grant

The Services Grant will continue for 2023/24, but will be reduced, in part, because there will no longer be an increase in National Insurance Contributions (see 5.5.3



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below), and the government is therefore removing the compensation element from this grant. This grant is therefore £109,624 lower than projected in the budget strategy.

## **Funding Guarantee**

The Lower Tier Services Grant and a proportion of the expired New Homes Bonus legacy payments have been repurposed to create a new one-off Funding Guarantee. This new guarantee ensures that all councils see at least a 3% increase in their Core Spending Power before any decisions on council tax levels. However, due to water neutrality, the actual growth in taxbase is lower than assumed in the settlement and results in an increase in spending power of just 2.7%.

### **5.5.3 National Insurance (Employers' contribution)**

The Government increased National Insurance Contributions by 1.25% from April 2022 onwards to fund the NHS and social care reform. This was reversed in former Chancellor Kwerteng's budget in September 2022, this took effect from 6<sup>th</sup> November 2022 and is reflected in the Quarter 3 budget monitoring report elsewhere on this agenda.

### **5.5.4 Town Hall Letting**

Assumptions had been made that there would be two floors let from April 2023. Due to the lateness in practical completion of the New Town Hall this assumption has been amended to two floors from October 2023.

### **5.5.5 Increased Council Tax income**

The [Provisional Local Government Finance Settlement 2023 to 2024 consultation](#) was published on 19<sup>th</sup> December 2022. Within the documentation the council tax referendum principles set a referendum threshold of 3% or £5, whichever is higher, for shire districts. This increase to 3% would result in additional income of £57,524 by increasing Council Tax by £6.55 per annum compared to the budgeted £4.95 for a band D property.

### **5.5.6 Covid losses on income**

Due to external factors and lasting changes in law a provision for losses on income will still be ongoing in future years. Income has improved for areas such as parking and community centres lettings but they are still below pre-pandemic levels.

### **5.5.7 Interest changes in assumptions**

Interest rates were increasing rapidly when the Mid-Year Review was drafted. Markets have stabilised since the Autumn Statement in November and projections of where interest rates will peak in 2023 has come down from 5.25% to 4.25%. This has resulted in the budget reducing £210,000 in 2023/24.

## **6. 2023/24 General Fund Budget**

6.1 Details of the proposed 2022/23 Budget are set out in Appendix 2 and is summarised in the Table 6 below:

**Table 6**

<b>2023/24 General Fund Budget</b>	<b>£'000s</b>
Net Cost of Services (see table below Table 7)	16,152
Investment Interest receivable	-1,771
Interest (payable)	942

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Transfer from General Fund Reserve (see Table 2)	-262
<b>Net Expenditure</b>	<b>15,061</b>
<b>Funded by</b>	
New Homes Bonus	275
Revenue Support Grant*	223
Funding Guarantee	539
Services Grant	141
Council Tax	8,102
Collection Fund deficit – Council Tax	79
Total Retained Business Rates (5.2)	5,702
<b>Total</b>	<b>15,061</b>

\*Includes Council Tax Reduction admin grant and family annex grant.

6.2 Estimated service expenditure is summarised in the Table 7 below:

**Table 7**

<b>2023/24 Budget – Service Expenditure</b>	
<b>Portfolio</b>	<b>£'000s</b>
Cabinet	-3,979
Public Protection and Community Engagement	1,371
Environmental Services & Sustainability	5,359
Housing Services	4,664
Wellbeing	9,897
Planning & Economic Development	1,951
Resources	-82
Depreciation	-3,729
Contribution to Renewals Funds	700
<b>Net Cost of Services</b>	<b>16,152</b>

6.3 Report [CEX/59](#) was approved by Full Council on 19 October 2022. This was to increase weekly rent to Council Owned garages to help meet the budget gap. The result of this is additional income to the general fund of £455,000 per annum. This provision was included within the Mid-Year review report FIN596. [Budget Strategy](#) identified £413,080 of savings by the Corporate Management team in the challenge of budgets exercise.

**Table 8 – In year ongoing mitigations to meet the gap**

Saving / additional income	Additional income/saving included in 2023/24 budgets £
Challenge of budgets exercise Appendix 1	413,080
Increased Garage income ( <a href="#">CEX/59</a> )	455,000
<b>Total savings/increased income identified to meet future budget gaps</b>	<b>868,080</b>

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**Recommendation 2.2 (a) to approve the proposed 2023/24 General Fund Budget as outlined in section 6 above.**

## 7. 2024/2025 Budget Projections

7.1 The Budget Strategy for 2024/25 to 2028/29 is scheduled to be considered by the Cabinet in September 2023. Future predictions will be difficult to make until the impact of the pandemic/cost of living crisis is known together with the outcome of the Fair Funding review and review of business rates. Also it is a challenge to estimate the impact on future budgets of homelessness demands. It is very difficult to estimate future budgets at this stage, however the Table 9 below summarises the 2024/2025 Budget projections based on the following headline assumptions:

- A 2.99% increase in Council Tax £6.74 on a Band D property, the amount that Crawley keep is less than 11p in every £1 billed.
- Average investment rate of 3.94%
- An inflation provision of 6.9% for contract expenditure with no allowance for general running expenses.
- A pay award of 4.5%.
- An overall increase in fees and charges at this stage of 3.5%.

**Table 9 – Projected Budget Gap 2024/25**

	2024/25 £'000s
Base Budget	16,395
Investment interest	-522
Net Budget	15,873
Funded by:	
Council Tax	-8,450
New Homes Bonus	-240
Retained Business Rates	-5,366
Revenue Support Grant	-238
Services Grant	-151
Funding Guarantee	-359
<b>Indicative Budget Gap</b>	<b>1,069</b>

The projected Gap is £1.069m in 2024/25, this however fluctuates significantly in future years due to changes in inflation projections from the Office of Budgetary Responsibility (OBR); projections around investment interest and letting of the upper floors of the New Town Hall. The average gap over the four-year period to 2027/28 is £701,000. Savings will be required to be sought of £701,000 with use of reserves where the gap is larger and contribution to reserves when lower (this is when utility inflation reduces). The main changes between years are itemised in Table 10 below

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**Table 10 – Movements between 2023/24 and 2024/25**

	<b>Change £000's</b>
Deficit in 2023/24 Table 2 paragraph 4.9	<b>262</b>
New Homes Bonus	35
Inflation provision	1,104
Increased Council tax income	-229
Decreased investment income	308
Decreased retained business rates income	297
Funding Guarantee / Service Grant reduction	170
Waste Management costs including vehicles	293
Reduction in homelessness numbers	-350
Rental income Town Hall / reduced costs	-648
Increased income from fees and charges	-100
Local election (shared costs)	-62
Other – various	-11
Projected Gap 2024/25	<b>1,069</b>

The Corporate Management Team continue to work on service improvement savings, efficiencies and increased productivity through service redesign and other types of reviews aimed at reducing waste and duplication. However the level of the gap is significant, and it is assumed that the demand for the homelessness service reduces significantly over the coming years. Therefore options for future savings will be required to be brought for consideration over the coming months to meet this budget gap. A savings target for future years is therefore £701,000 as shown in 7.1 above.

The budget challenge was successful in identifying savings and efficiencies and will be repeated in future years, however new income sources or reductions to service provision are likely to be required to bridge such a gap. 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 2023/24 together with the leisure contract and other fees and charge income to update projections.

## 7.2 Sensitivity Analysis

With there being so many unknowns around inflation the table below shows the impact on the projected gap on making changes to these assumptions. The Table below shows the impact of changes in inflationary factors.

**Table 11 – Sensitivity Analysis**

	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's
Gap	262	1,069	338	883	512
Gap with -					
An increase in pay by 1% in 23/24	397	1,209	481	1,028	661
Pay in 22/24 1% less than budgeted	127	930	196	737	363
CPI 1% lower in 23/24	195	998	267	811	440

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Because of all the uncertainties there is a requirement to leave the general fund balance at a higher than usual level, see section 12 below.

## 8. Fees & Charges

- 8.1 The Budget Strategy for 2023/24 to 2026/27 assumes a general increase in fees and charges of 5%. In the past it has been CPI or 2% whichever is the highest, however the September CPI of 10.1% would make some services unaffordable. 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 5.0%. 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 in 2021 is attached at Appendix 7. The commercialisation group is looking at fees and charges across the Council.

## 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 2023/24 is projected at 2.92%. Existing investments at lower rates have brought the projection lower than interest rates that are expected to be received in the market.
- 9.3 The 2023/24 Budget is based on the following assumptions:
- Average yield of 4.36% for new investments.
  - Average rate of 4.775% 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%.
- 9.5 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 2023/24 and any projected variances will be highlighted in quarterly budget monitoring reports.

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- 9.6 Further information on the investments, borrowing and MRP policy can be found in the Treasury Management Strategy 2023/24 (FIN/608) which can be found elsewhere on the agenda.
- 9.7 Included in Appendix 5 is an identification that the volatility of interest rates is a key risk associated with the 2023/24 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 2022/23 budget and 2023/24 budget are as follows.

Savings identified in the Challenge of budgets exercise for the HRA are shown in the table below

**Table12 Crawley Homes Challenge of Budgets Savings**

	£
Policy and Engagement - Operational Costs	11,820
Housing Management - Overtime & Operational Costs	20,600
Responsive Repairs - Software Licences	6,980
Programmed Works - Operational Costs	8,750
Support Services - Translation & Interpretation	1,000
Caretaking and Cleaning - Operational Costs	2,620
Leasehold Services - External Agency Staff	5,200
<b>Total identified</b>	<b>56,970</b>

### 10.2 Growth Bids

The Budget Strategy [Mid-Year Review](#) 2022 FIN/596 was approved in December 2022. In section 8 of that report, approval was given for an additional resource to manage the workload for cleaning of communal areas and the 12 staircases of new blocks of flats in Forge Wood. The sum approved was £31,000.

### 10.3 Rental income

The Cabinet Member for Housing has delegated responsibility for rent setting. The guidance in the past has been CPI + 1%, this however would be unaffordable to tenants at 11.1%. A [consultation paper on Social Housing rents](#) was issued on 31<sup>st</sup> August 2022, with a closing date of 12<sup>th</sup> October 2022. The outcome of this consultation was to recommend an increase of 7% per annum on social and affordable housing.

The Cabinet member for Housing has therefore proposed an increase of 7.0% as documented in report [CH/200](#)..

As a result there will be a loss of £168m to the HRA over the thirty-year plan. This will impact on the ability of the HRA to undertake initiatives such as climate change mitigations.

This uplift coupled with anticipated new build income equates to an increased revenue budget of £3,343,512. This increase is required due to additional regulatory demands on the service, growth of blocks to be managed and the increased costs of repairs and materials.

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## 10.4 Other income

Leasehold recovery is forecast to decrease by £720,000 due to fewer major works having been programmed for 2022/23.

## 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 pay award of £1,925 has been agreed for 2022/23, this equates to an average of 5.8% which is higher than the originally budgeted 2%. Additionally, a provision of 4.5% has been included for 2023/24. Combined this is forecast to cost £319,000.

## 10.7 Repairs & Maintenance

Elsewhere on this agenda the Budget monitoring report Quarter 3 FIN/607 outlines additional costs of supply together with increased demand for repairs. The estimated cost of this in the current financial year is £1.15m, this includes weather related expenditure. The estimated cost in the financial year 2023/24 is £1.095m, this is an increase due to the rising costs of inflation, however material prices are expected to stabilise.

## 10.8 Cyclical & planned

Includes an allowance for the additional cost of inflation.

## 10.9 Other Running Costs

Includes an allowance for the additional cost of inflation on utilities.

Report 'Appointment of Supplier for the implementation and support of a new fully integrated Housing and Asset Management Database System' CH/189 (Part B) was presented to Cabinet in June 2020. This report included costs of hosting the system, systems admin, and third-party maintenance. These figures had been omitted from future projections for the HRA; this was due to the workload of the team in June 2020 due to the pandemic. These costs have now been included in future budgets.

10.10 Elsewhere on this Agenda is the Treasury Management Strategy (FIN/608), this shows that the £260m 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. In future years, further borrowing will be required.

10.11 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 2023/24 Housing Revenue Account Budget as set out above and Appendix 3 of the report which includes the savings and growth items as set out above.**

## 11. Capital Programme

11.1 The October 2022 [Budget Strategy](#) report reaffirmed that future bids for capital should be based on expenditure required to maintain the Council's assets, for environmental obligations such as flood prevention and for disabled facilities grants.

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In addition bids will be for spend to save projects or spend to earn investment income but that such prioritisation should not preclude the initial consideration of capital projects that could deliver social value.

## 11.2 2022/23 to 2025/26 and future years Capital Programme

The Table below sets out the proposed capital programme and funding for 2022/23 to 2025/26 and future years based on the existing approved programme amended for items identified in the Quarter 3 Budget Monitoring report (FIN/607) and other changes.

**Table 13 – Capital movements since Quarter 2**

	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	Future years £'000s	Total £'000s
<b>Capital programme reported to Cabinet 23<sup>rd</sup> November 2022</b> <a href="#">FIN/594</a>	37,268	56,077	45,228	17,293	3,821	159,687
<b>Further approvals</b>						
Items approved at Cabinet 23 <sup>rd</sup> November 2022 Budget Mid-Year Strategy <a href="#">FIN/596</a>						
Section 9.2 -						
K2 Crawley 3G Pitch Lighting		45				45
Lifeline Digital Switchover		60	60			120
Section 9.3 -						
Park Tennis (LTA funded)	111					111
Section 10.3 -						
HRA Improvements		3,600	3,550	13,800		20,950
Garages		50		300		350
Mobile Wellbeing vehicle (delegated approval)	82					82
Slippage / overspend identified in Q3 elsewhere on the agenda	-958	833	-81	339	-121	12
<b>TOTAL Agrees with Q3 (FIN/607)</b>	<b>36,503</b>	<b>60,665</b>	<b>48,757</b>	<b>31,732</b>	<b>3,700</b>	<b>181,357</b>

- 11.3 The All-Member Seminar on 5<sup>th</sup> January 2023 presented a capital investment budget of £1m for Crawley Homes retrofit. Cabinet approved a retrofitting budget of £170,000 on 6<sup>th</sup> July 2022 (CH/197), to specifically support the schemes at Breezehurst Drive and Longley House in achieving 'water neutrality', the actual cost of 'off-setting' these schemes has been more accurately assessed at c.£100,000.

Any underspends on these will be addressed in future quarterly monitoring reports.

Due to the success of the scheme it is proposed a further £900,000 is requested from the Housing Revenue Account (HRA) in order to carry out further retrofitting works on Council's housing stock.

The resulting water savings will be awarded to prioritised schemes to achieve water neutrality, whereby each respective scheme will fully meet the associated costs, inclusive of overheads, with payment for the off-set expected when Planning is awarded. The prioritisation of schemes will be determined by the Corporate Water Neutrality Working Group, and the authorisation and monitoring of the retrofitting and off-setting programme will be in accordance with the delegated authority to respective Heads of Service, and overseen by the Strategic Housing Board.



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This programme will therefore result in this water saving measure being installed into Council-owned properties, paid for by the respective developments, and benefitting the tenants with savings on their water and energy consumption, while unlocking prioritised new-build schemes that are required to achieve water neutrality. The HRA will therefore be reimbursed for these costs.

It is recommended that the Delegated Authority in para 2.2 b) of report CH/197 be extended to beyond Breezehurst Drive and Longley House to enable the wider roll-out of the retrofitting strategy to support a wider range of prioritised new-build schemes towards achieving water neutrality. It is therefore proposed that authority be delegated to the Head of Crawley Homes, the Head of Corporate Finance, and the Head of Governance, People & Performance; in consultation with the Leader of the Council and the Cabinet Member for Housing, to enter into the necessary contracts, and complete all relevant legal documentation to achieve the above recommendation (Generic Delegation 2 and 3 will be used to enact this recommendation).

**Recommendation 2.2 (c): to agree to increase the capital budget for Crawley Homes retrofit schemes by £900,000 to assist with water neutrality, funded from the HRA but reimbursed by developers to carry out further retrofitting works on Council's housing stock and new-build schemes. In addition that authority be delegated to the Head of Crawley Homes, the Head of Corporate Finance, and the Head of Governance, People & Performance; in consultation with the Leader of the Council and the Cabinet Member for Housing, to enter into the necessary contracts, and complete all relevant legal documentation to achieve the above recommendation (Generic Delegation 2 and 3 will be used to enact this recommendation).**

## 11.4 Capital budget reallocations –

Within the existing capital programme there is a generic allocation of £200,000 for Manor Royal. This was approved back for the 2015/16 budget to show commitment to the BID. Since then there has been significant investment in Manor Royal from West Sussex County Council, Crawley Borough Council, and the Local Enterprise Partnership through the Crawley Growth programme and Government funding including Towns Funds. The proposal therefore is to reallocate this sum to play improvements with emphasis on Broadfield.

Within the existing capital programme there is a budget for Crawley Homes Purchase of Properties and a budget for Crawley Homes Acquisition of Land and Dwellings. It is proposed that these are merged and called Acquisition of Land and Dwellings.

- 11.5 A report to Cabinet on 24<sup>th</sup> November 2021 [Town Centre District Heat Network \(DHN\) Phase 2 HPS 29](#). Agreed a budget of £94,950 with £69,550 funded from the Heat Network Development Unit (HDNU) grant. The report also delegated authority to the Head of Major Projects and Commercial Services in consultation with the Cabinet Member for Environment and Sustainability to review findings of the feasibility study and decide whether to proceed with the second phase of the study (full business case) and earmark a further £55,000 match funding from the Town Centre capital budget for this purpose. (Generic Delegation 7 will be used to enact this recommendation). Further funding of £129,950 has been approved by HDNU to this second phase and the Portfolio holder has agreed to proceed. Therefore the budget for phase 2 will be increased by £184,950; funded from grant of £129,950 and a budget transfer of £55,000 from the Town Centre capital fund.

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**Recommendation 2.2 (d): to increase the capital programme by £129,950 funded from Government grant for the Town Centre DHN Phase 2 extended feasibility. An increase of £184,950 for the DHN and a reduction of £55,000 for the Town Centre Capital programme.**

- 11.6 In November 2021, Cabinet agreed the Unsupervised Play Investment Programme for the years 2021/22 – 2022/23 in report [HCS/33](#). Since that time due to inflation the costs of the schemes are going to be higher than anticipated. These additional costs are £18,958. Section 106 funding has been identified to fund this additional cost so that the schemes can go ahead.

Table 14 below gives the amended capital programme after the adjustments for the recommendations above and recommendations elsewhere on this Agenda.

**Table 14**

	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	Future years £'000s	Total £'000s
TOTAL Agrees with Q3 FIN/607 and Table13 above	36,503	60,665	48,757	31,732	3,700	181,357
Crawley Homes Retrofit	0	400	500	0	0	900
Transfer to Heat Network Phase 2 from Town Centre Capital programme	0	-55	0	0	0	-55
Increased Heat Network budget	0	55	0	0	0	55
Heat Network Phase 2 (net additional cost funded from grant)	43	87	0	0	0	130
Unsupervised Play inflation		19	0	0	0	19
<b>Total Capital Programme for approval</b>	<b>36,546</b>	<b>61,171</b>	<b>49,257</b>	<b>31,732</b>	<b>3,700</b>	<b>182,406</b>

<b>Funded by -</b>						
Capital Receipts	7,616	6,174	5,415	781	1,164	21,150
Capital Reserve	0	727	314	0	586	1627
1-4-1 Receipts	3,076	7,010	8,852	5,345	780	25,063
HRA revenue contribution	11,430	27,872	26,346	21,867	1,170	88,685
Section 106 contributions	332	1,102	897	65	0	2,396
External funding	3,047	9,674	7,094	3,374	0	23,189
Revenue incl. replacement fund	1,772	2,278	339	300	0	4,689
Borrowing	8,698	5,000	0	0	0	13,698
Better care fund (formally DFG's)	575	1,334	0	0	0	1,909
<b>TOTAL</b>	<b>36,546</b>	<b>61,171</b>	<b>49,257</b>	<b>31,732</b>	<b>3,700</b>	<b>182,406</b>

Total capital budgets that meet the Council's climate change commitments included in Table 14 above are £17,785,000.

**Recommendation 2.2 (e): to approve the 2022/23 and future years capital programme and funding as set out in section 11 of this report.**

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## 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 former Head of Corporate Finance together with the Chief Executive and Chief Accountant (s151 officer) 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 former Head of Corporate Finance together with the Chief Executive and Chief Accountant (s151 officer) 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 5<sup>th</sup> October 2022 and recommended for approval. 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. However in the current financial year with the impact on homelessness and the cost-of-living crisis there is a large projected overspend in year. This use of reserves is not sustainable in the long term, therefore ongoing savings of c£701,000 per annum will be required to be sought.

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.

12.4 In compiling the 2023/24 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

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efficiencies, savings carried over to 2023/24 and additional income as identified in paragraph 6.3 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 'everyone in', the Homelessness Reduction Act 2017, benefits payments and the impact of universal credit and the cost of living crisis 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 high 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 cost-of-living crisis,
- increased costs of utilities,
- homelessness,
- welfare reforms and the unknown future impacts,
- recruitment and retention,
- contract costs,
- replacement vehicle costs,
- weekly food collection initiatives,
- climate Change commitment costs,
- EPC ratings of buildings that are let,
- town Hall upper floor lettings.

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 2023/24 Budget preparation by the Corporate Management Team. Table 15 below summarises the estimated level of reserves available for 2023/24:

**Table 15**

	Estimated Available Balance at 31/3/23 £'000s	Paragraph
<b>General Fund Reserves</b>		
General Fund Reserve / Balance	<b>6,000</b>	12.7.1
Business Rates Equalisation	<b>5,000</b>	12.7.2

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<b>For the Capital Programme</b>		
Usable Capital Receipts	8,635	12.7.3
Capital Reserve	2,885	12.7.4
1-4-1 Receipts	12,762	12.7.4
Affordable Housing Receipts	565	12.7.4
Vehicles & Plant	1,879	12.7.5
ICT Replacement	310	12.7.5
Specialist Equipment – Hawth & K2 Crawley	166	12.7.5
Homelessness Acquisition	746	12.7.6
<b>Total available for the Capital programme</b>	<b>27,948</b>	
<b>Earmarked General Fund Reserves</b>		
Restructuring Impact	400	12.7.7
Local Development Framework	411	12.7.8
Town Centre Regeneration	251	12.7.9
EU Exit	50	12.7.10
Queens Square – future maintenance	381	12.7.11
Insurance Funds	112	12.7.12
Covid-19 Support Reserve	0	12.7.13
Waste collection	227	12.7.14
Welfare Reform	397	12.7.15
Parks Investment including Tilgate and Goffs	219	12.7.16
Parks Investment – tree maintenance	242	12.7.16
Transformation and project delivery	310	12.7.17
Garage maintenance	219	12.7.18
Cost of Living *	331	12.7.19
Other	1,513	12.7.20
<b>Total General Fund</b>	<b>44,012</b>	
<b>HRA Reserves</b>		
Housing Revenue Account	3,198	12.7.21
Housing Capital Investment reserve (committed)	35,034	12.7.22
<b>Total HRA</b>	<b>38,232</b>	
<b>Total</b>	<b>82,244</b>	

\*The cost of living reserve is made up of transfers from -

	£
EU Exit funding	41,000
Connecting Communities	23,660
Insurance Funds	265,926
<b>Total</b>	<b>330,586</b>

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

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- 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.

The recommendation is to have a minimum of £3m in the General Fund Balance in the past which is 20% of the net budget. However with so many unknowns around demands on services including homelessness, reduced income due to budgetary pressures and inflation factors together with the uncertainty of letting the upper floors of the new Town Hall this level of reserves should be protected at this stage. Based on the impact that the last two years have had on budgets at this stage a minimum of £3m is recommended and a maximum of £6m. A review of this reserve can take place once the cost-of-living crisis has stabilised. A provision of 20% is a healthy balance during normal circumstances. Any balance above £6m will be transferred to the Capital Programme Reserve.

- 12.7.2 In line with the Budget Strategy report the balance on the Business Rate Equalisation Reserve is projected to be £6.868m at 31 March 2023. The former Head of Corporate Finance, together with the Chief Executive and Chief Accountant recommend that the level of this reserves should not exceed £5m, and are satisfied that this level of reserve is adequate to enable the Council to face the challenges over the short term. Any balance above £5m on 31 March will be transferred to the General Fund Balance. A transfer of £1.868m is therefore forecast to be transferred.
- 12.7.2 The projected balance of usable capital receipts at the end of March 2023 is £8.635m. Usable capital receipts can only be used for capital spending. Approximately £2m of this remains available for future investment.
- 12.7.3 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 £2.885m, 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. It could therefore fund items that are revenue in nature. In addition to this there is a reserve and an estimated £12.762m 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 £565,000. The affordable housing working group monitor these reserves and the commitments and potential plans around provision of affordable housing including temporary accommodation.
- 12.7.4 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.
- 12.7.5 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 that have committed the majority of this reserve; however there is a lead in time to make the purchases, one scheme was delayed for reasons outside of the councils control.

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- 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. With a large budget gap this reserve should remain in place at this time to fund any costs.
- 12.7.8 The current balance of the Local Development Framework (Local Plan) is fully committed.
- 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 has several commitments against it.
- 12.7.10 Monies were received from Government for preparations for the EU exit. There is an estimated balance of £50,000 at 31<sup>st</sup> March 2023; some of this has been committed for environmental/port health staffing. Any unused reserve will be transferred to the cost of living reserve.
- 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. A review of these reserves has taken place after discussions with the Council's insurer and the provisions for terrorism (£245,483.59) and Public Health Act (£20,442.66) can be released. These have been transferred to a new Cost of Living reserve (12.7.19) to fund any initiatives related to the cost of living crisis in the coming years.
- 12.7.13 The [Budget Strategy](#) to Cabinet in November 2020 FIN/508 report recommended setting up a Covid-19 Support Reserve. This reserve will be fully utilised by 31<sup>st</sup> March 2023 to offset overspends and lost income relating to the pandemic, this includes the impact of the lasting change in law at the Leisure centres.
- 12.7.14 A reserve was set up several years ago for waste collection, this was from Government grants. The monies are set aside for the existing contract, the refuse vehicles are old and any costs of repairs would be funded from this reserve. Should the reserve not be used, the balance available will be used towards the purchase of new vehicles.
- 12.7.15 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. Some of this reserve is ringfenced for the purchase of new benefits online service software. Others are committed towards other welfare reform related initiatives including support for discretionary housing payments.
- 12.7.16 The surplus made from Tilgate Park is ringfenced and set aside for further investments in parks, this includes Goffs Park. Section 106 monies have been received for tree maintenance as they have specific criteria for expenditure. Work is being undertaken to ensure these sums will be committed in the future.
- 12.8.17 Transformation and pump priming of new initiatives, approval for use of this reserve is by Cabinet.

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- 12.7.18 Garage Maintenance – the general fund is now responsible for the garages. A sum is set aside annually for maintenance. Some years expenditure is higher than others, as a result this reserve is to smooth out the costs for the general fund.
- 12.7.19 A new Cost of Living reserve has been set up to support residents over the coming years. This has been created by transferring sums from the insurance reserve, connecting communities and EU exit funding. The balance on this reserve is £330,586.
- 12.7.20 Other reserves are several earmarked reserves of lower value, including wellbeing, Heritage Strategy and committed general fund housing reserves.
- 12.7.21 The Housing Revenue account balance is estimated to be just over £3 million at the end of the current financial year (31<sup>st</sup> March 2023); this is an acceptable balance.
- 12.7.22 In line with the HRA Business Plan and the capital programme, the balance on the Housing capital investment reserve will be used for debt repayment and on future housing development programmes - this is fully committed.

**Recommendation 2.2(f): to agree transfers between reserves as outlined above, this includes creating a new Cost of Living reserve.**

## 13. Council Tax

- 13.1 The approved 2023/24 – 2027/28 Budget Strategy aimed to keep any increase in Council Tax low without compromising services. In discussion in the January 2023 all Members seminar it is proposed to increase the Council tax in line with Government guidance by **£6.55** per annum for a Band D property which is an increase of 2.99%, this is an increase of 12.6p per week.

The Department for Levelling Up, Housing and Communities (DLUCH) issued capping guidance of the increase of 3% or £5 on a Band D, whichever is the highest.

Appendix 4 to the report gives the proposed Council Tax per band including this 2.99% 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 16 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.



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**Table 16**

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	1,303	+11	150.23	4.37	0.08
B	7,602	+103	175.26	5.09	0.10
C	22,384	+167	200.30	5.82	0.11
D	9,066	+52	225.34	6.55	0.13
E	3,809	+3	275.42	8.01	0.15
F	2,314	+13	325.49	9.46	0.18
G	475	+2	375.57	10.92	0.21
H	9	+2	450.68	13.10	0.25
		<b>353</b>			

- 13.2 It is assumed that West Sussex County Council will increase their share of the Council Tax for 2023/24 by 4.99%, this will equate to an estimated increase of £77.79 per band D property. This includes an increase of 2% for Adult Social care responsibilities.
- 13.3 It is understood that the Sussex Police and Crime Commissioner will be increasing their share of the Council Tax by 6.67% which is an increase of £15.00 per annum. This will be confirmed at the Council meeting on 22<sup>nd</sup> February 2023. 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 4.97% which is £99.34 on a band D property as shown below (£88.30 for a Band C).

Authority	Increase £
Crawley Borough Council	6.55
West Sussex County Council	77.79
Police and Crime Commissioner	15.00
<b>Total</b>	<b>99.34</b>

**Recommendation 2.2(g): to agree that the Council's share of Council Tax for 2023/24 be increased by £6.55 - 2.99% to £225.34 for a band D property.**

- 13.5 On 23<sup>rd</sup> December 2022 [correspondence](#) from the Department of Levelling Up, Housing and Communities announced £100m of additional funding for local authorities to support the most vulnerable households in England. This funding will allow councils to deliver additional support to those who are receipt of Council Tax support (formally Council Tax benefit). A grant of £183,561 was made available to 'reduce bills for current working age and pension age Local Council Tax Support (LCTS) claimants by up to £25.' The guidance also allows Councils to use their remaining allocation as they see fit to support vulnerable households with council tax bills and therefore the existing Hardship Policy needs revising accordingly in order to fully utilise any remainder. It is therefore recommended that the s151 officer (in consultation with the Chief Executive and the Leader of the Council) be delegated

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authority to make minor amendments to the policy. This and future minor revisions will be reported as a significant operational decision.

**Recommendation 2.2(i): to approve that the S151 Officer (in consultation with the Chief Executive and Leader of the Council) be delegated authority to make minor amendments to the Hardship Policy (under Generic Delegation 7).**

## 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 £1,026,412 of which £112,315 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 2023/24, the adjustment for the Council is £33,634. The adjusted surplus for distribution in 2023/24 is therefore £78,681.

### 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 2023/24 will be frozen (see paragraph 5.2 above):-

- i) Standard Multiplier – 51.2p per £ (51.2p in 2022/23)
- ii) Small Business Multiplier – 49.9p per £ (49.9p in 2022/23)

As set out in the [Autumn Statement](#) published on 17<sup>th</sup> November 2022, the Government has decided to freeze the business rates multiplier in 2023/24. Local Authorities will be fully compensated for this decision.

## 16. Implications

16.1 The high level risks to the 2023/24 Budget and how they will be managed are shown in the Appendix 5. Risk Management training has been given to managers and to Councillors by Zurich the Council's insurer. 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 rising costs of homelessness, 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 including inflation, 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.

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- 16.2 It is anticipated that the Budget measures set out in this report will result in the Council's staffing establishment remaining the same, a reduction of two fixed term and growth of two 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 2023/24 is attached at Appendix 6.

This pay policy statement sets out the Council's policies relating to the pay of its workforce for the financial year 2023/24, 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(h): to approve the Pay Policy Statement for 2023/2024 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 2023/24 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 2023/24.

## 17. Other implications

- 17.1 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

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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 23 November 2022**

[Budget Strategy Mid-year Review 2022 FIN/596](#)  
[2022/2023 Budget Monitoring – Quarter 2 FIN//594](#)

### **Cabinet Reports 5 October 2022**

[Proposed increase of weekly Rent to Council Owned Garages CEX/59](#)  
[Budget Strategy 2023/24 – 2027/28 FIN/583](#)

### **Cabinet 6 July 2022**

[Financial Outturn 2021/2022: Budget Monitoring – Quarter 4 FIN/572](#)  
[Treasury Management Outturn for 2021/22 FIN/575](#)

### **Cabinet 2 February 2022**

[2022/2023 Budget and Council Tax FIN/549](#)  
[Treasury Management Strategy 2022/23 FIN/557](#)

### **Cabinet 24 November 2021**

[Budget Strategy 2022/23 - 2026/27 FIN/537](#)  
Unsupervised Play Investment Programme [HCS/33](#)  
Town Centre District Heat Network (DHN) Phase 2 [HPS/29](#)  
Climate Emergency Action Plan [PES/390](#)

### **Cabinet Reports 25 November 2020**

[Appropriation of Garages from the HRA to the General Fund - FIN/511](#)  
[Unsupervised Play Investment Programme HCS/33](#)

### **Cabinet 8 February 2012**

2012/2013 Budget and Council Tax ([FIN/257](#)) includes the HRA borrowing

Elsewhere on this Agenda -

Treasury Management Strategy 2023/24 FIN/608

Q3 Budget Monitoring 2022/23 FIN/607

[Autumn Statement](#) published on 17<sup>th</sup> November 2022

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

The [Provisional Local Government Finance Settlement 2023 to 2024 consultation](#)

19<sup>th</sup> December 2022 - Department of Levelling Up, Housing and Communities (DLUHC).

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## Appendix 1

### Budget Challenge Savings Summary

General Fund	£
<b>Anti-Social Behaviour</b>	
Nuisance and Anti-Social Behaviour Team Uniforms	1,200
	<b>1,200</b>
<b>Community Services</b>	
Community Safety - Subscriptions	3,000
Community Development - Training & Operational Costs	2,200
Neighbourhood Services - Street Furniture, Casual staff, and Operational Costs	51,500
Port Health Investigation - Subscriptions	1,000
Pest control - Fuel	1,300
Car parks - Abandoned Vehicles	5,630
Car parks - Town Hall MSCP Business Rates & Cash Security	13,070
	<b>77,700</b>
<b>Corporate Finance</b>	
Pension added years (people reaching retirement age)	20,000
Training and misc. expenses	7,500
Investment property repairs	20,000
Commercial property savings including business rates	34,000
Commercial rent (discretionary relief)	40,000
	<b>121,500</b>
<b>Digital &amp; Transformation</b>	
Transformation team - Training	1,500
IT Business Support - various expenses	8,070
Contact Centre - Uniforms, training, cash security	6,900
Printing	6,000
	<b>22,470</b>
<b>Governance, People and Performance</b>	
Committee Administration - various expenses	1,300
Civic ceremonials - External Hospitality & Civic Regalia	2,400
Electoral registration - Printing	1,000
HR - Overtime	670
Occupational Health - Managed Services & operational savings	7,660
	<b>13,030</b>
<b>Major Projects &amp; Commercial Services</b>	
CCTV savings	2,610
K2 Leisure Centre - Floral Decorations	11,630
Metcalf way vehicle workshop - subcontracted	5,000
Community facilities - Staff & Licences	9,630
Recycling & Waste reduction - fees & charges	35,000
Public Conveniences - business rates and running costs	19,610
Cemeteries - Grave spaces and burial fees	10,000

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Built Environment - managed services & misc. expenses	39,450
	<u>132,930</u>
<b>Economy and Environment</b>	
Head of Economy & Planning - Training & Hospitality	1,000
Development management service - Operational Costs	13,250
	<u>14,250</u>
Car Allowances	<u>30,000</u>
<b>TOTAL GENERAL FUND</b>	<u>413,080</u>

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## Appendix 2

### GENERAL FUND REVENUE BUDGET 2023/2024 Summary of Service Requirements

2022/23		2023/24	
Revised Estimate £		Original Estimate £	Variation £
(4,521,795)	Cabinet	(3,978,540)	543,255
1,318,570	Public Protection & Community Engagement	1,370,540	51,970
4,815,540	Environmental Services & Sustainability	5,358,530	542,990
2,782,880	Housing Services	4,664,290	1,881,410
10,278,310	Wellbeing	9,896,780	(381,530)
1,829,195	Planning & Economic Development	1,950,810	121,615
457,450	Resources	(81,910)	(539,360)
(3,225,600)	Depreciation	(3,728,880)	(503,280)
700,000	Contribution to Renewals Fund	700,000	0
<b>14,434,550</b>	<b>NET COST OF SERVICES</b>	<b>16,151,620</b>	<b>1,717,070</b>
(605,924)	Interest Receivable	(1,770,579)	(1,164,655)
941,800	Interest Payable	941,800	0
<b>14,770,426</b>		<b>15,322,841</b>	<b>552,415</b>
(451,730)	Transfer to / (from) reserves	(261,970)	189,760
<b>14,318,696</b>	<b>NET EXPENDITURE</b>	<b>15,060,871</b>	<b>742,175</b>
	<b>External Support</b>		
(62,808)	Revenue Support Grant	(222,950)	(160,142)
(605,604)	New Homes Bonus	(274,900)	330,704
(272,299)	Lower Tier Services Grant	0	272,299
0	Funding Guarantee	(539,107)	(539,107)
(251,134)	Services Grant	(141,510)	109,624
	<b>Internal Resources</b>		
(5,236,294)	Retained Business Rates	(5,702,142)	(465,848)
(7,823,537)	Council Tax	(8,101,581)	(278,044)
(67,020)	Collection Fund (Surplus)/Deficit: - Council Tax	(78,681)	(11,661)
<b>(14,318,696)</b>		<b>(15,060,871)</b>	<b>(742,175)</b>

	2022/23	2023/24
Number of Band D Equivalents	35,758.2	35,952.7
Number of properties	46,609	46,962

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## Appendix 3

### HOUSING REVENUE ACCOUNT

	Original Budget 2022/23 £'000s	Budget 2023/24 £'000s	Variation £'000s
<b><u>Income</u></b>			
Rental Income	(48,002)	(51,503)	(3,501)
Other Income	(2,635)	(1,927)	708
Interest	(305)	(315)	(10)
Total Income (a)	(50,942)	(53,745)	(2,803)
<b><u>Expenditure</u></b>			
Employees	4,165	4,538	373
Responsive Repairs	10,857	11,952	1,095
Cyclical and Planned	2,610	2,823	213
Other running Costs	1,773	1,996	223
Managed services	288	452	164
Support Services	3,096	3,096	0
Interest payable on Self Financing Debt	8,309	8,042	(267)
Total Expenditure (b)	31,098	32,899	1,801
Balance available to fund existing and future HRA capital programme (a - b) *	19,844	20,846	1,002
Total	0	0	0

\*Transferred to Housing capital investment reserve



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## Appendix 4

COUNCIL TAX 2023/24 PER BAND CRAWLEY ELEMENT					
PROPERTY BAND	BAND RATIO	PROPERTY VALUATION IN 1991	NUMBER OF PROPERTIES IN RANGE	AMOUNTS PER BAND PROPOSED	
				2023/24	2022/23
				£	£
A	6/9	Under £40,000	1,303	150.23	145.86
B	7/9	£40,000 - £52,000	7,602	175.26	170.17
C	8/9	£52,000 - £68,000	22,384	200.30	194.48
D	9/9	£68,000 - £88,000	9,066	225.34	218.79
E	11/9	£88,000 - £120,000	3,809	275.42	267.41
F	13/9	£120,000 - £160,000	2,314	325.49	316.03
G	15/9	£160,000 - £320,000	475	375.57	364.65
H	18/9	above £320,000	9	450.68	437.58
<b>TOTAL</b>			<b>46,962</b>		

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## Appendix 5

### Risks

Risk and Potential Impact	How Risk Will Be Managed including Probability of Occurrence
<p>1. Budget Gap future years The impact of the cost of living crisis and the pandemic on rental income, fees and charges, demands on budgets such as homelessness, benefits and Council tax reduction is not known at this stage. Reviews of Local Government finance will also impact upon future years.</p>	<p>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, however savings will be required to be found during 2023/24 for future years due to the impact on increased homelessness and the cost of inflation. The impact of the this will be carefully monitored and reported to Councillors in the quarterly budget monitoring reports.</p>
<p>2. Interest rates (section 9 refers).</p>	<p>Investment rates are monitored daily to ensure that the Council obtains the best returns whilst achieving its objective of maintaining an appropriate balance between security, liquidity and yield and ethical. The investment income budget is reducing due to the capital commitments, it is monitored monthly</p>
<p>3. Government funding</p>	<p>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.</p>
<p>4. The Business Rates valuation list was updated on 1 April 2023. 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.</p>	<p>There is a high probability of occurrence which can be managed through the use of the business rates equalisation reserve. Non-retail businesses will see higher business rate valuations. This will result in higher bills which may result in higher arrears and write-offs of business rates.</p>
<p>5. Increase in net costs to the Council as a result of changes to demand-led budgets. Provision in the 2023/24 Budget has been based on the latest available information. For example, further economic slowdown, any further impact of leaving the EU, changes</p>	<p>Provision in the 2023/24 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 especially the impact of the cost of living crisis. This could affect either expenditure including increased</p>

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<p>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.</p>	<p>homelessness demands 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. These budgets are monitored and future projections will be adjusted. The commercialisation group will also look at maximising income.</p>
<p>6. Reduction in availability of capital resources in future years. This would lead to a reduced capital programme and the likelihood of reduced investment income. Future Capital investment will result in borrowing for future schemes.</p>	<p>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. The cost of borrowing would be included in business cases to ensure that schemes were viable. Current costs of borrowing are high so cost benefit analysis will be required.</p>
<p>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.</p>	<p>There will be regular monitoring of debts and performance levels. The projected shortfalls due to the cost of living crisis/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 date whereas Council tax collection levels are lower than in 2019 prior to the pandemic. However staff involved in debt collection across the council have been involved in writing a new debt management policy, this concentrates on supporting the person and helping them not get into further debt. Financial projections include contributions to provision for bad debts.</p>
<p>8. Failure to maintain budgetary and financial control.</p>	<p>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 especially in the current economic climate, it is important that any projected variances are reported promptly to the Cabinet.</p>

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<p>9. The initiatives to mitigate the impact of high demand on the homelessness service may not 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. Quarter 3 monitoring elsewhere on the agenda identifies an ongoing overspend.</p>	<p>The initiatives are being well researched, and their success will be regularly monitored. This budget will be regularly monitored during 2023/24 with future budgets adjusted to mitigate the impact. The increase in the capital programme to purchase properties for the homeless service will help mitigate ongoing revenue costs, however there will be increased future demand due to the severe impact that the pandemic and the cost of living crisis 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. The Council is lobbying government regarding homelessness and the impact on Crawley. Crawley may be impacted further by immigration as identified by the <a href="#">Foreign, Commonwealth and Development Office</a> and for which the Council is lobbying government for support.</p>
<p>10. Climate Emergency Action Plan. Resources available to fund the plan.</p>	<p>Report <a href="#">PES/390</a> 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.</p>

### **Crawley Borough Council Pay Policy Statement for 2023/2024**

#### **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.
- Agency Worker Regulations 2010(Amended 2020)
- Transfer of Undertakings (Protection of Earnings) Regulations 2006
- National Minimum Wage (Amendment) Regulations 2022

#### **Publication**

This Statement will be reviewed and prepared for each financial year then approved by Full Council, usually by the 30<sup>th</sup> 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

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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 2023/2024 financial year approval will be at the Full Council meeting on 22<sup>nd</sup> February 2023. 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.

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. However after several unsuccessful attempts to fill the s151 officer role an additional payment of £10,000 was agreed. 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

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- 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 Governance People and Performance 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 Public Sector Exit Payment (Revocation) Regulation 2021.

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 £23,196. 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 £10.90 per hour.

## **Relationship between remuneration of the Chief Executive and other employees**

The Council's highest paid employee is the Chief Executive (salary £126,374). The mean average pay of employees is £29,783, so the pay ratio between this and the Chief Executive is 1:4.2.

## **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.

# Agenda Item 6

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 2023**



# Agenda Item 6

**CMT Pay scales  
W.E.F 01/04/2023**

<b>CATERGORY</b>	<b>TOTAL</b>
<b>CHIEF EXECUTIVE</b>	£126,744.00 £123,991.00 £121,241.00 £118,486.00 £115,727.00
<b>DEPUTY CHIEF EXECUTIVE</b>	£110,582.00 £108,197.00 £105,813.00 £103,423.00 £101,032.00
<b>HEAD OF SERVICE B</b>	£79,113.00 £77,431.00 £75,752.00 £74,069.00 £72,394.00

**STATUTORY RESPONSIBILITY ALLOWANCE**

DEPUTY MONITORING OFFICER £1,798.26  
DEPUTY SECTION 151 OFFICER £1,798.26

SPECIAL RESPONSIBILITY ALLOWANCE s151 OFFICER £10,000

# Agenda Item 6

## NJC LG SERVICES SALARY SCALES FROM 1ST APR 2023

Scale	Spinal point	Annual salary
B	2	£23,749.00
C	3	£24,120.00
	4	£24,497.00
D	5	£24,883.00
	6	£25,430.00
E	7	£25,677.00
	8	£26,250.00
	9	£26,657.00
	10	£26,928.00
	11	£27,425.00
F	12	£27,804.00
	13	£28,256.00
	14	£28,717.00
	15	£29,186.00
	16	£29,665.00
	17	£30,153.00
	18	£30,652.00
G	19	£31,160.00
	20	£31,679.00
	21	£32,208.00
	22	£32,747.00
	23	£33,459.00
H	24	£34,407.00
	25	£35,328.00
	26	£36,217.00
	27	£37,128.00
I	28	£38,031.00
	29	£38,719.00
	30	£39,606.00
	31	£40,569.00
J	32	£41,604.00
	33	£42,801.00
	34	£43,786.00
	35	£44,804.00
K	36	£45,811.00
	37	£46,824.00
	38	£47,847.00
	39	£48,803.00
L	40	£49,857.00
	41	£50,881.00
	42	£51,895.00
	43	£52,898.00
M	44	£53,911.00
	45	£54,938.00
	46	£55,967.00
	47	£57,004.00
N	48	£58,040.00
	49	£59,095.00
	50	£60,173.00
	51	£61,272.00

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## Apprenticeship scheme salary W.E.F. 1.04.2023

Percentage of spinal point 1	Annual Salary
60%	£14,249.40
65%	£15,436.85
70%	£16,624.30
75%	£17,811.75
NMW	£19,640.11
National Living wage	£20,103.14

## CBC Pricing Strategy (Implemented 1<sup>st</sup> 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.

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- 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 7

## Crawley Borough Council

### Report to Overview and Scrutiny Commission

30<sup>th</sup> January 2023

### Report to Cabinet

1<sup>st</sup> February 2023

### 2022/2023 Budget Monitoring - Quarter 3

Report of the Chief Executive and Chief Accountant (s151 officer) **FIN/607**

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#### 1. Purpose

- 1.1 The report sets out a summary of the Council's actual revenue and capital spending for the third Quarter to December 2022. It identifies the main variations from the approved spending levels and any potential impact on future budgets.

#### 2. Recommendations

- 2.1 To the Overview and Scrutiny Commission:

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

- 2.2 To the Cabinet:

**The Cabinet is recommended to agree to note the projected outturn for the year 2022/2023 as summarised in this report.**

#### 3. Reasons for the Recommendations

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

#### 4. Background

- 4.1 As part of the Budget Strategy, the Council has in place robust budget monitoring systems to ensure that unapproved overspends are avoided. The Council also manages and analyses underspending to identify potential savings that could help meet current and future years' priorities.
- 4.2 Budget monitoring is undertaken on a monthly basis with budget holders. There are quarterly budget monitoring reports to Cabinet with the Corporate Management Team receiving monthly update reports on key areas and any other areas of concern. The Overview and Scrutiny Commission also has the opportunity to scrutinise expenditure.

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- 4.3 This report outlines the projected outturn for 2022/2023 as at the end of December 2022.
- 4.4 As discussed in the budget report and Budget Strategy, due to the pandemic it is very difficult to accurately forecast our 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.

[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	327	378	U
Public Protection & Community Engagement	(56)	(25)	F
Environmental Services & Sustainability	152	134	U
Housing	1,365	1,164	U
Wellbeing	(98)	(193)	F
Planning & Economic Development	30	(46)	U
Resources	38	58	U
<b>TOTAL (SURPLUS)/DEFICIT</b>	<b>1,758</b>	<b>1,470</b>	<b>U</b>
Investment Interest	(636)	(646)	F
Lower Tier Services Grant	76	76	U
<b>ADJUSTED (SURPLUS)/DEFICIT</b>	<b>1,198</b>	<b>900</b>	<b>U</b>
<b>Budgeted transfer from reserves</b>	<b>452</b>	<b>452</b>	
<b>Total transfer from reserves</b>	<b>1,650</b>	<b>1,352</b>	

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

### Significant Quarter 3 variances over £20,000

#### 5.1.1 Cabinet

The Audit Committee received EY's [Audit Results Report \(FIN/600\)](#) in November 2022 which contained their proposed fee for the 2020/21 audit. The provision for audit fees for 2020/21 to 2022/23 have been updated based on this proposal and it has resulted in additional expenditure of £127,000.



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Rent reviews and back rent for Investment & Operational Properties have resulted in projected additional income of £183,000.

Additional costs of postage and printing for Crawley Live have resulted in a projected overspend of £23,000. The annual cost to print and distribute is now expected to be over £65,000. Mitigations will be sought in the next financial year, or a growth bid will be required if costs persist at this level.

## 5.1.2 Public Protection & Community Engagement

Vacancies within the Nuisance and Anti-Social Behaviour team have resulted in a projected underspend of £29,000.

## 5.1.3 Environmental Services & Sustainability Services

Difficulty in recruiting to vacancies in the Community Warden team have resulted in a projected underspend of £65,000.

The total number of consignments the Port Health team have seen through Gatwick Airport is starting to increase but overall is still 73% lower than 2019 before covid. Therefore, further lost income of £23,000 is expected.

## 5.1.4 Housing Services

The Homelessness team continue to see increased demand. In December 2022 the council had 387 households in temporary accommodation, of which 187 were nightly paid and 65 were out of borough. Three years ago, the comparable figures were 169 households in temporary accommodation, 8 in nightly paid, with just 2 out of borough placements to access specialist accommodation. Despite the announcement of an additional £140,000 "Homeless prevention grant" top up, the service is still expected to be £1.36m overspend.

## 5.1.5 Wellbeing

Under the current deed of variation, the financial risk associated with K2 Crawley sits with the council. Despite improving membership sales and usage returning closer to pre pandemic levels, the market for gym memberships is now more competitive and Everyone Active have reduced their membership fees to ensure the number of members continue to grow. Utility costs are higher than previously projected and have impacted upon the anticipated year end surplus. The projected position is now a £100k payment from Everyone Active, though this will be dependent on new year fitness membership sales.

The council has appointed a new tree contractor in April 2022 who have been unable to complete the volume of work required by the contract. This has led to a projected underspend of £68,000.

## 5.1.6 Planning & Economic Development

Building Control is reporting an overspend of £48,320, due to the fee income being reduced as water neutrality has delayed residential schemes coming forward.

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## 5.1.7 Resources

Continued use of external legal services on high value, high risk, complex and / or urgent matters has led to an increase in the projected overspend. This is now forecast to be £83,000.

One-off savings on software licences has resulted in an underspend of £30,000 in the Contact Centre.

## 6. Virements

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

6.2 The Head of Community Services has agreed a virement of £50,000 from the tree maintenance contract to Kingsgate car park for required works and system improvements.

## 7. Council Housing (Crawley Homes) – Revenue

7.1 The table below provides details of the 2022/2023 HRA variances.

### HOUSING REVENUE ACCOUNT QUARTER 3

	Q3 Variation £000's		Q2 Variation £000's
<b>Income</b>			
Rental Income	(336)	F	(320)
Other Income	(207)	F	(95)
Interest Received on balances	(233)	F	(231)
	<b>(776)</b>	F	<b>(646)</b>
<b>Expenditure</b>			
Employees	204	U	237
Repairs & Maintenance	1,306	U	460
Other running costs	285	U	167
Support services	0	F	0
	<b>1,795</b>	U	<b>864</b>
<b>Net (Surplus) / Deficit</b>	<b>1,019</b>	U	<b>218</b>
Available to fund future investment in housing	(1,019)		(218)

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

## 7.2 Other Income

Additional service charges billed to leaseholders has resulted in increased income of £116,000.

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## 7.3 Employees

There is a vacancy in the Programmed Maintenance team which will be recruited to in quarter 4. This is expected to produce an underspend of £26,000

## 7.4 Repairs and Maintenance

The forecast overspend on the responsive repairs contract is expected to increase by a further £800,000 to £1,150,000. This is a result of the cost per repair continue to increase for our contractors Mears and Wates, due to material costs increasing because of current inflation rates. Both contractors are seeing an increase in the cost per repair of voids by over 15%, part of this is due to the poor condition of the properties when returned to the HRA (also see 7.5 below). Additionally, the overspend figures includes a forecast of £350,000 of weather-related repairs including fencing and cold weather damage.

Due to increased compliance requirements and fire risk assessments for the Housing stock there is a forecast overspend of £50,000. This has been built into future years budgets.

## 7.5 Other Running Costs

The overspend on the services new integrated IT system is expected to reduce to £75,000. This is a result of some licences for the new system not being needed until later in the year because of the delays to the systems implementation.

Void periods are increasing due to some properties being returned to the HRA in poor condition. This results additional council tax costs to the HRA. An overspend of £40,000 is therefore forecast for 2022/23. The HRA has introduced a void intervention scheme where we review the condition of the property before an applicant is to leave their property to try to reduce this happening in the future.

There are an increased number of dis-repair claims across the country as more solicitors are offering “no win, no fee” services. Every time we must defend a case, we are required to hire an external surveyor. The overspend for Crawley is projected to be £50,000.

As a result of the increasing inflation rates there is an anticipated overspend on electricity costs of £30,000.

## 8. Capital

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

	Latest Budget 2022/23 £000's	Spend to Q3 2022/23 £000's	Estimated Outturn 2022/23 £000's	Re-profiled to/(from) future years £000's
Joint Responsibility	6,330	3,413	6,330	0

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Cabinet	511	106	311	200
Environmental Services & Sustainability	574	361	594	(20)
Housing Services	2,896	1,022	2,401	495
Planning & Economic Development	1,906	405	1,475	431
Resources	459	21	328	143
Wellbeing	935	275	1,085	(150)
<b>Total General Fund</b>	<b>13,611</b>	<b>5,603</b>	<b>12,524</b>	<b>1,099</b>
Council Housing	23,850	15,051	23,979	(129)
<b>Total Capital</b>	<b>37,461</b>	<b>20,654</b>	<b>36,503</b>	<b>970</b>

8.2 The Garage programme has slipped £200,000 from 2022/23 into 2023/24 mainly due to surveying resources within the HRA being focused on disrepair and damp/mould issues within the HRA stock. A full major works/garage replacement programme will be undertaken in 2023/24.

8.3 The Disabled Facilities Grants is slipping £425,000 into 2023/24. The service has been understaffed during this year due to long term sickness which is having an impact.

8.4 Due to the extra time that has been required to negotiate the Pre-Construction Service Agreement the Crawley Fusion Innovation Centre will be slipping £250,000 into 2023/24.

8.5 As the Council are not the Highways Authority there is a need to apply for a S278 and Traffic Regulation Order (TRO) permit for Town Centre Western Boulevard: an application has been made and the Council are awaiting a response that may take up to three months before permits are issued. Due to this delay £149,772 has been slipped from 2022/23 into 2023/24.

8.6 £82,000 has been transferred to the capital programme for the Wellbeing mobile vehicle from the revenue budget.

8.7 HRA Improvements Programme

## Decent Homes

There has been an increase spend on decent homes works largely due to a significant amount of roofing works being required following the long dry summer followed by recent very wet and windy weather plus snow and ice. Included within the Decent Homes budget are kitchen and bathrooms which has had increased spend in line with the increased number of void properties. This has required £2,885,859 to be slipped forward into 2022/23 from 2023/24.

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## Insulation and Boilers

The insulation and boiler programme has been delayed in 2022/23 while the HRA apply for government match funding to carry out decarbonisation to the housing stock. Work is continuing on the successful Wave 1 bid, however a larger Wave 2 application will see the programme increasing in 2023/24. There is a need to slip from 2022/23 to 2023/24 £1,358,841 for Insulation and £718,805 for Boilers & Heating.

- 8.8 From the 1<sup>st</sup> April 2021 the reporting of the use of Right to Buy 1-4-1 receipts to the Ministry of Housing, Communities and Local Government (MHCLG) 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 to responses to [Government consultation](#) on Right to Buy receipts.
- 8.9 Within the third quarter of 2022/23 eight Council Houses with a sale value of £1,438,250.00 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 than they otherwise would, in return for a commitment to spend the addition receipts on building or acquiring properties.]

## 9. Treasury Management

- 9.1 The former Head of Corporate Finance, along with the Chief Executive and Chief Accountant (s151 officer) report that all treasury management activities undertaken during the quarter complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy. Compliance is demonstrated in Appendix 3 below.

## 10. Background Papers

[Budget Strategy 2023/24 – 2027/28 FIN/583](#)  
[2022/2023 Budget Monitoring – Quarter 1 FIN/586](#)  
[2022/2023 Budget Monitoring – Quarter 2 FIN//594](#)  
[2022/2023 Budget and Council Tax FIN/549](#)  
[Treasury Management Strategy 2022/23 FIN/557](#)  
[Financial Outturn 2021/2022: Budget Monitoring – Quarter 4 FIN/572](#)  
[Treasury Management Outturn for 2021/22 FIN/575](#)

Contact Officer: - Paul Windust, Chief Accountant.  
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Appendix 1 (i)

## REVENUE MONITORING SUMMARY 2022/23 GENERAL FUND

	Latest Budget £000's	Projected Outturn £000's	Variance £000's
Cabinet	(4,287)	(3,960)	327
Public Protection & Community Engagement	1,307	1,251	(56)
Environmental Services & Sustainability	4,822	4,974	152
Housing	2,745	4,110	1,365
Wellbeing	10,113	10,015	(98)
Planning & Economic Development	1,829	1,859	30
Resources	381	419	38
	16,910	18,668	1,758
Depreciation	(3,226)	(3,226)	0
Renewals Fund	750	750	0
<b>NET COST OF SERVICES</b>	<b>14,435</b>	<b>16,192</b>	<b>1,758</b>
Investment Interest	(606)	(1,242)	(636)
MRP	942	942	0
Council Tax	(7,891)	(7,891)	0
RSG	(63)	(63)	0
NNDR	(5,236)	(5,236)	0
New Homes Bonus	(606)	(606)	0
Service Grant	(251)	(251)	0
Lower Tier Services Grant	(272)	(196)	76
<b>Net contribution from / (-to) Reserves</b>	<b>452</b>	<b>1,649</b>	<b>1,198</b>

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## Main Variations identified for 2022/23 - General Fund Appendix 1 (ii)

	Q3 Projected Variation £'000s	Q2 Projected Variation £'000s
<b><u>Cabinet</u></b>		
Pay Award (£1,925 per banding)	800	800
Additional Garage Income	(197)	(197)
National Insurance reversal	(58)	(58)
Additional Insurance costs	63	63
Increased Audit Fees	127	0
Investment & Operational Properties Agreed Back-Rent	(414)	(231)
Crawley Live Print & Mailing	23	0
Minor Variations	(17)	1
	<b>327</b>	<b>378</b>
<b><u>Public Protection &amp; Community Engagement</u></b>		
NASB Team Vacancies	(29)	0
Minor Variations	(27)	(25)
	<b>(56)</b>	<b>(25)</b>
<b><u>Environmental Services &amp; Sustainability</u></b>		
Public Conveniences Business Rates	(20)	(20)
Community Warden Vacancies	(65)	0
Port Health Income	72	49
Environmental Health Vacancy Provision	39	36
Kingsgate works	80	80
Minor Variations	46	(11)
	<b>152</b>	<b>134</b>
<b><u>Housing</u></b>		
Homelessness Pressures	1,364	1,152
Minor Variations	1	12
	<b>1,365</b>	<b>1,164</b>
<b><u>Wellbeing</u></b>		
Play Vacancies	(34)	(35)
Tree Contract	(68)	0
Community Centres Reduction in Expected Shortfall	(37)	(47)
K2 Crawley Reduction in Expected Shortfall	(13)	(163)
Minor Variations	54	52
	<b>(98)</b>	<b>(193)</b>
<b><u>Planning &amp; Economic Development</u></b>		
Property Built Environment Vacancies and Operational Savings	(78)	(76)
Building Control	48	0

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Minor Variations	60	30
	<b>30</b>	<b>(46)</b>
<b><u>Resources</u></b>		
Contact Centre Vacancy Provision	0	20
Contact Centre software savings	(30)	0
Elections Reduced Staffing Requirement	(11)	(22)
Legal Sub-Contracted	83	60
Minor Variations	(4)	0
	<b>38</b>	<b>58</b>
<b>TOTAL GENERAL FUND VARIANCES</b>	<b>1,758</b>	<b>1,470</b>
<b>Investment Interest</b>	<b>(636)</b>	<b>(646)</b>
<b>Lower Tier Services Grant</b>	<b>76</b>	<b>76</b>
<b>TOTAL VARIANCES</b>	<b>1,198</b>	<b>900</b>



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Appendix 1 (iii)

## QUARTER 3

<b>HOUSING REVENUE ACCOUNT</b>			
<b>Expenditure Description</b>	<b>Latest Estimate</b> £'000s	<b>Projected Outturn</b> £'000s	<b>Variation</b> £'000s
<b>Income</b>			
Rental Income	(48,002)	(48,338)	(336)
Other Income	(2,685)	(2,892)	(207)
Interest received on balances	(305)	(538)	(233)
<b>Total income</b>	<b>(50,992)</b>	<b>(51,768)</b>	<b>(776)</b>
<b>Expenditure</b>			
Employees	4,165	4,369	204
Repairs & Maintenance	13,467	14,773	1,306
Other running costs	2,111	2,396	285
Support services	3,096	3,096	0
	22,839	24,634	1,795
<b>Net (Surplus) / Deficit</b>	<b>(28,153)</b>	<b>(27,134)</b>	<b>1,019</b>
Use of Reserves:			
Debt Interest Payments	8,309	8,309	0
Depreciation, Revaluation & Impairment	7,195	7,195	0
Transfer to/(from) Housing Reserve	12,649	11,630	(1,019)
<b>Total</b>	<b>28,153</b>	<b>27,134</b>	<b>(1,019)</b>

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Appendix 1 (iv)

## Main Variations Identified - Housing Revenue Account

	Q3 Variation £'000s	Q2 Variation £'000s
<b>Income</b>		
Forge Wood properties additional rents	(336)	(320)
Interest income	(233)	(231)
Service charges to Leaseholders	(116)	0
Insurance reimbursement for fire damage	(84)	(84)
Minor variations	(7)	(11)
	<b>(776)</b>	<b>(646)</b>
<b>Employees</b>		
Anticipated pay award	225	225
Unmet vacancy provision	62	62
Policy & Engagement Manager vacancy	(32)	(27)
Vacancies in the programmed maintenance team	(26)	0
National Insurance reversal	(11)	(11)
Minor variations	(14)	(12)
	<b>204</b>	<b>237</b>
<b>Repairs &amp; Premises Costs</b>		
Repairs contract due to increased cost per repair (Wates 24%, Mears 11%)	1,150	350
Legislative change - Housing providers responsible for identifying asbestos issues	95	95
Fire protection expenditure	50	0
Minor variations	11	15
	<b>1,306</b>	<b>460</b>
<b>Other Running Costs</b>		
Licence costs because of the delay to new IT system	75	99
Increase in Council Tax paid because of a higher number of voids	40	0
Housing Ombudsman subscription	39	31
Increasing number of dis-repair claims being as a result of "no win no fee" offers	38	0
Insurance costs due to higher build value	37	37
Electricity because of high inflation rates	30	0
Minor variations	26	0
	<b>285</b>	<b>167</b>
<b>TOTAL VARIANCES</b>	<b>1,019</b>	<b>218</b>

2022/23 Qtr. 3 Capital

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 2022/23	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage
	£	£	£	£	£
<b>New Town Hall Redevelopment - Joint responsibility</b>	<b>6,160,470</b>	<b>3,267,376</b>	<b>6,160,470</b>	<b>0</b>	<b>0</b>
Town Centre Fund					
Transformation Schemes (including Project Jupiter)	170,000	145,233	170,000		
<b>Joint responsibility</b>	<b>6,330,470</b>	<b>3,412,609</b>	<b>6,330,470</b>	<b>0</b>	<b>0</b>
Garages	510,571	106,116	310,571		200,000
<b>Cabinet</b>	<b>510,571</b>	<b>106,116</b>	<b>310,571</b>	<b>0</b>	<b>200,000</b>

Budget 2023/24	Budget 2024/25	Budget 2025/26	Future Years
£	£	£	£
<b>0</b>	<b>100,000</b>	<b>0</b>	<b>0</b>
410,000			
674,163			
<b>1,084,163</b>	<b>100,000</b>	<b>0</b>	<b>0</b>
450,000	338,897	300,000	
<b>450,000</b>	<b>338,897</b>	<b>300,000</b>	<b>0</b>

<b>Environmental Services and Sustainability</b>					
Muslim Burial Ground Cemetery	322,380	173,651	322,380		
Cycle Paths					
District Heat Network Phase 2	94,950	93,250	94,950		
Flooding Emergency Works	37,962	33,219	57,962		(20,000)
Leat Stream Ifield Flood Alleviation	7,289	7,215	7,289		
Tilgate Lake Bank Erosion	30,000		30,000		
Water Course Work	80,925	53,206	80,925		
Climate Change Initiatives					
<b>TOTAL ENVIRONMENTAL SERVICES &amp; SUSTAINABILITY PORTFOLIO</b>	<b>573,506</b>	<b>360,541</b>	<b>593,506</b>	<b>0</b>	<b>(20,000)</b>

	25,300		
76,804			
120,000			
60,000			
<b>256,804</b>	<b>25,300</b>	<b>0</b>	<b>0</b>

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Scheme Description	Budget 2022/23	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage
	£	£	£	£	£
<b>Housing Enabling (General Fund)</b>					
Temp Accommodation Acquisitions	1,809,600	611,050	1,809,600		
Affordable Housing Town Hall					
Longley House	70,000				70,000
Disabled Facilities Grants	1,000,000	397,326	575,000		425,000
Improvement/Repair Loans	16,704	13,152	16,704		
<b>TOTAL HOUSING (GENERAL FUND) PORTFOLIO</b>	<b>2,896,304</b>	<b>1,021,528</b>	<b>2,401,304</b>	<b>0</b>	<b>495,000</b>

Budget 2023/24	Budget 2024/25	Budget 2025/26	Future Years
£	£	£	£
6,588,658			
	3,138,250		
415,000	1,200,000		1,700,000
1,334,537			
15,000			
<b>8,353,195</b>	<b>4,338,250</b>	<b>0</b>	<b>1,700,000</b>

Planning and Economic Development					
Manor Royal Business Group					
Crawley Fusion Innovation Centre	429,114	131,234	250,000		179,114
Crawley Growth Programme					
Queensway	7,590	10,601	16,083		(8,493)
Town Centre Signage and Wayfinding	11,487	1,955	1,955		9,532
Town Centre General					
Manor Royal Cycle Improvements					
Town Centre Western Boulevard (cycle improvements)	249,772	80,581	100,000		149,772
Manor Royal Super Hub					
Station Gateway	104,381	85,146	116,767		(12,386)
Town Centre Super Hub					
Town Centre Commercial Space Development	57,000	63,153	98,153		(41,153)
Three Bridges Station	43,000	29,295	37,856		5,144
<b>Total Crawley Growth Programme</b>	<b>473,230</b>	<b>270,731</b>	<b>370,814</b>	<b>0</b>	<b>102,416</b>

200,000			
4,029,114	250,000		
100,000			
9,532			
71,100			
1,775,935			
860,307			
263,028			
1,959,238	2,880,000	1,990,000	50,004
		74,231	
1,000,000	4,901,847		
210,000	600,000	603,988	
<b>6,249,140</b>	<b>8,381,847</b>	<b>2,668,219</b>	<b>50,004</b>

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Scheme Description	Budget 2022/23	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage
	£	£	£	£	£
<b>Towns Fund</b>					
Manor Royal Business Environment Improvement Programme	350,000	1,419	350,000		
Green Business Infrastructure Grants Pillar 1	150,000		150,000		
Green Business Infrastructure Grants Pillar 2	200,000	1,309	50,000		150,000
Manor Royal Gigabit					
Crawley Homes Green Retrofitting	303,700		303,700		
<b>TOTAL PLANNING &amp; ECONOMIC DEVELOPMENT PORTFOLIO</b>	<b>1,906,044</b>	<b>404,693</b>	<b>1,474,514</b>	<b>0</b>	<b>431,530</b>
<b>Resources</b>					
Gigabit					
ICT Capital - Future Projects	40,400				40,400
New Website And Intranet	52,406				52,406
ICT Transformation Future					
ICT Cloud	82,000	3,650	82,000		
Income Management System	60,000		60,000		
Commercial Property System	4,086	16,686	16,686	(12,600)	
Sharepoint	50,000		50,000		
Agile Working	70,000	1,170	70,000		
Channel Shift					
Hardware Renewals	100,000		50,000		50,000
<b>TOTAL RESOURCES PORTFOLIO</b>	<b>458,892</b>	<b>21,506</b>	<b>328,686</b>	<b>(12,600)</b>	<b>142,806</b>
<b>Wellbeing</b>					
Vehicle Replacement Programme	177,246	141,351	177,246		
Refurb Playgrounds Future Schemes					

Budget 2023/24	Budget 2024/25	Budget 2025/26	Future Years
£	£	£	£
500,000	500,000	150,000	
360,000	320,000	170,000	
650,000	300,000		
1,232,100	1,232,100	1,232,100	
<b>13,220,354</b>	<b>10,983,947</b>	<b>4,220,319</b>	<b>50,004</b>
1,350,000			
105,400			
52,406			
25,000			
218,024			
102,679			
61,000			
50,000			
<b>1,964,509</b>	<b>0</b>	<b>0</b>	<b>0</b>
247,254			
39,360			

Scheme Description	Budget 2022/23	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage
	£	£	£	£	£
Skate Park Equipment					
Memorial Gardens Improvements					
Tilgate Park	4,769		4,769		
Nature & Wildlife Centre	45,905	35,340	45,905		
Allotments	58,000	11,500	58,000		
Adventure Playgrounds	152,904	22,927	161,904		(9,000)
Memorial Gardens Play Improvements	16,933	107	16,933		
Meadowlands					
Southgate Playing Fields	50,851	2,740	50,851		
Perkstead Court Play Area Bewbush					
Park Tennis	131,390	17,570	271,850		(140,460)
Galley Close Play					
Curteys Walk Play					
Brideake Play					
Wakehams Play					
Puffin Road Play					
Browness Close Play					
Plantain Crescent Play					
K2 Crawley Replacement Chiller	155,000		155,000		
Broadfield 3G Lighting	45,000	44,177	45,000		
Changing Places	97,000		97,000		
K2 Crawley 3G Pitch Lighting					
<b>TOTAL WELLBEING PORTFOLIO</b>	<b>934,998</b>	<b>275,712</b>	<b>1,084,458</b>	<b>0</b>	<b>(149,460)</b>
<b>TOTAL GENERAL FUND</b>	<b>13,610,785</b>	<b>5,602,705</b>	<b>12,523,509</b>	<b>(12,600)</b>	<b>1,099,876</b>

Budget 2023/24	Budget 2024/25	Budget 2025/26	Future Years
£	£	£	£
46,000			
33,400			
27,000			
177,427			
65,000			
20,000			
15,000			
15,000			
17,000			
55,000			
18,000			
18,000			
15,000			
45,000			
<b>853,441</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>26,182,466</b>	<b>15,786,394</b>	<b>4,520,319</b>	<b>1,750,004</b>

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Housing - HRA (Crawley Homes)					
Improvements -					


Scheme Description	Budget 2022/23	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage
	£	£	£	£	£
Decent Homes	4,992,043	4,181,503	7,877,903		(2,885,859)
Renovations	732,929	499,869	860,472		(127,543)
Insulation	2,775,113	656,983	1,416,272		1,358,841
Renewable Technology/Carbon Efficiency	268,620	2,471	33,400		235,220
Compliancy Works	1,671,791	573,257	1,671,791		
Boilers & Heating	1,668,805	737,246	950,000		718,805
Electrical Test & Inspection	474,348	295,776	366,889		107,459
Adaptations For The Disabled	1,370,571	469,013	900,200		470,371
Hostels	187,992	7,968	10,000		177,992
<b>TOTAL HRA IMPROVEMENTS</b>	<b>14,142,212</b>	<b>7,424,086</b>	<b>14,086,927</b>	<b>0</b>	<b>55,286</b>

Budget 2023/24	Budget 2024/25	Budget 2025/26	Future Years
£	£	£	£
4,029,076	6,500,000	6,500,000	
572,457	650,000	650,000	
3,158,841	1,800,000	1,200,000	
485,220	250,000	250,000	
1,793,195	1,450,000	1,450,000	
1,130,497	1,200,000	1,500,000	
907,460	800,000	850,000	
1,770,371	1,300,000	1,300,000	
277,992	100,000	100,000	
<b>14,125,109</b>	<b>14,050,000</b>	<b>13,800,000</b>	<b>0</b>

Other HRA (Crawley Homes)					
HRA Database	293,273	76,063	293,273		
Acquisition Of Land Or Dwellings	2,000,000	1,262,214	2,000,000		
Forge Wood					
Telford Place Development	18,500	65,449	74,628		(56,128)
Forge Wood Phase 2	2,550,414	2,186,751	2,566,791		(16,377)
Forge Wood Phase 3			4,277		(4,277)
Forge Wood Phase 4					
Purchase Of Properties	2,680,165	2,680,165	2,680,165		
5 Perryfields	10,500	6,500	13,500		(3,000)
Carey House	69,821	32,162	99,999		(30,178)
Fairlawn House					
Milton Mount Major Works	1,606,870	1,192,472	1,606,870		
Breezehurst Phase 2	171,505	3,505	161,005		10,500
Orchards Hostel					
Water Neutrality	170,000		170,000		

298,250			
	1,235,389	1,128,115	755,863
3,902,500	7,730,000	7,956,192	982,336
4,034,751	4,121,344	4,277,787	
819,835			
188,000	372,076	33,042	
207,134			
9,380,577	4,984,432		210,000
126,000	196,000	16,485	

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Scheme Description	Budget 2022/23	Spend to Date	Projected Outturn	Under / (Over Spend)	Slippage
	£	£	£	£	£
Contingencies					
Prelims	136,924	122,105	221,788		(84,864)
Lifeline Digital Switchover					
<b>TOTAL OTHER HRA</b>	<b>9,707,972</b>	<b>7,627,386</b>	<b>9,892,296</b>	<b>0</b>	<b>(184,324)</b>
<b>TOTAL HRA</b>	<b>23,850,184</b>	<b>15,051,472</b>	<b>23,979,223</b>	<b>0</b>	<b>(129,038)</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>37,460,969</b>	<b>20,654,177</b>	<b>36,502,732</b>	<b>(12,600)</b>	<b>970,838</b>

Budget 2023/24	Budget 2024/25	Budget 2025/26	Future Years
£	£	£	£
1,137,311	222,191		
202,836			
60,000	60,000		
<b>20,357,194</b>	<b>18,921,432</b>	<b>13,411,621</b>	<b>1,949,799</b>
<b>34,482,303</b>	<b>32,971,432</b>	<b>27,211,621</b>	<b>1,949,799</b>
<b>60,664,769</b>	<b>48,757,826</b>	<b>31,731,940</b>	<b>3,699,803</b>

#### FUNDED BY

Capital Receipts	(7,683,913)	(3,698,957)	(7,615,934)	12,600	(80,579)
Capital Reserve					
Better Care Fund (formally DFGs)	(1,000,000)	(397,326)	(575,000)		(425,000)
External Funding	(3,225,884)	(865,631)	(3,003,999)		(221,885)
HRA Revenue Contribution	(11,339,072)	(12,586,956)	(11,429,526)		90,453
Replacement Fund/Revenue Financing	(2,074,297)	(436,877)	(1,771,890)		(302,406)
Section 106	(456,692)	(203,914)	(331,685)		(125,007)
1-4-1	(2,983,096)	(2,464,516)	(3,076,681)		93,586
Borrowing	(8,698,015)		(8,698,017)		
<b>TOTAL FUNDING</b>	<b>(37,460,969)</b>	<b>(20,654,177)</b>	<b>(36,502,732)</b>	<b>12,600</b>	<b>(970,838)</b>

(6,173,835)	(5,415,384)	(780,918)	(1,164,004)
(726,569)	(314,000)		(586,000)
(1,334,537)			
(9,586,798)	(7,094,453)	(3,374,635)	
(27,472,318)	(25,846,077)	(21,866,783)	(1,169,880)
(2,278,154)	(338,897)	(300,000)	
(1,082,575)	(897,347)	(64,766)	
(7,009,983)	(8,851,668)	(5,344,838)	(779,999)
(5,000,000)			
<b>(60,664,769)</b>	<b>(48,757,826)</b>	<b>(31,731,940)</b>	<b>(3,699,803)</b>



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Appendix 3

## Treasury Management and Prudential Code Compliance

Compliance with the authorised limit and operational boundary for external debt is demonstrated in the table below.

### Debt Limits

£000	2022/23 Maximum	31.12.22 Actual	2022/23 Operational Boundary	2022/23 Authorised Limit	Complied?
Borrowing	261,095	260,325	261,325	271,325	Yes
Finance Leases	44	44	44	44	Yes
<b>Total debt</b>	<b>261,139</b>	<b>260,469</b>	<b>261,369</b>	<b>271,369</b>	Yes

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

### Investment Limits

	2022/23 Maximum	31.12.22 Actual	2022/23 Limit	Complied?
Any single organisation, except the UK Government	£10m	£10m	£10m	Yes
Any group of organisations under the same ownership	£10m	£10m	£10m	Yes
Any group of pooled funds under the same management	£10m	£10m	£25m	Yes
Negotiable instruments held in a broker's nominee account	£10m	£10m	£25m	Yes
Limit per non-UK country	£10m	-	£10m	Yes
Registered providers and registered social landlords	-	-	£10m	Yes
Unsecured investments with building societies	-	-	£10m	Yes
Loans to unrated corporates	-	-	£5m	Yes
Money Market Funds	£31.05m	£9.62m	Unlimited	Yes
Strategic pooled funds	£10m	£10m	£20m	Yes
Real Estate Investment Trusts	-	-	£20m	Yes

### Treasury Management Indicators

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

**Security:** The Authority 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.

	31.12.22 Actual	2022/23 Target	Complied?
Portfolio average credit rating	A+	A	Yes

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

	31.12.22 Actual	2022/23 Target	Complied?
Total cash available within 1 week	£20.7m	£3m	Yes

**Interest Rate Exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Interest rate risk indicator	31.12.22 Actual	2022/23 Target	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£0.273m	£1m	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£0.273m	£1m	Yes

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

**Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Refinancing rate risk indicator	31.12.22 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	4%	20%	0%	Yes
12 months and within 24 months	5%	20%	0%	Yes
24 months and within 5 years	16%	30%	0%	Yes
5 years and within 10 years	35%	40%	0%	Yes
10 years and within 20 years	40%	50%	0%	Yes
20 years and within 30 years	0%	10%	0%	Yes
30 years and within 40 years	0%	10%	0%	Yes
40 years and within 50 years	0%	10%	0%	Yes

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.

**Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Authority'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 beyond the period end were:

	2022/23	2023/24	2024/25
Actual principal invested beyond year end	£15m	£20m	-
Limit on principal invested beyond year end	£20m	£20m	£20m
Complied?	Yes	Yes	Yes

## Crawley Borough Council

### Report to Overview & Scrutiny Commission 30 January 2023

### Report to Cabinet 1 February 2023

### Treasury Management Strategy 2023/2024

Report of the Chief Executive and Chief Accountant (s151 officer) – **FIN/608**

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#### 1. Purpose

1.1 The Strategy for 2023/24 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 5.4;
- b) the Treasury Management Strategy contained within Section 6;
- c) the Investment Strategy contained within Section 7;

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## 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 balanced General Fund and HRA revenue budgets, 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, including 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 2023/24 Budget and Council Tax report (FIN/606).

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## 5. The Capital Prudential Indicators 2023/24 – 2025/26

### 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	2021/22 Actual	2022/23 Estimate *	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
Joint responsibility inc. New Town Hall	21,336	6,373	1,171	100	0
Cabinet	181	311	450	339	300
Environment Services & Sustainability	432	594	257	25	0
Housing General Fund	3134	2,401	8,353	4,337	0
Planning & Economic Development	5176	1,475	13,220	10,984	4,220
Resources	216	329	1,965	0	0
Wellbeing	941	1,084	873	0	0
<b>General Fund</b>	<b>31,416</b>	<b>12,567</b>	<b>26,289</b>	<b>15,786</b>	<b>4,520</b>
<b>HRA</b>	<b>13,927</b>	<b>23,979</b>	<b>34,882</b>	<b>33,472</b>	<b>27,212</b>
Non-treasury investments **	0	0	0	0	0
<b>Total</b>	<b>45,343</b>	<b>36,546</b>	<b>61,171</b>	<b>49,257</b>	<b>31,732</b>

\* £44k of capital expenditure in 2022/23 arises from a change in the accounting for leases and does not represent cash expenditure

\*\* Non-treasury 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	2021/22 Actual	2022/23 Estimate	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
Capital receipts	17,628	7,616	6,174	5,415	781
Capital reserves	152	0	727	314	0
1-4-1 receipts	3,659	3,076	7,010	8,852	5,345
Revenue	408	1,772	2,278	339	300
Capital grants	11,069	3,954	12,110	7,991	3,439
Major Repairs Reserve	12,427	11,430	27,872	26,346	21,867
<b>Net financing need for the year</b>	<b>0</b>	<b>8,698</b>	<b>5,000</b>	<b>0</b>	<b>0</b>

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## 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	2021/22 Actual	2022/23 Estimate	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
<b>Capital Financing Requirement</b>					
CFR – General Fund	18,778	18,031	22,241	21,207	20,172
CFR - HRA	240,625	249,323	237,323	234,323	236,323
CFR – Non-financial investments	0	0	0	0	0
<b>Total CFR</b>	<b>259,403</b>	<b>267,354</b>	<b>259,564</b>	<b>255,530</b>	<b>256,495</b>
<b>Movement in CFR</b>	<b>(922)</b>	<b>7,951</b>	<b>(7,790)</b>	<b>(4,034)</b>	<b>965</b>

<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	0	8,698	5,000	10,000	15,000
IFRS16 Leases		44			
Less MRP/VRP and other financing movements - GF	(922)	(791)	(790)	(1,034)	(1,035)
Less MRP/VRP and other financing movements - HRA			(12,000)	(13,000)	(13,000)
<b>Movement in CFR</b>	<b>(922)</b>	<b>7,951</b>	<b>(7,790)</b>	<b>(4,034)</b>	<b>965</b>

5.2.4 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

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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	2021/22 Actual	2022/23 Estimate	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
<b>Total CFR</b>	<b>259,403</b>	<b>267,354</b>	<b>259,564</b>	<b>255,530</b>	<b>256,495</b>
Less: External borrowing*	(260,325)	(249,356)	(237,375)	(234,388)	(236,394)
<b>Under/over borrowing</b>	<b>(922)</b>	<b>17,998</b>	<b>22,189</b>	<b>21,142</b>	<b>20,101</b>
Less: Usable reserves	(75,549)	(82,244)	(49,918)	(31,823)	(32,653)
Less: Working Capital**	(52,474)	(25,000)	(20,000)	(20,000)	(20,000)
<b>Expected investments</b>	<b>(128,945)</b>	<b>(89,246)</b>	<b>(47,729)</b>	<b>(30,681)</b>	<b>(32,552)</b>

\* 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

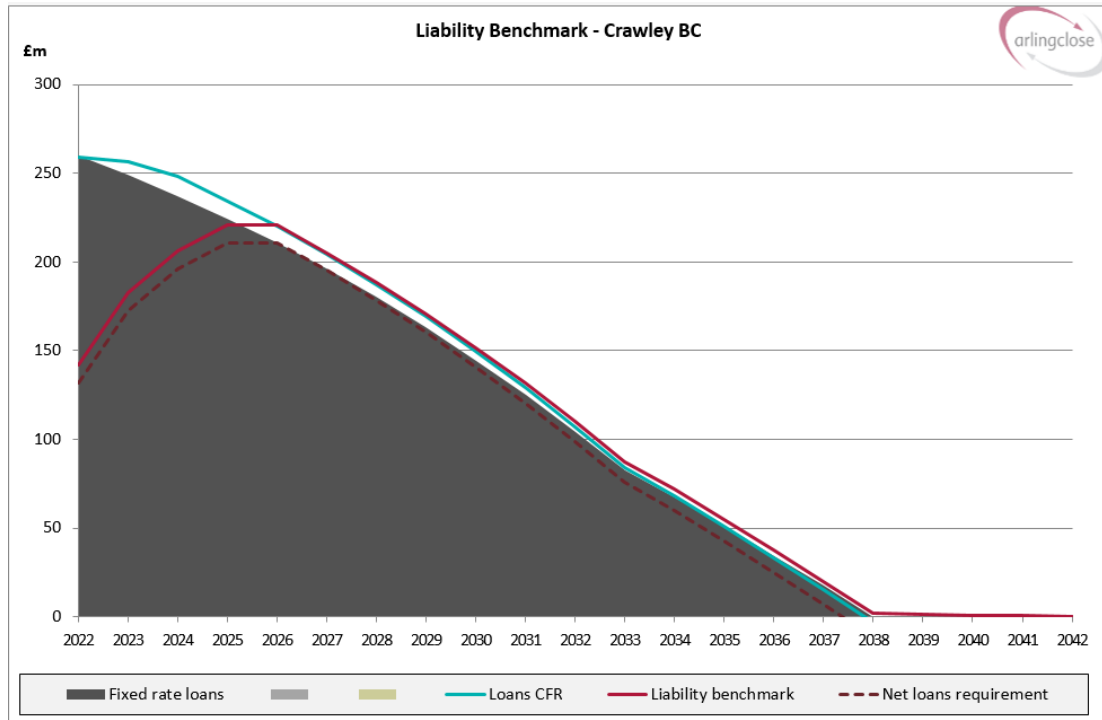
5.3.2 Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table in 5.3.1 above, but that cash and investment balances are kept to a minimum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

5.3.3 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

£'000	2021/22 Actual	2022/23 Estimate	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
<b>Total CFR</b>	<b>259,403</b>	<b>267,354</b>	<b>259,564</b>	<b>255,530</b>	<b>256,495</b>
Less: Usable reserves	(75,549)	(82,244)	(49,918)	(31,823)	(32,653)
Less: Working Capital	(52,474)	(25,000)	(20,000)	(20,000)	(20,000)
<b>Net loans requirement</b>	<b>131,380</b>	<b>160,110</b>	<b>189,646</b>	<b>203,707</b>	<b>203,842</b>
Plus: Liquidity allowance	10,000	10,000	10,000	10,000	10,000
<b>Liability benchmark</b>	<b>141,380</b>	<b>170,110</b>	<b>199,646</b>	<b>213,707</b>	<b>213,842</b>

5.3.4 Following on from the medium-term forecasts in the table above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £5m in 2023/24, minimum revenue provision on new capital expenditure based on a 20 year asset life and income, expenditure and reserves all increasing by inflation of 2.0% a year. This is shown in the chart below:

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## 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 31<sup>st</sup> 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.



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- 5.4.4 Where former operating leases have been brought onto the balance sheet on 1<sup>st</sup> 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 be subject to a MRP charge in 2023/24.

Based on the Council's latest estimate of its capital financing requirement (CFR) on 31<sup>st</sup> March 2023, the budget for MRP has been set as follows:

	<b>31.03.2023 Estimated CFR £'000</b>	<b>2023/24 Estimated MRP £'000</b>
Unsupported capital expenditure after 31.03.2008	18,000	(778)
Leases and Private Finance Initiative	31	(12)
Voluntary overpayment (or use of prior year overpayments)	0	0
<b>Total General Fund</b>	<b>18,031</b>	<b>(790)</b>
Assets in the Housing Revenue Account	0	0
HRA subsidy reform payment	249,323	(12,000)
<b>Total Housing Revenue Account</b>	<b>249,323</b>	<b>(12,000)</b>
<b>Total</b>	<b>267,354</b>	<b>(12,790)</b>

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

<b>MRP Overpayments</b>	<b>£'000</b>
Actual balance 31.03.2022	922
Approved overpayment 2022/23	0
Expected balance 31.03.2023	922
Planned overpayment/drawdown 2023/24	0
Forecast balance 31.03.2024	922

## 6. Treasury Management Strategy

- 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

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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 3.70%) and long-term fixed rate loans where the future cost is known but higher (currently 4.07% to 4.53%).

## 6.2 Current portfolio position

6.2.1 The Council's treasury portfolio position at 31 March 2023, 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	2021/22 Actual	2022/23 Estimate	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
<b>External Debt</b>					
Debt at 1 April	260,325	260,325	249,356	237,375	234,388
Expected change in Debt	0	(11,000)	(12,000)	(3,000)	2,000
Other long-term liabilities (OLTL)	0	0	31	19	13
Expected change in OLTL	0	31	(12)	(6)	(7)
<b>Actual gross debt at 31 March</b>	<b>260,325</b>	<b>249,356</b>	<b>237,375</b>	<b>234,388</b>	<b>236,394</b>
The Capital Financing Requirement	259,403	267,354	259,564	255,530	256,495
(Under) / over borrowing	(922)	17,998	22,189	21,142	20,101

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

	2021/22 Actual	2022/23 Estimate	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
<b>External Debt for commercial activities / non-financial investments</b>					
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 2023/24 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.

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6.2.4 The former Head of Corporate Finance, Chief Executive and Chief Accountant (s151 officer) report 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	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Debt	260,325	249,356	237,375	234,388
Other long term liabilities	44	31	19	13
Total	260,369	249,387	237,394	234,401

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

Authorised limit £'000	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Debt	280,325	269,356	257,375	254,388
Other long term liabilities	44	31	19	13
Total	280,369	269,387	257,394	254,401

### 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

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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% <u>rise</u> in interest rates	£1,200,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£1,200,000

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 2023/24		
	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%	50%
10 years to 20 years	0%	40%
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 prudential limits on the long-term principal sum invested to final maturities greater than one year will be:

Price risk indicator	2023/24	2024/25	2025/26	No fixed date
Limit on principal invested greater than 1 year	£20m	£15m	£10m	£10m

6.3.7 Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

## 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

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Arlingclose is attached below with assumptions and forecast detail at Appendix 1.

	Current	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>Official Bank Rate</b>													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.25	3.25	3.25	3.25
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
<b>3-month money market rate</b>													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.00	4.40	4.40	4.40	4.35	4.30	4.25	4.00	3.75	3.50	3.40	3.40	3.40
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
<b>5yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.43	3.60	3.80	3.80	3.80	3.70	3.60	3.50	3.40	3.30	3.30	3.30	3.30
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>10yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.47	3.50	3.60	3.60	3.60	3.60	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>20yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.86	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>50yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.46	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

6.4.2 The Council's treasury management adviser Arlingclose forecasts that Bank Rate will continue to rise in 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.

6.4.3 While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remains persistently higher.

6.4.4 Yields are expected to remain broadly at current levels over the medium-term, with 5-, 10- and 20-year gilt yields expected to average around 3.5%, 3.5%, and 3.85% respectively over the 3-year period to December 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

6.4.5 For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 4.36%, and that new long-term loans will be borrowed at an average rate of 4.775%.

## 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 5.1.3 shows that the Council expects to borrow up to £5.0m in 2023/24. The Council may also borrow additional sums to pre-fund

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future years' requirements, providing this does not exceed the authorised limit for borrowing of £259.375 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 2023/24 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

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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 1<sup>st</sup> 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 former Head of Corporate Finance, Chief Executive and Chief Accountant (s151 officer) believe 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

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expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

- 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 £119.503 and £157.559 million, and lower levels are expected in the forthcoming year due to planned expenditure in the capital programme.



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## 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 Strategy

The Council currently has £10m invested with Royal London's Short Term Fixed Income Enhanced Fund to provide an improved yield: there are no plans to change this investment. The Council plans to keep investments short-term whilst interest rates rise. Available cash reserves will continue to reduce with the ongoing Capital Programme expenditure.

## 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

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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.

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## 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 through 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.

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## 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 £22.5 million on 31<sup>st</sup> March 2023 and £15.8 million on 31<sup>st</sup> March 2024. In order that no more than 45% 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*

	<b>Cash limit</b>
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

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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 Non-treasury 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

Investment property	Actual	31/03/2022 actual		31.03.2023
	Purchase cost	Gains or (losses)	Fair value	Forecast

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	£000	£000	£000	£000
Ashdown House	7,915	423	8,338	8,338
49-51 High Street	1,576	(393)	1,183	1,183
Atlantic House	4,633	(612)	4,021	4,021
1-7 Station Road	1,033	286	1,319	1,319
Telford Place Car Park	4,782	(3,146)	1,636	0
Other	966	425	1,391	1,391
<b>Total</b>	<b>20,905</b>	<b>(3,017)</b>	<b>17,888</b>	<b>16,252</b>

- 7.3.3 **Security:** In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

Where value in accounts is at or above purchase cost: A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2022/23 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

Where value in accounts is below purchase cost: The fair value of the Authority's investment property portfolio is no longer sufficient to provide security against loss, and the Council is therefore taking mitigating actions to protect the capital invested. In the case of Telford Place, Cabinet approved a strategy to dispose of the site for an all-affordable housing scheme ([SHAP/86, Cabinet, 6 July 2022](#)). For other investments, the Council is working with letting agents to secure best value for the Council.

- 7.3.4 **Risk assessment:** The Authority assesses the risk of loss before entering into property investments by following the investment guidance approved by Council, namely, an income flow of at least 8 years before a break in the lease, a covenant check of the tenant, and the property being in good condition.
- 7.3.5 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions.
- 7.3.6 **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.
- 7.3.7 **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.

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## *Total investment exposure*

<b>Total investment exposure</b>	<b>31.03.2022 Actual £000</b>	<b>31.03.2023 Forecast £000</b>	<b>31.03.2024 Forecast £000</b>
Treasury management investments	128,945	89,246	47,729
Commercial investments: Property*	17,888	16,252	16,252
<b>TOTAL INVESTMENTS</b>	<b>146,833</b>	<b>105,498</b>	<b>63,981</b>
Commitments to lend	0	0	0
<b>TOTAL EXPOSURE</b>	<b>146,833</b>	<b>105,498</b>	<b>63,981</b>

\*Telford Place car park is removed in 2022/23 for housing development (see 7.3.3 above)

### 7.3.8 **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.

### 7.3.9 **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)*

<b>Investments net rate of return</b>	<b>2021/22 Actual</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>
Treasury management investments	0.30%	0.87%	2.92%
Commercial investments: Property	4.72%	7.01%	7.43%
<b>ALL INVESTMENTS</b>	<b>1.08%</b>	<b>1.58%</b>	<b>3.76%</b>

## **8. Implications**

8.1 The budget for investment income in 2023/24 is £1.670m (£0.829m General Fund; £0.841m HRA), based on an average investment portfolio of £77 million at an interest rate of 2.92%. The budget for debt interest paid in 2023/24 is £8.0 million, based on an average debt portfolio of £249.325 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.

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## 9. Background Papers

[Treasury Management Strategy for 2021/2022 – Cabinet, 2 February 2022 \[report FIN/557 refers\].](#)

[Treasury Management Mid-Year Review 2022/2023 – Cabinet, 23 November 2022 \[report FIN/593 refers\].](#)

2023/2024 Budget and Council Tax – Cabinet, 1 February 2023 [report FIN/606 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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### Interest Rate Forecasts December 2022

#### Underlying assumptions:

- The influence of the mini-budget on rates and yields continues to wane following the Autumn Statement.
- Volatility in global markets continues, however, as investors seek the extent to which central banks are willing to tighten policy, as evidence of recessionary conditions builds. Investors have been more willing to price in the downturn in growth, easing financial conditions, to the displeasure of policymakers. This raises the risk that central banks will incur a policy error by tightening too much.
- The UK economy is already experiencing recessionary conditions and recent GDP and PMI data suggests the economy entered a technical recession in Q3 2022. The resilience shown by the economy has been surprising, despite the downturn in business activity and household spending. Lower demand should bear down on business pricing power – recent data suggests the UK has passed peak inflation.
- The lagged effect of the sharp tightening of monetary policy, and the lingering effects of the mini-budget on the housing market, widespread strike action, alongside high inflation, will continue to put pressure on household disposable income and wealth. The short- to medium-term outlook for the UK economy remains bleak.
- Demand for labour appears to be ebbing, but not quickly enough in the official data for most MPC policymakers. The labour market remains the bright spot in the economy and persisting employment strength may support activity, although there is a feeling of borrowed time. The MPC focus is on nominal wage growth, despite the huge real term pay cuts being experienced by the vast majority. Bank Rate will remain relatively high(er) until both inflation and wage growth declines.
- Global bond yields remain volatile as investors price in recessions even as central bankers push back on expectations for rate cuts in 2023. The US labour market remains tight and the Fed wants to see persistently higher policy rates, but the lagged effects of past hikes will depress activity more significantly to test the Fed's resolve.
- While the BoE appears to be somewhat more dovish given the weak outlook for the UK economy, the ECB seems to harbour (worryingly) few doubts about the short term direction of policy. Gilt yields will be broadly supported by both significant new bond supply and global rates expectations due to hawkish central bankers, offsetting the effects of declining inflation and growth.

#### Forecast:

- The MPC raised Bank Rate by 50bps to 3.5% in December as expected, with signs that some members believe that 3% is restrictive enough. However, a majority of members think further increases in Bank Rate might be required. Arlingclose continues to expect Bank Rate to peak at 4.25%, with further 25bps rises February, March and May 2023.
- The MPC will cut rates in the medium term to stimulate a stuttering UK economy, but will be reluctant to do so until wage growth eases. We see rate cuts in the first half of 2024.
- Arlingclose expects gilt yields to remain broadly steady over the medium term, although with continued volatility across shorter time periods.

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- Gilt yields face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales and high government borrowing will provide further underlying support for yields.

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## APPENDIX 2

### **Economic Background**

The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Council's treasury management strategy for 2023/24.

The Bank of England (BoE) increased Bank Rate by 0.5% to 3.5% in December 2022. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The December decision was voted for by a 6-3 majority of the Monetary Policy Committee (MPC), with two dissenters voting for a no-change at 3% and one for a larger rise of 0.75%.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.

The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.

CPI inflation is expected to have peaked at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets at the time of the November MPR (a peak of 5.25%). However, the BoE stated it considered this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR.

The labour market remains tight for now, with the most recent statistics showing the unemployment rate was 3.7%. Earnings were up strongly in nominal terms by 6.1% for both total pay and for regular pay but factoring in inflation means real pay for both measures was -2.7%. Looking forward, the November MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.

Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.5% in December 2022 to 4.25%-4.5%. This rise follows four successive 0.75% rises in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 7%. GDP grew at an annualised rate of 3.2% (revised up from 2.9%) between July and September 2022, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.

Inflation rose consistently in the Euro Zone since the start of the year, hitting a peak annual rate of 10.6% in October 2022, before declining to 10.1% in November. Economic growth has been weakening with an upwardly revised expansion of 0.3% (from 0.2%) in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.50% in December,

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following two consecutive 0.75% rises, taking its main refinancing rate to 2.5% and deposit facility rate to 2.0%.

## **Credit outlook**

Credit default swap (CDS) prices have followed an upward trend throughout the year, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.

CDS price volatility has been higher in 2022 compared to 2021 and this year has seen a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from to negative from stable.

There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.

However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

## 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.

# Agenda Item 8

## 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;*

# Agenda Item 8

- *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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# Agenda Item 9

## Crawley Borough Council

Report to Overview & Scrutiny Commission  
30 January 2023

Report to Cabinet  
1 February 2023

### Corporate Debt Policy

Report of the Chief Executive and Chief Accountant (s151 officer) – **FIN/610**

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#### 1. Purpose

- 1.1 To request approval for the adoption of the Corporate Debt Policy in Appendix A

#### 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 recommended to:

- a) Approve the Corporate Debt Policy (Appendix A) for adoption and subsequent publication.
- b) Delegate authority to the Head of Corporate Finance, in consultation with the Leader, to review and make amendments to the Corporate Debt Policy as further changes to legislation and statutory guidance are introduced. (*Generic Delegation 7 will be used to enact this recommendation*).

#### 3. Reasons for the Recommendations

- 3.1 The council has a duty to ensure that it collects income and recovers debt efficiently and effectively to ensure it fulfils its financial responsibilities to its citizens and maximises its capacity to provide local services.
- 3.2 The Council must meet legislative requirements in respect of income collection and has an obligation to collect on behalf of other organisations.

#### 4. Background

- 4.1 The Council takes its responsibilities to protect the public purse very seriously and is committed to the highest standards of accountability in order to ensure the proper use of its approach to income collection and debt recovery.
- 4.2 In collecting income and recovering debt, the council is committed to adhering to good practice. Good practice includes the recognition of fairness principles and that collection arrangements should be manageable and sustainable in the context of both the council's duty to collect and a household's individual circumstances.

# Agenda Item 9

## **5. Description of Issue to be Resolved and Supporting Recommendation**

- 5.1 A review of Council's processes was carried out in 2022 and a Corporate Debt Policy has been compiled to meet the Council's requirements. The Council recently rolled out "Lateral" software to enable it to have a shared view of debt across the Council. This system identifies people that are vulnerable and be able to point them to get debt advice to help avoid them getting into further debt.
- 5.2 The Policy has been produced to ensure compliance with the main legislation that determines income collection, debt recovery and enforcement activities (see section 7).
- 5.3 Where possible, the Council aims to proactively prevent debt arising or escalating and will seek to keep citizens informed so that they are fully aware of their obligations to the council and are in a position to make good decisions that avoid additional costs and pressures. However, ultimately the council will, where appropriate, escalate recovery actions to recover hard to collect debt. When it does so, it will maintain its fairness principles while applying the correct legal options.
- 5.4 The Council has established seven collection hubs in the council based on service and the legislation that determines their income collection, debt recovery and enforcement activities.
- 5.5 Positioned over these hubs is a Corporate Debt Team. The function of this team is to provide the analysis and support to the 7 hubs to enable them to deliver optimum performance and best practice, using the Council's Corporate Debt system Lateral. It oversees the management of hard to collect debt, and co-ordinates the management of the debt portfolio and relationships with outside agencies and legal advisory services. Additionally, it is resourced to provide in-house debt collection campaigns to improve collection of escalated debt. Work prioritisation is overseen by the Corporate Debt Group.
- 5.6 Application of the Corporate Debt Policy will be in line with the delegated functions set out in the Council's Scheme of Delegation to Officers. The Council recognises that where a debt is irrecoverable, prompt and regular write-off of such debts is good practice. The Council will seek to minimise the cost of write-offs to the local Council Tax and Housing Rent payers by taking all necessary action to recover what is due.
- 5.7 The Council is committed to training staff with the necessary skills to deliver this policy and the training programme will include refresher training on a regular basis to ensure standards are maintained.

## **6. Implications**

- 6.1 Staffing – There are no direct staffing implications associated with implementing the Corporate Debt Policy as the resources are already in place within the Corporate Debt Group, collection hubs to ensure a consistent approach to debt collection across the Council.
- 6.2 Financial – The financial implications are documented within the report and policy.
- 6.3 Legal - There would be legal costs associated with any collection or enforcement work related prosecutions although full costs would be sought from the courts in the case of a successful outcome. However, all debts will be subject to the full recovery, collection and legal procedures as outlined in the policy. Irrecoverable debts will be referred to the Council's Section 151 Officer (the Head of Corporate Finance) on a six-monthly basis. The limits for writing off irrecoverable debts are documented in the Council's Constitution and Scheme of Delegation to Officers.

# Agenda Item 9

- 6.4 Under the current scheme of delegation within the Council's Constitution, the Leader of the Council is delegated with the function of approving the writing-off of irrecoverable debts up to £50,000 and the Head of Corporate Finance is delegated with the function of writing off debts not exceeding £2,500. All other debts require write-off approval by the Cabinet.
- 6.5 In accordance with the Council's Financial Procedure rules, legal constraints and Audit Commission guidelines, Councils are required to regularly review any outstanding debts and write off irrecoverable balances. The Council has been encouraged to avoid keeping debts 'on the books' without a realistic prospect of recovery.
- 6.6 Equalities Impact Assessment - An Equality Impact Assessment (EIA) has been conducted in relation to the Corporate Debt Policy and will be refreshed as part of the annual review of the Corporate Debt Policy. This is attached as Appendix B.

## 7. Background Papers

The Council Tax (Administration and Enforcement) Regulations (1992)  
The Local Government Finance Act (1988)  
Housing Benefit Regulations (2006) Social Security Administration Act (1992)  
Social Security (Overpayment and Recovery) Regulations (2013) Welfare Reform Act (2012)  
Local Government (Miscellaneous Provisions) Act (1976).  
Commercial Rent and Arrears Recovery Act (2007)  
Licencing Gambling Act (2005)  
Rent Collection - Landlord and Tenant Act (1985)/Protection of Eviction Act (1977)  
Removal & storage - Sections 211/212, Part VII of Housing Act (1996)  
Housing Act (1985)  
Arrears & Escalation - Housing Act (1985 & 1986) complemented by Ministry of Justice Pre-Action Protocol for Social Landlords  
Traffic Management Act (2004)  
Collection of Council Tax Arrears Good Practice Protocol (Published by Citizens Advice, June 2017)  
Stop the Knock (Published by the Money Advice Trust, September 2019)  
National Standards for Enforcement Agents (Published by the Ministry of Justice, April 2014)  
Code of Conduct and Good Practice Guide (Civil Enforcement Association (CIVEA), 2019)  
Guidance for Firms on Fair Treatment of Vulnerable Customers (Financial Conduct Authority, July 2020)  
Taking Control of Goods Regulations (2014)  
Debt Respite Scheme (Breathing Space) Guidance for Creditors  
Pre-action Protocol of Debt Claims (Debt Pre-Action Protocol)  
Employee Handbook  
Constitution of Crawley Borough Council

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# Corporate Debt Policy



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## 1. Introduction

- 1.1 This policy details the council’s corporate approach to income collection and debt recovery. The delivery of this policy is overseen by the Corporate Debt Group which is overseen by the s151 officer, which has representatives from all income and debt collection services across the council.
- 1.2 The policy is aimed primarily at individual/household debtors (‘Personal Debt’) but wherever possible and where legislation allows, the principles and objectives of this policy will also be applied to businesses from all sectors (‘Business Debt’).

## 2. Policy objectives

- 2.1 The council has a duty to ensure that it collects income and recovers debt efficiently and effectively to ensure it fulfils its financial responsibilities to its citizens and maximises its capacity to provide local services.
- 2.2 The council must also meet legislative requirements in respect of income collection and has an obligation to collect on behalf of other organisations. This includes West Sussex County Council (WSSCC), The Police and Crime Commissioner that have dependency upon Council Tax collection, and Central Government and WSSCC retain a proportion of Business Rates income.
- 2.3 In collecting income and recovering debt, the council is committed to adhering to good practice. Good practice includes the recognition of fairness principles and that collection arrangements should be manageable and sustainable in the context of both the council’s duty to collect and a household’s individual circumstances.
- 2.4 Where possible, the council aims to proactively prevent debt arising or escalating, and will seek to keep citizens informed so that they are fully aware of their obligations to the council and are in a position to make good decisions that avoid additional costs and pressures. However, ultimately the council will, where appropriate, escalate recovery actions to recover hard to collect debt. When it does so, it will maintain its fairness principles while applying the correct legal options.

## 3. Structure of income collection and debt recovery

- 3.1 There are seven collection hubs in the council and Table A below shows those hubs and the legislation that determines their income collection, debt recovery and enforcement activities. The legislation listed is not necessarily exhaustive and the council will use any appropriate legal means to collect income or debt:

**TABLE A : Collection hubs and legislation**

Hub	Function	Type of debt	Main Legislation
Council Tax	Council Tax income collection and associated court costs	Personal	The Council Tax (Administration and Enforcement) Regulations (1992)
Business Rates	National Non-Domestic Rates collection and associated court costs	Business	The Local Government Finance Act (1988)
Benefits Overpayments	Housing Benefit Overpayments	Personal	Housing Benefit Regulations (2006) Social Security Administration Act (1992)

			Social Security (Overpayment and Recovery) Regulations (2013) Welfare Reform Act (2012)
Corporate Collection Team	<p>All service income and debt not collected by other hubs. Includes:</p> <p>Commercial property rents</p> <p>Miscellaneous debts</p> <p>Planning fees including CIL</p> <p>License fees / Taxi licencing</p> <p>Garage and other service charges</p> <p>Allotments</p> <p>Leasehold Service Charges</p> <p>BID admin</p> <p>Green waste</p> <p>Lifeline</p>	Personal and business	<p>Generally, recovery is determined by the Local Government (Miscellaneous Provisions) Act (1976). Some debt is also covered by specific legislation as stated below</p> <p>Commercial Rent and Arrears Recovery Act (2007)</p> <p>Licencing Gambling Act (2005)</p>
Housing Temporary Accommodation	Rental income collection and recharge debts	Personal	<p>Rent Collection - Landlord and Tenant Act (1985)/Protection of Eviction Act (1977)</p> <p>Removal &amp; storage - Sections 211/212, Part VII of Housing Act (1996)</p>
Housing Income Management	Rental income, service charge collection and recharge debt	Personal	<p>Housing Act (1985)</p> <p>Arrears &amp; Escalation - Housing Act (1985 &amp; 1986) complemented by Ministry of Justice Pre-Action Protocol for Social Landlords</p>
Parking	Parking fine collection and associated costs	Personal and business	Traffic Management Act (2004)



3.2 Positioned over these hubs is a Corporate Debt Team. The function of this team is to provide the analysis and support to the 7 hubs to enable them to deliver optimum performance and best practice, using the Council’s Corporate Debt system Lateral. It oversees the management of hard to collect debt, and co-ordinates the management of the debt portfolio and relationships with outside agencies and legal advisory services. Additionally, it is resourced to provide in-house debt collection campaigns to improve collection of escalated debt. Work prioritisation is overseen by the Corporate Debt Group.

Table B below shows the debt escalated to the Corporate Debt Team:

**TABLE B : Debt escalation to the Corporate Debt Team**

<b>Source</b>	<b>Escalated function</b>	<b>Type of debt</b>
Council Tax	Where other debts exist as identified on Lateral, outstanding debt post liability order with no arrangement in place, or absconded debt at any stage of collection.	Personal
Business Rates	As above.	Business
Benefits Overpayments	Absconded debt at any stage of collection, fraudulent and/or large debt.	Personal
Corporate Collection Team	Absconded debt. Historical debt over 90 days.	Personal and business
Housing Temporary Accommodation	Selective former tenant debt.	Personal
Housing Management	Selective former tenant debt.	Personal
Parking	Selective in-area escalated debt.	Personal and business

The reference to debt in the above table is inclusive of any additional charges or court costs.

#### 4. Function of the Corporate Debt Group

4.1 The Corporate Debt Group consists of senior representatives from all of the collection hubs and ensures a consistent approach to debt collection across the council. It delivers in line with four key principles, namely to:

- establish a proportionate, fair and effective end-to-end approach to debt management;
- use analytics to understand the debt portfolio and drive best practice for debt management, this uses the Lateral Corporate Debt system;
- instil an ethos of fairness, built upon principles that recognise the impact debt collection has upon the vulnerable; and
- have a proportionate enforcement response to those who do not pay on time.

These principles are designed to ensure that while there is a financial imperative in debt collection, there is also a public sector responsibility to consider the whole picture and the potential impact of recovery and collection actions upon our citizens.

4.2 While the direct management of the hubs remains within services, the Corporate Debt Group has the primary requirement to:

- Use the Lateral Corporate Debt system when looking at debt within their own area and treat the debtor as a customer of the whole council and not just their service area;
- prioritise the work of the Corporate Debt Team;
- agree and support the service developments that align the council to best practice and the stated objectives of the Corporate Debt Policy;
- support services in restructuring to better deliver the objectives of the Corporate Debt Policy;
- **develop, deliver and monitor a corporate approach to income collection enforcement;**
- ensure a corporate training standard for staff undertaking debt recovery;
- oversee a cycle of continuous improvement reviews across debt recovery areas;
- ensure the development of a Lateral and other systems that facilitate the continued improvement of corporate debt collection.

4.3 Additionally, the Corporate Debt Group ensures:

- the Corporate Debt Team and the collection hubs' procedures and associated debtor engagement activities provide debtors with the maximum opportunity to repay debts affordably while avoiding punitive additional charges, such as court costs or enforcement charges;
- services are responsible for their own financial management and have procedures to minimise debt caused by administrative delays or error;
- collection hubs operate workflows and procedures that maximise collection with proportionate and appropriate consideration and adjustment to account for individual circumstances of hardship;
- **collection hubs work collaboratively in managing multiple debt; they have a holistic view of debt collection that considers the correct prioritisation of multiple debt, so that the council does not pursue collection to the detriment of its holistic aims in providing services to that household;\***
- the Corporate Debt Team pursues evasion and avoidance of debt with appropriate but proportionate vigour and assists government initiatives to prevent fraud and error, for example, the National Fraud Initiative (NFI);
- debt recovery performance is under constant review to identify opportunities to achieve efficiencies through improvements, such as sharing best practice, policy changes, process improvement, digital development, training and consolidating debt recovery functions;
- the priorities of the Corporate Debt Team align to strategic priorities;
- adherence to the Data Protection Act requirements for data sharing and information security across all income collection and debt recovery functions;
- the Corporate Debt Team and collection hubs properly employ government initiatives, such as Breathing Space, to give debtors appropriate opportunity to rationalise their debt;
- the council's approach to debt recovery co-ordinates with its welfare response to support the council's strategic aims in helping Crawley rapidly recover from the COVID-19 pandemic;
- the council's approach to debt recovery co-ordinates with its welfare response to support the council's strategic aims in respect of the Cost of Living Crisis and delivery of the Household Support Fund which is administered by WSCC.
- all aspects of collection activity are compliant with the Equalities Act

- 4.4 The Corporate Debt Group will review the Corporate Debt Policy annually to ensure it remains aligned to strategic priorities.

## **5. Scheme of Delegation**

- 5.1 Application of the Corporate Debt Policy will be in line with the delegated functions set out in the council's Scheme of Delegation to Officers and the Constitution .
- 5.1.1 All accounts that are written off will be written off against the income code against which they were raised. The VAT on written-off sundry debt accounts will only be recovered by the Council in accordance with the rules and procedures laid down by HM Customs and Excise. In practice this means that VAT on a written-off debt can only be reclaimed 6 months after the debt became due or the date of supply.
- 5.2.1 The Council recognise that where a debt is irrecoverable, prompt and regular write off of such debts is good practice. The Council will seek to minimise the cost of write-offs to the local Council Tax and Housing Rent payers by taking all necessary action to recover what is due.
- 5.2.2 All debts will be subject to the full recovery, collection and legal procedures as outlined in this policy. Irrecoverable debts will be referred to the Council's Section 151 Officer (the Head of Finance) on a six monthly basis. The limits for writing off irrecoverable debts are:
- Up to £2,500 – Head of Finance
  - £2,500 to £50,000 – Chair of Cabinet
  - Over £50,000 - Cabinet
- 5.4.1 Debts may be referred to the Section 151 Officer for write-off in the following circumstances;
- Debt remitted by a Magistrate.
  - The Council has evidence to confirm the claimant is suffering a severe physical or mental illness which renders enforcement action inappropriate.
  - The Council is unable to trace the debtor.
  - The debt is not cost-effective to pursue due to small balance.
  - The debt is not cost-effective to pursue due to the likelihood of payment balanced against the cost of proceedings.
  - The claimant has died and there are no or insufficient funds in the estate to settle the debt.
  - The claimant is subject to formal insolvency proceedings and there is little likelihood of a dividend.
  - Insufficient evidence

## **6. Best practice debt collection**

- 6.1 This policy aims to adopt fair debt collection and recovery practices, including the aspirations to:
- ensure each stage of debt collection or intervention is delivered at the earliest point to prevent the accumulation of arrears and added costs;
  - ensure customers receive reminders and messages to keep them informed of their current debt status, and that these interventions are as effective as digital development allows;
  - ensure that all debt is valid, accurate and only generated where due;
  - ensure that bills are accurate, timely and clear, indicating available payment methods and customer support;
  - provide appropriate and easy payment methods with good customer access and services to help prevent the incidence of arrears;

- provide access to contextual information so customers are clear on their responsibilities to make payment, the required timeframes to make payment, the consequences of not making a payment within the timeframe and what action to take, or advice to seek, if they have a difficulty in making a payment or dispute the amount being requested;
- make it easy for households or businesses who do fall into arrears to contact the council and agree to payment arrangements appropriate to their circumstances;
- Use the Lateral Corporate Debt system when looking at debt within their own area and treat the debtor as a customer of the whole council and not just their service area
- *The Corporate debt team must be made aware of any change of address or other changes (e.g.name) material to collection of a customer's debts if they have other debts on Lateral*
- *When making payment arrangements with the debtor other sections must be informed if the debtor appears in Lateral. The use of a corporate income and expenditure form should be used.*
- **build in mechanisms within debt collection workflows to ensure that hardship or vulnerability is identified at the earliest possible stage and as a consequence, the customer has access to appropriate support and advice regarding benefit entitlement, budget management, Breathing Space provisions and welfare/health support, this includes directing them to the Household support fund administered by WSCC;**
- filter, segment and prioritise escalated debt so appropriate action or support is put in place;
- No refunds are to be made without checking Lateral if there are debts outstanding in other areas
- have a programme of training for all staff dealing with debt and income collection to ensure they understand the council's strategic approach, its fairness principles, have the skills to negotiate debt recovery, the understanding to recognise vulnerability and the knowledge to provide appropriate support or signpost for appropriate support;
- oversee the whole debt portfolio to ensure that residual debt is actively managed, actions are proportionate and cost effective, and where appropriate, uncollectable debt is written off;
- Discretionary services can be refused if there is debt outstanding or there has been a previous bad payment history
- ensure any agencies acting on the council's behalf commit and adhere to the council's debt collection principles;
- where specific and specialised legal action is required (bankruptcy, charging orders), there is a structured approach to risk-manage individual cases within a recognised framework of legal support and for this legal support to be developed in-house to minimise costs; and
- where appropriate, commit the council to national standards of best practice.

6.2 The council is committed to maintaining best practice. To this end, the Corporate Debt Group will monitor the development of good practice in the field of income collection and debt recovery, and incorporate improvements into its strategies and procedures.

6.3 The council will seek to comply with all nationally approved debt recovery pre-action protocols and where complementary to this policy, also seek to comply with best practice protocols. This will include the following (the list is not exhaustive):

- Collection of Council Tax Arrears Good Practice Protocol (Published by Citizens Advice, June 2017);
- Stop the Knock (Published by the Money Advice Trust, September 2019);
- National Standards for Enforcement Agents (Published by the Ministry of Justice, April 2014);
- Code of Conduct and Good Practice Guide (Civil Enforcement Association (CIVEA), 2019);
- Guidance for Firms on Fair Treatment of Vulnerable Customers (Financial Conduct Authority, July 2020);

- Taking Control of Goods Regulations (2014); and
- the Debt Respite Scheme (Breathing Space) Guidance for Creditors
- Comply to the Pre-action Protocol of Debt Claims ([Debt Pre-Action Protocol](#)).

## 7. Training

- 7.1 The council is committed to training staff with the necessary skills to deliver this policy.
- 7.2 The council will seek to adopt or incorporate any programme of training that reflects any nationally approved debt recovery pre-action protocol or recognised best practice protocols, particularly in relation to the application of fairness and the recognition of vulnerability and hardship.
- 7.3 The Corporate Debt Group will set the programme of training.
- 7.4 The training programme will include cyclical refresher training to ensure standards are maintained.
- 7.5 The programme will include training in:
- negotiation;
  - recognition of vulnerability and mental health issues;
  - customer service;
  - equalities;
  - best practice;
  - personal resilience; and

## 8. Enforcement measures

- 8.1 Best practice in collection emphasises the value of pre-enforcement actions and the diminishing use of invasive or punitive collection methods. This best practice is based upon better overall outcomes in terms of debt ultimately collected, and the impact of such measures in terms of stress and the longer-term welfare objectives of supporting households to have a platform of financial stability.
- 8.2 Therefore, the council's debt collection emphasis is moving to ensuring it exercises a full range of pre-enforcement engagement with debtors to establish affordable, sustainable repayment arrangements and avoids further escalation.
- 8.3 The Corporate Debt Group oversees the council's activities in pursuing hard to collect debt. The Corporate Debt Team manages the portfolio of debt and is responsible for ensuring the portfolio is managed in accordance with the requirements of this policy. This could include discussing individual complex cases in the group.
- 8.4 When no other possible enforcement routes are available, the council will ensure that any enforcement agent activity meets the highest recognised industry standards of best practice. All service level agreements / contracts for enforcement agent services will reflect those standards. All enforcement agent services will be required to adhere to the standards of this policy. To ensure that the required standards are maintained, all agents/agencies will be required to:
- Adhere to the CIVEA Code of Practice and Ministry of Justice National Standards;
  - have the appropriate certification under the Taking Control of Goods Regulations (2014);
  - use body worn cameras in accordance with CIVEA code of practice;
  - be trained to recognise vulnerability, ensuring that appropriate support is provided to vulnerable residents where identified and that the council is made aware of the

circumstances.

- 8.5 The Council will only begin committal proceedings against any resident for Council Tax debt in the most exceptional of circumstances when all other enforcement options have been exhausted. Any actions of this nature would have to be authorised by the Head of Corporate Finance.
- 8.6 Prior to statutory methods of enforcement being taken, officers may use, where cost effective to do so, external collection agents, visits to the debtor's home by designated Council officers and telephone contact with the debtor as an alternative means of recovering sundry debts

## **Principles of Enforcement (all debts)**

The Council will follow the principles outlined below. These principles are derived from the Government's Enforcement Concordat, to which the Council is fully committed:

- Our action will be **proportional**
- Our approach will be **consistent**
- Our actions will be **transparent**

Additionally our intention will be to be firm and fair and our manner will be courteous.

Proportionality allows for a balance to be struck between the potential loss of income to the Council and the costs of compliance.

Consistency means taking a similar approach in similar circumstances to achieve similar ends. The Council aim to achieve consistency in:

- . The advice the Council gives.
- . The use of our powers.
- . The recovery procedures used.

The Council recognise that consistency does not mean simple uniformity. Officers need to take account of many variables such as:

- The social circumstances of the debtor.
- The debtor's payment history.
- The debtor's ability to pay.

Transparency is important in maintaining public confidence. It means helping people to understand what is expected of them and what they should expect from the Council. It also means explaining clearly the reasons for taking any recovery/enforcement action.

## **9. Fraud and evasion**

- 9.1 The unlawful evasion of charges, taxation or fines reduces the financial resources available to the council and has a direct impact upon all residents, businesses and other organisations that rely upon council services.
- 9.2 Unlawful evasion or fraud to avoid payment will not be tolerated and where this is identified, the council will, in addition to taking action to enforce payment, seek to impose further penalties or sanctions. This may include prosecution for such offences.
- 9.3 Where this activity impacts upon other public bodies, such as HM Revenues & Customs and other authorities, the council will work with those organisations to seek legal remedy.

- 9.4 Where debts arise through evasion or fraud, the council will seek to recover payment in full as quickly as the law regarding the nature of the debt allows.
- 9.5 Where appropriate, the council will refer matters to the Police for criminal investigation. The council is also committed to fully supporting any investigation initiated by the Police, either in response to a referral or independently.
- 9.6 The council is fully committed to support the National Fraud Initiative (NFI) which uses data matching to identify potential fraud and error with referral to the Police or other crime investigation branches as appropriate.

## **10. Complaints and disputes**

- 10.1 Any disputes raised regarding the application of this policy should, in the first instance, be raised with the relevant council service. If the dispute cannot be resolved, then it shall be dealt with in accordance with the council's Complaints Procedure.
- 10.2 Any dispute regarding an individual debt will be dealt with in compliance to the legal requirement of the collection of that individual debt. Any such dispute will only stop the continuation of the recovery process or legal mechanism if it is appropriate in the context of the specific legislation.

## **11. Use of data**

- 11.1 The council will collect and store personal data for the purposes of the effective billing, collection and recovery of sums due. Data retained for this purpose will be processed in accordance with the Data Protection Act 2018 and stored securely at all times. Data will be shared with agents or contractors appointed by the council for the purposes of the billing, collection and recovery of sums due. Data may also be shared within the council or with external organisations where the law allows and in particular, where it is in the interests of the debtor or where it will prevent fraud or the unlawful evasion of payment of sums due. Further details can be found on the [council's website](#).

## **12. Equality Impact Assessment**

- 12.1 The council has conducted an Equality Impact Assessment (EIA) in relation to the Corporate Debt Policy.
- 12.2 The EIA will be refreshed as part of the annual review of the Corporate Debt Policy.

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## EQUALITY IMPACT ASSESSMENT

<b>Name of activity:</b>	<b>Corporate Debt Policy</b>	<b>Date Completed:</b>	<b>21<sup>st</sup> December 2022</b>		
<b>Directorate / Division responsible for activity:</b>	<b>Corporate Finance</b>	<b>Lead Officer:</b>			
<b>Existing Activity</b>	<input type="checkbox"/>	<b>New / Proposed Activity</b>	<input type="checkbox"/>	<b>Changing / Updated Activity</b>	<input type="checkbox"/>

### What are the aims / main purposes of the activity? (Why is it needed? What are the main intended outcomes?)

Collect debt more efficiently  
 Look at the Debtor of the Council as a whole and not the individual debt, to enable them to manage their liability better.  
 Reduce the possibility of potential future debt, this may be by not offering discretionary services where the ability to pay is limited.

### What are the main actions and processes involved?

Staff to access the Corporate debt system, Lateral  
 Communication between departments collecting debt or providing services  
 Training new staff on the corporate policy

### Who is intended to benefit & who are the main stakeholders? (e.g. tenants, residents, customers or staff. How will they benefit?)

Crawley Borough Council  
 Staff  
 Debtors, users of services from the Council

### Have you already consulted on / researched the activity? (What consultation has taken place & what were the key findings?

What evidence already exists? Are there any gaps that need further investigation? What still needs to be done?)

The Corporate debt group was set up in 2012  
 A Corporate debt policy was published in 2012  
 In November 2021 the Corporate debt system went live which will include all debt across the Council from the various systems

**Impact on people with a protected characteristic** (What is the potential impact of the activity? Are the impacts high, medium or low?)

<b>Protected characteristics / groups</b>	<b>Is there an impact (Yes / No)</b>	<b>If Yes, what is it and identify whether it is positive or negative</b>
<b>Age</b> (older / younger people, children)	No	<u>Positive Impact</u>  <u>Negative Impact</u>
<b>Disability</b> (people with physical / sensory impairment or mental disability)	Yes	<u>Positive Impact</u> The shared data between departments will ensure no legal action will be taken until the person has been fully assessed, and this will also be considered when granting or refusing discretionary services <u>Negative Impact</u>
<b>Gender reassignment</b> (the process of transitioning from one gender to another.)	No	<u>Positive Impact</u>  <u>Negative Impact</u>
<b>Marriage &amp; civil partnership</b> (Marriage is defined as a 'union between a man and a woman'. Civil partnerships are legally recognised for same-sex couples)	No	<u>Positive Impact</u>  <u>Negative Impact</u>
<b>Pregnancy &amp; maternity</b>	No	<u>Positive Impact</u>

(Pregnancy is the condition of being pregnant & maternity refers to the period after the birth)		<u>Negative Impact</u>
<b>Race</b> (ethnicity, colour, nationality or national origins & including gypsies, travellers, refugees & asylum seekers)	No	<u>Positive Impact</u> <u>Negative Impact</u>
<b>Religion &amp; belief</b> (religious faith or other group with a recognised belief system)	No	<u>Positive Impact</u> <u>Negative Impact</u>
<b>Sex</b> (male / female)	No	<u>Positive Impact</u> <u>Negative Impact</u>
<b>Sexual orientation</b> (lesbian, gay, bisexual, heterosexual)	No	<u>Positive Impact</u> <u>Negative Impact</u>
Whilst <b>Socio economic</b> disadvantage that people may face is not a protected characteristic; the potential impact on this group should be also considered	Yes	Those that are financially disadvantaged are offered support in managing their debt, where possible on areas such as Council tax, council tax reduction is applied.

**What evidence has been used to assess the likely impacts?** (e.g. demographic profiles, research reports, academic research, benchmarking reports, consultation activities, staff surveys, customer surveys, public surveys, complaints, grievances, disciplinary cases, employment tribunal cases, ombudsman cases, media reports)

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**What resource implications are there to deliver actions from this EIA? (Quantify: people, time, budget, etc.)**

Managers from the various sections must ensure their staff follow the debt policy

**Outcome following initial assessment**

Does the activity have a <b>positive</b> impact on any of the protected groups or contribute to promoting equality, equal opportunities and improving relations within target groups?	Yes	People with disabilities and health issues together with those who are experiencing difficult circumstances will be supported with appropriate debt advice and offered discounts where available.
Does the activity have a <b>negative impact</b> on any of the protected groups, i.e. disadvantage them in any way.	No	

**Decision following initial assessment**

<b>Continue with existing or introduce new / planned activity</b>	Yes / No	<b>Amend activity based on identified actions</b>	Yes
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**Action Plan** (Has the EIA identified any positive or negative impact on any of the protected groups which requires action? E.g. adjustments to the approach or documents, changes to terminology, broadening parameters of policy, etc. If so record any actions to be undertaken and monitored)

Impact identified	Action required	Lead Officer	Deadline


<b>Monitoring &amp; Review</b>	
<b>Date of last review or Impact Assessment:</b>	n/a
<b>Date of next 12 month review:</b>	December 2023
<b>Date of next 3 year Impact Assessment (from the date of this EIA):</b>	December 2025

<b>Date EIA completed:</b>	21 <sup>st</sup> December 2022
<b>Signed by Person Completing:</b>	Steve Blacktop
<b>Date Sent to HR and Equalities Team:</b>	12/01/2023
<b>Approved by Head of Service:</b>	K Hayes 21 December 2022

NB – The original signed hard copy & an electronic copy should be kept within your Department for audit purposes. Send an electronic copy to the OD Officer in HR & Development. Also, please complete the summary document overleaf. This will be included on the Council's website.

The EIA Toolkit provides guidance on completing EIAs & HR&D can provide further advice.

# Crawley Borough Council Equality Impact Assessment



Completed Equality Impact Assessment	Key findings	Future actions
<p><b>Directorate / Division:</b></p> <p><b>Function or policy name:</b></p> <p><b>Officer completing assessment (Job title):</b></p> <p><b>Date of assessment:</b></p>	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>

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## Crawley Borough Council

### Report to Overview and Scrutiny Commission 30 January 2023

### Report to Cabinet 1 February 2023

### Corporate Plan 2023 - 2027

Report of the Leader and the Chief Executive – CEX/60

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#### 1. Purpose

- 1.1 This report sets out the Council's Corporate Plan for the period 2023 to 2027, which is attached at Appendix A.
- 1.2 The purpose of the Corporate Plan is to set out the strategic direction of the Council for the next four years, which is linked to the administration's Manifesto, the Budget Strategy and Transformation Plan.
- 1.3 The revised Corporate Plan considers external and partnership arrangements and will assist the Council's focus on delivery and meeting the intended outcomes.
- 1.4 The detail in delivering the priorities within the Corporate Plan will filter into individual services work programmes.

#### 2. Recommendations

- 2.1 To the Overview and Scrutiny Commission:

That the Commission considers and comments on the final draft Corporate Plan 2023 - 2027 and decide what comments, if any, it wishes to submit to the Cabinet.

- 2.2 To the Cabinet

The Cabinet is recommended to:

- a) Approve the Corporate Plan 2023 – 2027 (Appendix A)
- b) *Delegate authority to the Chief Executive, in consultation with the Leader, to make any minor amendments to the Corporate Plan including any changes to legislation and statutory guidance as required. (Generic Delegation 7 will be used to enact this recommendation).*
- c) Request Full Council to adopt the Corporate Plan 2023 - 2027.

#### 3. Reasons for the Recommendations

- 3.1 The Corporate Plan sets out the strategic direction of the Council for the next four years. Where necessary, it will be updated to ensure the Council's activities reflect the national and local challenges it faces.

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## 4. Background

- 4.1 There is a need to set the strategic context for the Council as requested by partners, staff and residents.
- 4.2 An agreed set of corporate priorities will:
- Ensure that the Council manages its resources effectively
  - Ensure that projects and initiatives can be delivered by the Council's services and that enough capacity is available to deliver them
  - Provide a focus for the council's Cabinet, so it can plan its work.
- 4.3 As with the previous plan 2018-22, this updated document is purposely short to inform staff of the vision and objectives of the council that will aid the effective business planning of services.
- 4.4 The document is also important to set out the priorities of the Council to local partners, stakeholders and when securing external funding.
- 4.5 The Corporate Plan consists of six key headline priority objectives which are underpinned by 33 objectives, projects and initiatives.
- 4.6 In addition, the Council will continue to deliver a range of statutory and discretionary functions which it is required or has chosen to deliver.

## 5. Information & Analysis Supporting Recommendation

- 5.1 The Corporate Plan sets out the overarching strategic direction for the Council's activities and processes that support their delivery. It also links to the Budget Strategy, Transformation Plan and services work programmes, which set out in more detail the actions that will be undertaken to deliver the priorities.
- 5.2 Draft versions of the Corporate Plan have been shared with senior management and with Cabinet members.

## 6. Implications

- 6.1 There are inevitably financial implications related to any service delivery or improvements and the Corporate Plan complements the Transformation Plan and Budget Strategy to enable the Council to deliver its priorities.
- 6.2 The priorities laid out within this document will take precedence when considering limited resources and other pressures will need to be considered on individual merits when budgets are determined. Nonetheless, these are challenging times for the local government sector, with a great deal of uncertainty. There will be difficult decisions to come. This may impact on the deliverability of some of the Council's ambitions as set out in the Corporate Plan.
- 6.3 There are no specific legal implications. Having a document that sets the strategic direction of the Council is a necessary element of good governance. The performance regime established by the Local Government Act 1999 as amended by the Local Audit and Accountability Act 2014 together with supporting legislation, requires the Council to work to achieve continuous improvement and best value. Furthermore, the Accounts and Audit (England) Regulations 2015 Regulations obliges the Council to produce an Annual Governance Statement for each accounting year evidencing how the Council has performed. The CIPFA / Solace 'Delivering Good Governance in Local Government Framework 2016' guidance sets out the required practice and that includes a clear statement of the Councils purpose and intended outcomes. The Council's Corporate Plan thus plays a vital role in the legal duty to ensure sound



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governance of the Council. The Corporate Plan is a Policy Framework Document and the process employed for its adoption is in accordance with the Council's constitution.

- 6.4 The council's Strategic Risk Register sets out the high-level risks and mitigating actions to help support delivery of the Corporate Plan priorities.

## 7. **Background Papers**

None

Report author and contact officer:

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[anna.pedlow@crawley.gov.uk](mailto:anna.pedlow@crawley.gov.uk)

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## Appendix A

### Corporate Plan 2023 - 2027

#### 1. Delivering value for money and modernising the way we work

We will:

- Continue to balance the budget (over a four-year period), by improving our efficiency, increasing income and investing ethically and wisely.
- Work to keep council tax low without compromising local services.
- Continue to deliver the Transformation Plan.
- Continue to develop digital service delivery, enabling customers to engage with council services at their convenience, via websites and self-service portals, whilst investing in technology to support digital working and self-service for CBC staff, including mobile teams.
- Transition to the New Town Hall and embed new working practices.
- Maximise the use of our assets, ensuring they deliver value for money and consider the social value of what these provide to our communities, where appropriate.

#### 2. Delivering affordable homes for Crawley and addressing homelessness

We will:

- Continue to deliver as much affordable housing as possible, particularly Council housing, through our own-build and enabling programmes for people with a local connection to Crawley and to meet our other statutory duties.
- Work collaboratively with other statutory and voluntary sector agencies in supporting those facing homelessness within the borough. Lobby government for the appropriate support with regard to temporary accommodation and those at risk of homelessness.
- Continue working with neighbouring councils in the spirit of partnership to collectively deliver housing to meet Crawley's needs through the 'duty to co-operate arrangements'.
- Deliver improvements to the management of the Council's housing stock in line with legislative reform, ensuring the customer is at the heart of service delivery and feel safe and secure in their tenancies.

#### 3. Enabling a sustainable economic recovery and improving job opportunities

We will:

- Continue to implement Crawley's "One Town" Economic Recovery Plan, which sets out our commitment for Crawley's future socio-economic prosperity, a clear path for recovery from the pandemic and a marker to Crawley's formidable reputation for economic productivity. Enable support measures to diversify the local economy and building economic resilience in the borough.
- Deliver the Crawley Growth Programme and Crawley Towns Fund Programme to provide major improvements to the town's infrastructure, including significant sustainable transport enhancements and better business, skills and community facilities.
- Unlock pathways to better job opportunities for local residents, by working with employers on apprenticeship schemes and refreshing Crawley's Employment and Skills Programme and continuing its delivery. Deliver the outcomes within the Shared Prosperity Fund Investment Plan.
- Continue to work closely with our Local Economic Partnerships to boost sustainable business growth, attract new jobs investment and empower the local resident workforce.
- Utilise our place making responsibilities and powers to drive sustainable growth, enhance Crawley as a place to do business and support economic growth through technology and hyper digital connectivity.

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- Work with partner organisations to support the green transformation of Crawley's economy and invest in the skills required to deliver this.

## 4. Reconnecting communities

We will:

- Support local groups in delivering a range of events and activities that celebrate Crawley's diversity, encourage tolerance and cohesion, and re-connect people with their wider community.
- Continue to help local voluntary and community sector organisations, through the grants process and other support to provide important services to residents.
- Continue to work proactively with our partners to sustain Crawley as a safe place to live, work and visit.
- Promote and facilitate opportunities for our residents to have their voices heard over how services are delivered, through a range of community engagement channels, including neighbourhood forums.
- Enable early intervention and support to households who are financially or socially vulnerable, through the delivery of the Shared Prosperity Fund Investment Plan and Access Crawley.
- Create a Covid-19 memorial to remember those we have lost and those whose lives have been permanently impacted by the pandemic.

## 5. Providing high quality leisure and culture facilities and supporting health and wellbeing services

We will:

- Continue to invest in and enhance the town's leisure, wellbeing and culture facilities and services, such as local parks and open spaces, Nature Centre, sports & playing pitches, play areas, K2 Crawley, the Hawth and outreach play service.
- Build on the success of Tilgate Park and the Nature Centre and continue to invest in the town's parks starting with Goffs Park improvements.
- Work with partners, residents and other key stakeholders to enhance our resident's health and wellbeing and reduce health inequalities across our town. Encourage services back to Crawley Hospital and address GP shortages in provision across the borough.

## 6. Protecting the environment

We will:

- Protect and enhance our environment by reducing the Council's and the town's Carbon footprint, through the delivery of the Climate Emergency Action Plan.
- Complete the feasibility of developing the phase 2 expansion of the town centre District Heat Network. Subject to the outcome of the feasibility study, progress the business case and development of the phase 2 expansion of the Heat Network.
- Continue to reduce, reuse and recycle our waste, providing the mechanisms to encourage residents to reduce the amount of residual waste they produce.
- Continue to seek measures to improve the air quality across the Borough.
- Revise the Crawley Local Plan 2022- 2037 to ensure that it remains up to date and reflects the key issues and growth challenges facing the town.
- Continue to provide a safe, clean and well-maintained town.
- Strive to deliver commitments to net zero through the Council's housing stock, seeking and maximising opportunities through external funding sources. Encourage the private sector to make changes as well, in consultation with the Council.
- Reduce the consumption of water in the borough and supporting water neutral development through reducing water consumption in the Council's housing stock and buildings.

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