

# Crawley Borough Council

## Cabinet

Agenda for the **Cabinet** which will be held in **Committee Room C - Town Hall**, on **Wednesday, 29 November 2023** at **7.00 pm**

Nightline Telephone No. 07881 500 227



**Chief Executive**

**Membership:**

**Councillors**

M G Jones (Chair)

I T Irvine

Y Khan

C J Mullins

S Mullins

A Nawaz

B Noyce

T Rana

Leader of the Council

Cabinet Member for Housing

Cabinet Member for Public Protection

Cabinet Member for Leisure and Wellbeing

Cabinet Member for Community Engagement and Culture

Deputy Leader of the Council & Cabinet

Member for Planning and Economic

Development

Cabinet Member for Environment,

Sustainability and Climate Change

Cabinet Member for Resources

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West Sussex  
RH10 1UZ

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

## Part A Business (Open to the Public)

	<b>Pages</b>
<b>1. Apologies for Absence</b>	
<b>2. Disclosures of Interest</b>	
In accordance with the Council's Code of Conduct, councillors are reminded that it is a requirement to declare interests where appropriate.	
<b>3. Minutes</b>	5 - 10
To approve as a correct record the minutes of the Cabinet held on 27 September 2023.	
<b>4. Public Question Time</b>	
To answer any questions asked by the public which are relevant to the functions of the Cabinet.	
Public Question Time will be concluded by the Chair when all questions have been answered or on the expiry of a period of 15 minutes, whichever is the earlier.	
<b>5. Further Notice of Intention to Conduct Business in Private and Notifications of any Representations</b>	
The Monitoring Officer will report on any responses to representations received in relation to why item(s) 15: <i>Crawley Innovation Centre - Additional Towns Fund Monies</i> should not be held in Part B Business – (Closed to the Public).	
<b>6. Matters referred to the Cabinet and Report from the Chair of the Overview and Scrutiny Commission</b>	
To consider any matters referred to the Cabinet (whether by a scrutiny committee or by the Council) and those for reconsideration in accordance with the provisions contained in the Scrutiny Procedure Rules, the Budget Procedure Rules and the Policy Framework Procedure Rules set out in Part 4 of the Council's Constitution.	
<b>7. 2023/2024 Budget Monitoring - Quarter 2</b>	11 - 28
The Leader's Portfolio	
To consider report FIN/635 of the Head of Corporate Finance, which was referred to the meeting of the Overview and Scrutiny Commission on 27 November 2023.	

	<b>Pages</b>
<p><b>8. Budget Strategy 2024/25 – 2026/27</b></p> <p>The Leader’s Portfolio</p> <p>To consider report FIN/636 of the Head of Corporate Finance, which was referred to the meeting of the Overview and Scrutiny Commission of 27 November 2023.</p>	29 - 42
<p><b>9. Treasury Management Mid Year Review 2023-2024</b></p> <p>The Leader’s Portfolio</p> <p>To consider report FIN/637 of the Head of Corporate Finance, which was referred to the meeting of the Overview and Scrutiny Commission on 27 November 2023.</p>	43 - 56
<p><b>10. Crawley Station Gateway - Phase 1</b></p> <p>Planning and Economic Development Portfolio</p> <p>To consider report PES/443 of the Head of Economy and Planning, which was referred to the meeting of the Overview and Scrutiny Commission on 27 November 2023.</p>	57 - 72
<p><b>11. Western Boulevard Scheme - Crawley Growth Programme</b></p> <p>Planning and Economic Development Portfolio</p> <p>To consider report PES/442 of the Head of Economy and Planning, which was referred to the meeting of the Overview and Scrutiny Commission on 27 November 2023.</p>	73 - 78
<p><b>12. Forward Programme of Key Programmes (January – June 2024)</b></p> <p>The Leader’s Portfolio</p> <p>To consider report FIN/634 of the Head of Corporate Finance.</p>	79 - 82
<p><b>13. Supplemental Agenda</b></p> <p>Any urgent item(s) complying with Section 100(B) of the Local Government Act 1972.</p>	
<p><b>14. Exempt Information – Exclusion of the Public (Subject to Agenda Item 5)</b></p> <p>The Committee is asked to consider passing the following resolution:- That under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act by virtue of the paragraphs specified against the item.</p>	

## Part B Business (Closed to the Public)

### 15. **Crawley Innovation Centre - Additional Towns Fund Monies**

Planning and Economic Development Portfolio

*Exempt Paragraph 3*

*Information relating to financial and business affairs of any particular person (including the Authority holding that information)*

To consider report PES/449 of the Head of Economy and Planning, which was referred to the meeting of the Overview and Scrutiny Commission at its meeting on 27 November 2023.

(Report to be circulated separately as agreed by the Leader).

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## Crawley Borough Council

### Minutes of Cabinet

Wednesday, 27 September 2023 at 7.00 pm

#### Councillors Present:

M G Jones (Chair)	Leader of the Council
I T Irvine	Cabinet Member for Housing
C J Mullins	Cabinet Member for Leisure and Wellbeing
S Mullins	Cabinet Member for Community Engagement and Culture
A Nawaz	Deputy Leader of the Council & Cabinet Member for Planning and Economic Development
B Noyce	Cabinet Member for Environment, Sustainability and Climate Change
T Rana	Cabinet Member for Resources

#### Also in Attendance:

Councillor D Crow and M L Ayling

#### Officers Present:

Russell Allison	Housing Enabling and Development Manager
Siraj Choudhury	Head of Governance, People & Performance
Amanda Kendall	Head of Crawley Homes
Carolin Martlew	Head of Corporate Finance
Mez Matthews	Democratic Services Officer
Becca Williams	Procurement Manager

#### Apologies for Absence:

Ian Duke                      Chief Executive

#### Absent

Councillor Y Khan

#### 1. Disclosures of Interest

No disclosures of interests were made.

# Agenda Item 3

Cabinet (17)  
27 September 2023

## 2. Minutes

The minutes of the meeting of the Cabinet held on 6 September 2023 were approved as a correct record and signed by the Leader.

## 3. Public Question Time

There were no questions from the public.

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

It was reported that no representations had been received in respect of agenda item 11: *Proposed Land Disposal of St Catherine's Hospice Site* and agenda item 12: *Future Acquisitions for Affordable Housing Delivery*.

## 5. Matters referred to the Cabinet and Report from the Chair of the Overview and Scrutiny Commission

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

## 6. 2023/2024 Budget Monitoring – Quarter 1

The Leader presented report [FIN/633](#) of the Head of Corporate Finance on the 2023/2024 Budget Monitoring Quarter 1 report. The report set out a summary of the Council's actual revenue and capital spending for the quarter to June 2023 together with the main variations from the approved spending levels and impact on future budgets.

Councillor Ayling presented the Overview and Scrutiny Commission's comments on the report [OSC/314](#) to the Cabinet following consideration of the matter at its meeting on 25 September 2023. The comments highlighted that the Head of Corporate Finance had confirmed that the pay award variation was £280k as quoted in Appendix 1(ii) of report FIN/633.

Councillor Crow was invited to speak on the item and, in doing so, stressed that the housing issue was currently a dominating matter. In response to comments made by Councillor Crow, the Leader confirmed that clarity was needed on the New Burdens funding and additional funding to ease the housing issues was also being actively looked into.

Councillors Irvine and C Mullins spoke as part of the discussion on the report.

**RESOLVED**

# Agenda Item 3

Cabinet (18)  
27 September 2023

That the Cabinet:

- a) Agrees to note the projected outturn for the year 2023/2024 as summarised in report [FIN/633](#).
- b) Approves a supplementary capital estimate of £70,000 required for data migration to the new Benefits Online and Document Management System this will be funded from the Welfare Reform Reserve. (para 8.7 of report [FIN/633](#)).
- c) Approves a supplementary capital estimate of £169,100 for the repair of the Pit Lift at the Hawth Theatre funded by £120,300 from the revenue programme maintenance budget and £48,800 from capital receipt. (para 8.8 of report [FIN/633](#)).

That Full Council be asked to:

- a) Approve the addition to the Capital Programme of £1,052,466 for Disabled Facility Grants funded from the Better Care Fund. (para 8.4 of report [FIN/633](#)).
- b) Approve a supplementary capital estimate of £6,000,000 for HRA acquisitions of land or dwellings to be funded from 1-4-1 receipts of £2,400,000 and £3,600,000 of borrowing. (para 8.9 of report [FIN/633](#)).
- c) Approve the addition to the HRA Programme Maintenance budget of £6,792,086, this will be funded from SHDF Wave 2 Grant. (para 8.9 of report [FIN/633](#)).

## Reasons for the Recommendations

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

## 7. Shared Procurement Service: Joint Procurement Strategy 2024 - 2030

The Leader presented report [FIN/629](#) of the Head of Corporate Finance. The report sought approval of the Joint Strategy for the shared procurement service.

The Cabinet expressed its unanimous support for the Strategy and the Leader thanked the Procurement Team for its hard work.

## RESOLVED

That the Cabinet approves and adopts the Shared Procurement Service Joint Procurement Strategy 2024–2030, attached as [Appendix A](#) to report [FIN/629](#).

## Reasons for the Recommendations

The spend across the four councils is over £100m and is crucial to the way we deliver our core and discretionary services to our local communities. How the councils' source and deliver these services has a direct impact on the ways in which local people, communities and businesses judge the value that we provide and the quality of outcomes that we achieve.

The Joint Procurement Strategy establishes the Council's approach to buying these goods, works and services in a legally compliant and cost-effective way, whilst meeting sustainability and social value outcomes.

## 8. Exempt Information – Exclusion of the Public (Subject to Agenda Item 5)

### RESOLVED

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

## 9. Proposed Land Disposal of St Catherine's Hospice Site

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

The Cabinet Member for Housing presented report SHAP/88 of the Head of Strategic Housing. The report sought to proceed with the disposal of the Council-owned land at Malthouse Road, and to lift the Restriction on Title on part of the site that was owned by the Hospice, in collaboration with St Catherine's Hospice surrendering their lease on the Council-owned land and the disposal of the land in their control, to achieve the proposal as detailed in the report. The proposal aimed to preserve the legacy of the site and to achieve significant social value in the continued provision of care and support, that was inclusive of on-site affordable housing.

Councillor Ayling presented the Overview and Scrutiny Commission's comments on the report [OSC/314](#) to the Cabinet following consideration of the matter at its meeting on 25 September 2023.

The Cabinet was pleased that the proposal aimed to preserve the legacy of the site and that it would enable residents to remain close to their family, friends and established life.

The majority of the Cabinet spoke as part of the discussion on the report.

### RESOLVED

That the Cabinet:

- a) Approves the disposal of the Council's land assets on the Malthouse Road site in order to achieve the preferred outcome as detailed in section 6 below, and to accept the outcome of the land receipt as detailed in section 5 below.
- b) Delegates the negotiation, approval and completion of all relevant legal documentation, to the Head of Strategic Housing, the Head of Corporate Finance



# Agenda Item 3

Cabinet (20)  
27 September 2023

and the Head of Governance, People and Performance, in consultation with the Cabinet Member for Housing and the Leader of the Council.  
*(Generic Delegations 2 and 3 will be used to enact this recommendation).*

## **Reasons for the Recommendations**

The Hospice is due to relocate to their new premises at Pease Pottage by end-2023, and they are aiming to surrender their lease on the Council-owned land, and to dispose of their freehold interests in the remainder of the site, including a portion of the site over which the Council has placed a Restrictive Covenant.

The combined freehold interests held by the Council and the Hospice results in an assembled site that is jointly capable of achieving a greater outcome than if they were brought forward independently, and both parties are collaborating towards achieving this objective, whereby the Council is requested to dispose of its freehold interest alongside the Hospice disposing of their freehold interests.

As part-landowner, and in line with the Council's emerging Local Plan, the Council has restricted the future use of this assembled site for the continued provision of a care facility or to provide sheltered accommodation, and the market has been assessed accordingly, with the preferred outcome as further detailed in this report.

## **10. Future Acquisitions for Affordable Housing Delivery**

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

The Cabinet Member for Housing presented report CH/201 of the Head of Crawley Homes. The report sought approval to acquire affordable housing opportunities from the market, to be funded from the HRA Acquisitions Budget for Crawley Homes ownership.

Councillor Ayling presented the Overview and Scrutiny Commission's comments on the report [OSC/314](#) to the Cabinet following consideration of the matter at its meeting on 25 September 2023.

The Cabinet was assured that space standards would be guaranteed within the housing developments. The Leader commented it was a positive report which would help unlock housing opportunities.

## **RESOLVED**

That the Cabinet:

- a) Agrees that the acquisition methods, listed in Section 5.1 of report CH/201, be made available to relevant officers to maximise the Council's opportunity to purchase land and housing schemes for affordable housing delivery purposes, and that the Full Council be requested to delegate authority to the Monitoring Officer, in consultation with the Head of Corporate Finance, the Leader of the Council and the Chair of the Governance Committee that the Constitution (and its associated documents) be updated accordingly.

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Cabinet (21)  
27 September 2023

- b) Agrees to proceed with the acquisition of the off-plan 'turnkey' purchase as referenced in Section 5.2 of report CH/201, subject to satisfactory due diligence and procurement compliance and budget availability.
- c) Agrees to proceed with the land acquisition as referenced in Section 5.3 of report CH/201, subject to satisfactory due diligence and procurement compliance and budget availability.
- d) That, subject to recommendations (b) and (c) being approved, delegates authority to the Leader of the Council in consultation with the Cabinet Member for Housing, Head of Strategic Housing/Head of Crawley Homes (as appropriate), Head of Governance, People & Performance to approve the award of the contract (including a procurement process if necessary).
- e) That, subject to recommendations (b) and (c) being approved, delegates the negotiation, approval (including a procurement process if necessary) and completion of all relevant legal documentation to secure additional affordable housing for the acquisitions identified in Sections 5.2 and 5.3 of report CH/201 to the Head of Crawley Homes/Head of Strategic Housing (as appropriate), Head of Corporate Finance and Head of Governance, People & Performance, in consultation with the Leader of the Council and the Cabinet Member for Housing. (*Generic Delegations 2 & 3 will be used to enact this recommendation*).

## **Reasons for the Recommendations**

The Council has an active housing delivery programme aimed at addressing the pressing need for affordable housing in the borough, where Crawley has a limited land supply, and opportunities need to be explored from across the market, which may arise in a range of different forms, and Officers require the authority to explore viable options that may arise, and to proceed into contract when appropriate, following the necessary consultation.

## **Closure of Meeting**

With the business of the Cabinet concluded, the Chair declared the meeting closed at 7.58 pm

**M G JONES**  
Chair

# Agenda Item 7

## Crawley Borough Council

### Report to Overview and Scrutiny Commission

27<sup>th</sup> November 2023

### Report to Cabinet

29<sup>th</sup> November 2023

## 2023/2024 Budget Monitoring - Quarter 2

### Report of the Head of Corporate Finance FIN/635

#### 1. Purpose

- 1.1 The report sets out a summary of the Council's actual revenue and capital spending for the second quarter to September 2023. It identifies the main variations from the approved spending levels and any potential impact on future budgets.

#### 2. Recommendations

- 2.1 To the Overview and Scrutiny Commission:

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

- 2.2 To the Cabinet:

The Cabinet is recommended to:

- a) **Agree to note the projected outturn for the year 2023/2024 as summarised in this report.**
- b) **Approve the addition to the Capital Programme of £202,191 for CCTV funded by £59,300 contribution from Sussex Police, £33,291 from S106 and £109,600 from capital receipts. (para 8.3)**
- c) **Approve the addition to the Capital Programme of £50,000 for the replacement of the Hawth Main Theatre Lights funded from the K2 Crawley and Hawth replacement reserve. (para 8.4)**

#### 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.

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4.2 Budget monitoring is undertaken monthly 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.

4.3 This report outlines the projected outturn for 2023/2024 as at the end of September 2023.

## 5. Budget Monitoring Variations

### 5.1 General Fund

The table below summarises the projected variance for the financial year ending 31 March 2024 and the forecast draw on reserves.

	Quarter 2 Projection £'000	Quarter 1 Projection £'000
Forecast Service Overspend	3,772	2,885
Investment Interest	(1,256)	(994)
MRP Adjustment	(778)	0
<b>Forecast Net Overspend</b>	<b>1,738</b>	<b>1,891</b>
Budgeted Transfer from Reserves	262	262
<b>Total Forecast Transfer from Reserves</b>	<b>2,000</b>	<b>2,153</b>

General Fund Balance 01/04/2023	6,000	6,000
Use of General Fund Balance 23/24	(2,000)	(2,153)
Transfer in from Earmarked Reserves (As Per Budget Strategy)	365	0
<b>Closing Balance 31/03/2024</b>	<b>4,365</b>	<b>3,847</b>

<b>General Fund <u>Minimum</u> balance</b>	<b>3,000</b>	<b>3,000</b>
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5.2 Homelessness continues to be a significant pressure on the Council's budget. The forecast at Q2 is for £6.5m to be spent on temporary accommodation this financial year and has resulted in a forecast overspend of £2.7m against budget. The acquisition of 6-9 Ifield Road should help to mitigate further growth; however, this is difficult to forecast. Work remains ongoing to maximise income and collection rates where possible.

5.3 Additional investment income of £1.3m will be achieved because of slippage in the capital programme, resulting in higher than budgeted balances, coupled with increases to interest rates.

5.4 Minimum Revenue Provision (MRP) – where the Council has used borrowing (either internal or external) it is required to set aside money each year from its revenue account to make sure it can afford to repay the debt. The provision must be prudent and the Council can make a voluntary overpayment. In 2023/24 the Council is going to take an in year saving on MRP due to a previous voluntary overpayment. This amounts to £778,000. The Council's MRP relates to the appropriation of garages from the HRA to the General Fund and technical adjustments also identify future year

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savings by switching the calculation to an annuity basis rather than straight line so that MRP begins lower but increases in line with income received. Further details on future years are available in the budget strategy elsewhere on this agenda.

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

## 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. There have been no virements in this quarter.

## 7. Housing Revenue Account (HRA) (Crawley Homes) – Revenue

- 7.1 The HRA is a ring-fenced account that records expenditure and income on the Council's own housing stock and closely related services or facilities, which are provided primarily for the benefit of the Council's own tenants.

- 7.2 The table below provides details of the 2023/2024 HRA variances projected to the end of the financial year.

	<b>Q2 Variation £000</b>	<b>Q1 Variation £000</b>
Forecast Overspend	1,133	1,663
Budgeted Transfer to Reserve	(20,846)	(20,846)
<b>Total Forecast Transfer to Reserve</b>	<b>(19,713)</b>	<b>(19,183)</b>

- 7.3 The forecast overspend at Q2 on the repairs contract with Mears and Wates is expected to reduce by £400k from Q1 to a total overspend of £2m. This is due to the number of repairs being slightly lower than forecast at Q1. However, material and labour costs continue to remain high.

- 7.4 This is expected to be partly mitigated by additional investment income of £1.165m due to slippage in the capital programme, resulting in higher than budgeted balances, coupled with increases to interest rates.

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

## 8. Capital

- 8.1 The table below shows the 2023/24 projected capital outturn and proposed carry forward into 2024/25. Further details on the Capital Programme are provided in Appendix 2 to this report.

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	Latest Budget 2023/24	Spend to Q2 2023/24	Estimated Outturn 2023/24	(Under)/over Spend	Re-profiled to/(from) future years
	£000's	£000's	£000's	£000's	£000's
Joint Responsibility	4,921	371	4,011	0	910
Cabinet	333	119	333	0	0
Environmental Services, Sustainability & Climate Change	3,507	160	3,522	15	0
Housing Services	4,799	3,542	4,799	0	0
Planning & Economic Development	8,566	730	8,412	0	154
Resources	1,082	291	1,082	0	0
Leisure and Wellbeing	1,697	624	1,628	3	72
<b>Total General Fund</b>	<b>24,905</b>	<b>5,837</b>	<b>23,787</b>	<b>18</b>	<b>1,136</b>
<b>Council Housing</b>	<b>28,223</b>	<b>12,321</b>	<b>25,695</b>	<b>0</b>	<b>2,528</b>
<b>Total Capital</b>	<b>53,128</b>	<b>18,158</b>	<b>49,482</b>	<b>18</b>	<b>3,664</b>

8.2 The Joint Responsibility capital budget includes the Old Town Hall Site Redevelopment project. The budget of £750,000 for demolition works will slip into 2024/25. Work is progressing to review the best options for the redevelopment of this site.

8.3 There has been an unexpected end to the CCTV lease agreement, which was coordinated by Sussex Police via the Sussex CCTV Partnership Agreement. Additionally, the old network used analogue circuits which are no longer supported meaning new 4/5G or Fibre digital connections are needed. Therefore, it is recommended that £202,191 be added to the capital programme and be funded by £59,300 contribution from Sussex Police, £33,291 from S106 and £109,600 from capital receipts.

**Recommendation 2.2(b): Approve the addition to the Capital Programme of £202,191 for CCTV funded by £59,300 contribution from Sussex Police, £33,291 from S106 and £109,600 from capital receipts.**

8.4 The Hawth Main Theatre Lights are beginning to fail and need replacing at a cost of £50,000. In the Q1 Monitoring Report 2023/24 FIN/633 it was approved to replace the Hawth Theatre Pit Lift due to a window of opportunity to have the works completed in January 2024. The same window of opportunity would allow this works to be carried out without any additional disruption.

**Recommendation 2.2(c): Approve the addition to the Capital Programme of £50,000 for the replacement of the Hawth Main Theatre Lights funded from the K2 Crawley and Hawth replacement reserve.**

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## Housing Revenue Account (HRA) (Crawley Homes) – Capital

### HRA Programme Maintenance

- 8.5 The Crawley match funding for the Social Housing Decarbonisation Fund Wave 2 has slipped £2,450,000 into 2024/25. This is a new area of work which has taken time to set up a sustainable supply chain and to get the right skills within the industry. These are both now in place to ensure delivery of the works going forward.
- 8.6 From the 1 April 2021 the reporting of the use of Right to Buy 1-4-1 receipts to the Department for Levelling Up, Housing & Communities (DHLUC) 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 (RTB) receipts.
- 8.7 Within the second quarter of 2023/24 the Council sold **one** Council House with a sale value of £227,800 compared to 17 in the second quarter of last year. For 2023/24 the amount that would have been paid over to the Government can be retained by the Council under the 1-4-1 flexibility scheme. [The 1-4-1 arrangement is one where the Council retains a larger proportion of right to buy receipts than they otherwise would, in return for a commitment to spend the additional receipts on building or acquiring properties.]

## 9. Treasury Management

- 9.1 The Head of Corporate Finance reports 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. This is detailed in the report to Cabinet Treasury Management Mid-Year Review 2023/2024.

## 10. Background Papers

[Budget Strategy Mid-Year Review 2022 - FIN/596](#)  
[2023/2024 Budget and Council Tax - FIN/606](#)  
[Treasury Management Strategy 2023/2024 - FIN/608](#)  
[Treasury Management Outturn 2022-2023 - FIN/624](#)  
[Financial Outturn 2022/2023: Budget Monitoring - FIN/623](#)  
[2023/2024 Budgeting Monitoring – Quarter 1 FIN/633](#)

Contact Officer: - Vicki Basley, Chief Accountant.  
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# Agenda Item 7

Appendix 1 (i)

## REVENUE MONITORING SUMMARY 2023/24 GENERAL FUND

	Latest Budget £000's	Projected Outturn £000's	Variance £000's
Cabinet	(4,484)	(4,146)	338
Community Engagement & Culture	1,976	1,960	(16)
Environment, Sustainability & Climate Change	5,010	5,112	102
Housing	4,533	7,329	2,796
Leisure & Wellbeing	8,992	9,180	188
Planning & Economic Development	2,039	2,139	100
Public Protection	894	891	(3)
Resources	421	688	267
	19,381	23,153	3,772
Depreciation	(3,729)	(3,729)	0
Renewals Fund	500	500	0
<b>NET COST OF SERVICES</b>	16,152	19,924	3,772
Investment Interest	(1,607)	(2,863)	(1,256)
MRP	778	0	(778)
Council Tax	(8,221)	(8,221)	0
RSG	(223)	(223)	0
NNDR	(5,661)	(5,661)	0
New Homes Bonus	(275)	(275)	0
Service Grant	(142)	(142)	0
5% Funding Guarantee	(539)	(539)	0
<b>Net contribution from / (-to) Reserves</b>	<b>262</b>	<b>2,000</b>	<b>1,738</b>



**Main Variations identified for 2023/24 - General Fund Appendix 1 (ii)**

	<b>Q2 Projected Variation £000's</b>	<b>Q1 Projected Variation £000's</b>	<b>Further Description</b>
<b>Cabinet</b>			
Pay Award	280	280	£1,925 per scale point, not yet agreed.
Covid Lost Income	(100)	(100)	Current year budget includes a £400k provision for lost income, not forecast to be used in full
Create Building	111	0	Shortfall in income due to delays letting upper floors after using Town Hall Equalisation Reserve, £600k budget.
Minor Variations	47	43	
	<b>338</b>	<b>223</b>	
<b>Community Engagement &amp; Culture</b>			
Community Development Vacancy	(21)	0	Vacancy in the team, not currently planning to fill
Minor Variations	5	1	
	<b>(16)</b>	<b>1</b>	
<b>Environment, Sustainability &amp; Climate Change</b>			
Environmental Health Team Vacancy Provision	39	39	Vacancy provision not met
Port Health Income	27	24	Consignments through Gatwick lower than pre-pandemic. Some signs of improvement
Minor Variations	36	29	
	<b>102</b>	<b>92</b>	
<b>Housing</b>			
Homelessness	2,692	1,919	Households in TA continued to rise during quarter 2, work is ongoing to mitigate these costs where possible, include maximisation of income and collection.
Chagossian team - £200k Supplementary Budget	122	111	
Minor Variations	(18)	(25)	
	<b>2,796</b>	<b>2,005</b>	
<b>Leisure &amp; Wellbeing</b>			
Path/Bridge Maintenance	118	120	Urgent works required for health and safety
Community Centres	61	0	Urgent boiler repair and essential equipment

Patch Working Vacancy Provision	34	34	Vacancy provision not met
Minor Variations	(25)	16	
	<b>188</b>	<b>170</b>	
<b>Planning &amp; Economic Development</b>			
Development Management Vacancy Provision	52	34	
Building Control - Water Neutrality & Building Regulations	50	50	Fee income has reduced due to water neutrality and changes to building regulations delaying residential schemes coming forward.
Minor Variations	(2)	11	
	<b>100</b>	<b>95</b>	
<b>Public Protection</b>			
NASB Team Vacancies	(66)	(66)	Ongoing savings within the team, some delays to in year recruitment.
Licencing Income	82	87	License numbers lower than expected, separate report on increase fees to be cost neutral.
Minor Variations	(19)	0	
	<b>(3)</b>	<b>21</b>	
<b>Resources</b>			
Elections	(20)	(21)	Vacancy expected to be filled
External Legal Advice	51	51	Specialist legal advice required outside the team's expertise.
Town Hall Business Rates	248	248	The rateable value has now been assigned to the new town hall; this is an additional ongoing cost of £248k
Minor Variations	(12)	0	
	<b>267</b>	<b>278</b>	
<b>Sub Total</b>	<b>3,772</b>	<b>2,885</b>	
Investment Interest	(1,256)	(994)	Higher than expected balances due to slippage in the capital programme, coupled with higher interest rates.
MRP	(778)	0	Technical adjustment to the Council's Minimum Revenue Provision due to a previous overpayment. This will also be a saving in 24/25.
<b>Total Projected Overspend</b>	<b>1,738</b>	<b>1,891</b>	

# Agenda Item 7

Appendix 1 (iii)

## QUARTER 2

<b>HOUSING REVENUE ACCOUNT</b>			
	<b>Latest Estimate</b>	<b>Projected Outturn</b>	<b>Variation</b>
	£'000s	£'000s	£'000s
<b>Income</b>			
Rental Income	(51,503)	(51,503)	0
Other Income	(1,949)	(1,964)	(15)
Interest received on balances	(315)	(1,480)	(1,165)
<b>Total income</b>	<b>(53,767)</b>	<b>(54,947)</b>	<b>(1,180)</b>
<b>Expenditure</b>			
Employees	4,537	4,610	73
Repairs & Maintenance	14,775	16,818	2,043
Other running costs	2,471	2,668	197
Support services	3,096	3,096	0
	<b>24,879</b>	<b>27,192</b>	<b>2,313</b>
<b>Net (Surplus) / Deficit</b>	<b>(28,888)</b>	<b>(27,755)</b>	<b>1,133</b>
<b>Use of Reserves:</b>			
Debt Interest Payments	8,042	8,042	0
Depreciation, Revaluation & Impairment	8,131	8,131	0
Financing of Capital Programme & Transfer to Housing Reserve for Future Investment	12,715	11,582	(1,133)
<b>Total</b>	<b>28,888</b>	<b>27,755</b>	<b>(1,133)</b>

**Main Variations Identified - Housing Revenue Account**

	<b>Q2 Variation £000's</b>	<b>Q1 Variation £000's</b>	<b>Further Description</b>
<b>Income</b>			
Interest Income	(1,165)	(1,021)	Higher than expected balances due to slippage in the capital programme, coupled with higher interest rates.
Minor Variations	(15)	(15)	
	<b>(1,180)</b>	<b>(1,036)</b>	
<b>Expenditure</b>			
<b>Employees</b>			
Pay Award Costs	100	100	£1,925 per scale point, not yet agreed.
Maternity Cover	50	39	The responsive repairs team had to recruit a temporary resource to cover a member of staff on maternity leave.
Vacancies in Housing Management Team	(44)	(44)	There were several vacancies in the housing management team during Q1, which are expected to be filled throughout the year.
Transfer of Garage Staff to General Fund	(42)	0	As agreed in a growth bid submitted during 2022/23, consultation has now been completed and three members of staff have been moved from the HRA to the Garages team in the General Fund to manage lettings to maximise income.
Minor Variations	9	(8)	
	<b>73</b>	<b>87</b>	
<b>Repairs &amp; Maintenance</b>			
Repairs Contract Overspend	2,000	2,400	The previously reported overspend on the repairs contract is expected to reduce because of the total number of repairs for Mears and Wates being lower than forecast at Q1.
Cyclical and Planned Servicing	40	22	Costs of materials and labour continue to remain high.
Minor Variations	3	0	
	<b>2,043</b>	<b>2,422</b>	

<b>Other Running Costs</b>			
Council Tax on Void Properties	110	120	Longer void periods have increased the Council Tax the HRA is liable for.
Housing Ombudsman	40	40	The Housing Ombudsman subscription has increased again to £5.75 per property compared to £4.60 last year and just £2.16 in 2021/22. Future years budgets will need adjusting.
Decant Costs	24	0	There have been an increased number of decants this financial year.
Minor Variations	23	30	
	<b>197</b>	<b>190</b>	
<b>Total Projected Overspend</b>	<b>1,133</b>	<b>1,663</b>	

2023/24 Qtr. 2 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	Revised Budget 2023/24	Spend to Date	Projected Outturn	(Under)/ Over Spend	Slippage
	£	£	£	£	£
New Town Hall Complex *	3,741,731	275,839	3,741,731		
Town Hall splitting of floors		73,994			
Old Town Hall Site Redevelopment	750,000				750,000
Heat Network		5,875			
<b>New Town Hall Redevelopment - Joint responsibility</b>	<b>4,491,731</b>	<b>355,708</b>	<b>3,741,731</b>	<b>0</b>	<b>750,000</b>
Town Centre Fund					
Project Jupiter	270,000	15,693	270,000		
ASK Renovations	160,000				160,000
<b>Joint responsibility</b>	<b>4,921,731</b>	<b>371,401</b>	<b>4,011,731</b>	<b>0</b>	<b>910,000</b>

Budget 2024/25	Budget 2025/26	Budget 2026/27	Future Years
£	£	£	£
100,000			
750,000			
<b>850,000</b>			
355,000			
423,538			
160,000			
<b>1,788,538</b>	<b>0</b>	<b>0</b>	<b>0</b>

Garages	332,613	118,662	332,613		
<b>Cabinet</b>	<b>332,613</b>	<b>118,662</b>	<b>332,613</b>	<b>0</b>	<b>0</b>

338,897	300,000		
<b>338,897</b>	<b>300,000</b>	<b>0</b>	<b>0</b>

<b>Environmental Services and Sustainability &amp; Climate Change</b>					
Muslim Burial Ground Cemetery	30,000	10,555	30,000		
District Heat Network Phase 2	186,651	27,840	186,651		
Flooding Emergency Works	84,976	4,750	84,976		
Tilgate Lake Bank Erosion	145,944	117,100	145,944		
Waste Vehicles 2023	3,000,000		3,014,856	14,856	
Climate Change Initiative	59,128		59,128		

39,514			

Scheme Description	Revised Budget 2023/24	Spend to Date	Projected Outturn	(Under)/Over Spend	Slippage
	£	£	£	£	£
<b>TOTAL ENVIRONMENTAL SERVICES &amp; SUSTAINABILITY &amp; CLIMATE CHANGE PORTFOLIO</b>	<b>3,506,699</b>	<b>160,245</b>	<b>3,521,555</b>	<b>14,856</b>	<b>0</b>

Budget 2024/25	Budget 2025/26	Budget 2026/27	Future Years
£	£	£	£
<b>39,514</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Housing Enabling (General Fund)</b>					
Temp Accommodation Acquisitions	3,500,000	3,012,043	3,500,000		
Disabled Facilities Grants	1,280,306	525,066	1,280,306		
Improvement/Repair Loans	18,552	4,764	18,552		
<b>TOTAL HOUSING (GENERAL FUND) PORTFOLIO</b>	<b>4,798,858</b>	<b>3,541,873</b>	<b>4,798,858</b>	<b>0</b>	<b>0</b>

5,437,208			
1,052,466			
<b>6,489,674</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Planning and Economic Development</b>					
Crawley Fusion Innovation Centre	2,132,539	157,932	1,978,979		153,561
Crawley Growth Programme					
Queensway	3,513	165	3,513		
Town Centre Signage and Wayfinding	9,532		9,532		
Town Centre General					
Manor Royal Cycle Improvements	1,775,935		1,775,935		
Town Centre Western Boulevard (cycle improvements)	50,000	28,939	50,000		
Manor Royal Super Hub					
Station Gateway	97,866	8,980	97,866		
Town Centre Super Hub					
Town Centre Commercial Space Development	100,000	8,250	100,000		
Three Bridges Station	118,528	14,029	118,528		
<b>Total Crawley Growth Programme</b>	<b>2,155,374</b>	<b>60,363</b>	<b>2,155,374</b>	<b>0</b>	<b>0</b>
<b>Towns Fund</b>					

2,378,881			
100,000			
71,100			
794,824			
263,028			
570,000	4,390,000	1,836,008	
	74,231		
935,000	4,901,847		
300,000	850,000	118,865	
<b>3,033,952</b>	<b>10,216,078</b>	<b>1,954,873</b>	<b>0</b>

Scheme Description	Revised Budget 2023/24	Spend to Date	Projected Outturn	(Under)/ Over Spend	Slippage
	£	£	£	£	£
Manor Royal Business Environment Improvement Programme	500,000	125,000	500,000		
Green Business Infrastructure Grants Pillar 1	510,000	6,738	510,000		
Green Business Infrastructure Grants Pillar 2	540,233	2,544	540,233		
Manor Royal Gigabit	106,505	15,925	106,505		
Crawley Homes Green Retrofitting	1,120,882	362,108	1,120,882		
Invest in skills for Crawley Borough Council	1,500,000		1,500,000		
<b>TOTAL PLANNING &amp; ECONOMIC DEVELOPMENT PORTFOLIO</b>	<b>8,565,533</b>	<b>730,610</b>	<b>8,411,973</b>	<b>0</b>	<b>153,561</b>
<b>Resources</b>					
Gigabit					
ICT Capital - Future Projects	88,400		88,400		
New Website And Intranet	52,406		52,406		
ICT Transformation Future	25,000		25,000		
ICT Cloud	296,374	20,345	296,374		
Income Management System	12,781	12,781	12,781		
Sharepoint	27,472	500	27,472		
Agile Working	121,328	6,218	121,328		
Channel Shift	61,000		61,000		
Benefits Online and Document Management System	280,000	188,774	280,000		
Spaces Booking System	17,000	8,500	17,000		
Hardware Renewals	100,000	54,091	100,000		
<b>TOTAL RESOURCES PORTFOLIO</b>	<b>1,081,761</b>	<b>291,209</b>	<b>1,081,761</b>	<b>0</b>	<b>0</b>

Budget 2024/25	Budget 2025/26	Budget 2026/27	Future Years
£	£	£	£
664,940	150,000		
320,000	170,000		
450,000			
1,200,000	630,000		
1,199,170	1,232,100		
1,337,431	1,550,000		
<b>10,584,374</b>	<b>13,948,178</b>	<b>1,954,873</b>	<b>0</b>
1,350,000			
<b>1,350,000</b>	<b>0</b>	<b>0</b>	

<b>Leisure and Wellbeing</b>					
Vehicle Replacement Programme	258,306	188,338	258,306		

36,997			



Scheme Description	Revised Budget 2023/24	Spend to Date	Projected Outturn	(Under)/Over Spend	Slippage
	£	£	£	£	£
Refurb Playgrounds Future Schemes	239,360		239,360		
Skate Park Equipment					
Memorial Gardens Improvements	33,400		33,400		
Tilgate Park	4,769		4,769		
Nature & Wildlife Centre	10,565		10,565		
Allotments	67,095		67,095		
Adventure Playgrounds	308,402	186,012	308,402		
Memorial Gardens Play Improvements	16,933		16,933		
Meadowlands	71,565		71,565		
Southgate Playing Fields	44,584	43,568	44,584		
Perkstead Court Play Area Bewbush	22,115		22,115		
Park Tennis	39,421	34,649	39,421		
Valley Close Play	16,610				16,610
Surteys Walk Play	15,905		15,905		
Brideake Play	18,812		18,812		
Wakehams Play	53,590	10,933	53,590		
Puffin Road Play	19,818				19,818
Browness Close Play	19,818				19,818
Plantain Crescent Play	16,610				16,610
K2 Crawley Replacement Chiller	155,000	67,812	160,876	5,876	
Broadfield 3G Lighting	223	500	500	277	
Changing Places	50,175	51,407	51,656	1,481	
K2 Crawley 3G Pitch Lighting	45,000	40,711	40,711	(4,289)	
Hawth Pit	169,100		169,100		
<b>TOTAL LEISURE AND WELLBEING PORTFOLIO</b>	<b>1,697,176</b>	<b>623,930</b>	<b>1,627,665</b>	<b>3,345</b>	<b>72,856</b>

<b>TOTAL GENERAL FUND</b>	<b>24,904,371</b>	<b>5,837,930</b>	<b>23,786,156</b>	<b>18,201</b>	<b>1,136,417</b>
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Budget 2024/25	Budget 2025/26	Budget 2026/27	Future Years
£	£	£	£
46,000			
16,610			
19,818			
19,818			
16,610			
155,853	0	0	0

<b>20,746,850</b>	<b>14,248,178</b>	<b>1,954,873</b>	<b>0</b>
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Scheme Description	Revised Budget 2023/24	Spend to Date	Projected Outturn	(Under)/ Over Spend	Slippage
	£	£	£	£	£

Housing - HRA (Crawley Homes)					
<b>Improvements -</b>					
Decent Homes	6,429,076	2,754,601	7,656,512	(1,227,436)	
Renovations	509,772	174,786	729,971	(220,199)	
Insulation	1,319,890	2,278,344	3,587,517	(2,267,627)	
Renewable Technology/Carbon Efficiency	259,062	200,119	267,815	(8,753)	
Compliance Works	1,184,576	209,230	696,488	488,087	
Boilers & Heating	1,050,222	303,069	700,000	350,222	
Electrical Test & Inspection	762,232	292,364	780,227	(17,995)	
Adaptations For The Disabled	1,056,967	382,032	800,000	256,967	
Hostels	280,024		37,800	242,224	
GHDF Social Housing Decarbonisation	2,716,834	60,428	2,380,000	336,834	
GHDF CBC Match Funding	3,650,000	52,440	1,200,000	2,450,000	
<b>TOTAL HRA IMPROVEMENTS</b>	<b>19,218,655</b>	<b>6,707,413</b>	<b>18,836,330</b>	<b>0</b>	<b>382,324</b>

Budget 2024/25	Budget 2025/26	Budget 2026/27	Future Years
£	£	£	£

4,272,564	6,500,000		
429,801	650,000		
400,000	669,874		
241,247	250,000		
850,000	1,450,000		
700,000	1,500,000		
782,005	850,000		
500,000	1,300,000		
100,000	100,000		
4,412,086			
6,350,000			
<b>19,037,703</b>	<b>13,269,874</b>	<b>0</b>	<b>0</b>

Other HRA (Crawley Homes)					
HRA Database	53,051		53,051		
Acquisition Of Land Or Dwellings	7,000,000	4,820,464	7,000,000		
Forge Wood	12,413	12,535	13,088	(675)	
Telford Place Development	207,093	23,877	207,093		
Forge Wood Phase 2	73,785		73,785		
Forge Wood Phase 4					
5 Perryfields	18,286	6,329	18,286		
Carey House	196,752	192,620	196,752		
Fairlawn House	207,134	3,009	207,134		
Milton Mount Major Works	430,739	383,251	430,739		
Breezehurst Phase 2	50,000		50,000		

10,857,333			
1,235,389	1,128,115		742,338
1,150,000	10,020,000	9,196,057	
4,034,751	4,094,236	4,304,895	
281,061	293,824		
1,500,000	5,000,000	7,000,000	1,171,001

Scheme Description	Revised Budget 2023/24	Spend to Date	Projected Outturn	(Under)/Over Spend	Slippage
	£	£	£	£	£
Orchards Hostel					
Water Neutrality	448,876	88,611	448,876		
Contingencies					
Prelims	245,949	51,011	245,949		
Lifeline Digital Switchover	60,000	31,392	60,000		
<b>TOTAL OTHER HRA</b>	<b>9,004,078</b>	<b>5,613,099</b>	<b>9,004,753</b>	<b>0</b>	<b>(675)</b>

<b>TOTAL HRA</b>	<b>28,222,733</b>	<b>12,320,512</b>	<b>27,841,083</b>	<b>0</b>	<b>381,649</b>
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<b>TOTAL CAPITAL PROGRAMME</b>	<b>53,127,104</b>	<b>18,158,442</b>	<b>51,627,239</b>	<b>18,201</b>	<b>1,518,066</b>
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Budget 2024/25	Budget 2025/26	Budget 2026/27	Future Years
£	£	£	£
	338,485		
500,000			
	1,359,502		
60,000			
<b>19,618,534</b>	<b>22,234,162</b>	<b>20,500,952</b>	<b>1,913,339</b>

<b>38,656,237</b>	<b>35,504,036</b>	<b>20,500,952</b>	<b>1,913,339</b>
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<b>59,403,087</b>	<b>49,752,214</b>	<b>22,455,825</b>	<b>1,913,339</b>
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## FINANCED BY

Capital Receipts	(8,863,700)	(1,093,343)	(7,732,787)		(1,130,913)
Capital Reserve	(1,523,031)	(15,693)	(1,523,031)		
Better Care Fund (formally DFGs)	(1,280,306)	(525,066)	(1,280,306)		
External Funding	(10,219,928)	(744,420)	(8,619,094)		(1,600,834)
HRA Revenue Contribution	(19,802,373)	(12,139,085)	(19,695,287)		(107,085)
Replacement Fund/Revenue Financing	(5,003,546)	(2,180,069)	(4,879,099)	(18,201)	(142,648)
Section 106	(520,193)	(143,112)	(447,337)		(72,856)
1-4-1	(2,589,635)	(92,821)	(2,651,906)		62,270
Borrowing	(3,324,392)	(1,224,833)	(4,798,392)		1,474,000
<b>TOTAL FUNDING</b>	<b>(53,127,104)</b>	<b>(18,158,442)</b>	<b>(51,627,239)</b>	<b>(18,201)</b>	<b>(1,518,066)</b>

(3,948,581)	(4,191,525)	(266,927)	
(423,538)			
(1,052,466)			
(15,022,337)	(9,691,887)	(1,578,634)	
(21,103,860)	(27,407,095)	(12,300,571)	(1,148,004)
(398,894)	(300,000)		
(326,886)	(64,766)	(109,312)	
(7,320,526)	(8,096,941)	(8,200,381)	(765,335)
(11,951,608)			
<b>(61,548,696)</b>	<b>(49,752,214)</b>	<b>(22,455,825)</b>	<b>(1,913,339)</b>

\* The Town Hall Complex budget has been revised as per report DCE/17 and reduced by the reported overspend in 202/23

# Agenda Item 7

# Agenda Item 8

## Crawley Borough Council

**Report to Overview & Scrutiny Commission**  
**27 November 2023**

**Report to Cabinet**  
**29 November 2023**

### **Budget Strategy 2024/25 – 2026/27**

Report of the Head of Corporate Finance, **FIN/636**

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#### **1. Purpose**

- 1.1 The Council has a statutory responsibility to set a Budget and Council Tax in advance of the commencement of the new financial year. The 2024/25 General Fund and Housing Revenue Account Budgets and the updated capital programme will be approved by Full Council in February 2024.
- 1.2 The report sets out the Budget Strategy for the period ending 2026/2027. The Council's Medium Term Financial forecast has been prepared against a background of escalating cost pressures due to a continuing increase in homelessness as well as pay and price inflation.
- 1.3 The overall objective in the past has been to work towards a balanced General Fund budget over a four year period ([FIN/583](#)). However, the continuing impact of the escalating cost of Temporary Accommodation in the current year as reported in the 2023/24 Budget Monitoring Report – Quarter 2 report (elsewhere on the agenda) requires urgent action over the next 12 to 18 months to balance the budget to more sustainable levels. Forecasting beyond 2026/27 becomes increasingly uncertain and the Budget Strategy therefore focuses on the 3 year period 2024/25 to 2026/27.
- 1.4 The Autumn Statement has been announced for 22 November 2023 but as in previous years, this is expected to be high level and any implications for Local Government will not be known until the provisional Local Government Finance Settlement 2024/25 is published in the week commencing 18 December 2023.

#### **2. Recommendations**

##### **2.1 To the Overview & Scrutiny Commission**

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

##### **2.2 To the Cabinet**

The Cabinet is asked to recommend to Full Council the approval of the Budget Strategy 2023/24 to 2026/27 and to:

- a) Approve the process for of balancing the budget over the next 12 to 18 months, including the use of reserves to balance the budget as outlined in section 8 of the report.

# Agenda Item 8

- b) Approve the minimum recommended General Fund Balance remains at £3m.
- c) Approve the growth items for the General Fund as outlined in sections 6.3.
- d) Approve the inclusion of new capital schemes in future budgets with the value of £652,000 as identified in section 9.2.
- e) Note the following highlights of the Budget Strategy:
  - i. that the Budget is aligned to the Council's Corporate Priorities.
  - ii. the outline 3 year forecast as shown in table 6 paragraph 6.5.
  - iii. that the current budget deficit of £1.012m for 2024/25 (section 6.5) is based on a Council tax increase of 2.99% which is £6.74. However, table 10 highlights that the gap could be higher when looking at sensitivity analysis.
  - iv. that there are uncertainties around Government funding prior to the settlement in December and the delay in Local Government Funding reforms such as business rates retention and the future of New Homes Bonus.

### 3. Reasons for the Recommendations

- 3.1 To agree the Council's Budget Strategy for 2024/25 to 2026/27 including the assumptions made.
- 3.3 To agree growth items and capital schemes outlined in the report.
- 3.4 The 2024/25 General Fund and Housing Revenue Account Budgets and the revised capital programme will be set by the Full Council in February 2024. The Treasury Management Strategy and Capital Strategy will be considered at the same meeting.
- 3.5 To note that until the Local Government Finance Settlement is published in December 2023 these projections are highly likely to change.

### 4. Background

#### Estimated Outturn 2023/24

- 4.1 The Council set its Revenue Budget and Capital programme for 2023/24 ([FIN/606](#)) in February 2023. The budget required the use £262k of General Fund Reserve to balance the budget. The budget for 2023/24 included an increase of £1.4m for homelessness.
- 4.2 Since the budget was set the Council's financial situation has deteriorated significantly. The 2023/24 Budget Monitoring Report – Quarter 1 ([FIN/633](#)) reported a projected service overspend of £2.885m and a net overspend of £1.891m after additional investment interest of (£994k). The reasons for the projected overspend include pay inflation and other cost pressures, which are largely offset by the increased return on investments. However, the biggest cost pressure is the increase in the cost of homelessness of £1.9m which is the main reason for the net overspend predicted at quarter 1. The second quarter budget monitoring report ([FIN/635](#)) included elsewhere on the agenda predicts a significant worsening in the service overspend of £887k to £3.772m which reduces to £2.516m after investment interest of (£1,256m). The worsening position is due to the £800k increase in the overspend for homelessness which has increased to £2.7m for the current year.

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- 4.3 Interest rates have increased significantly in the current financial year and are not predicted to return to more modest levels until 2026/27 (6.6.3). The increase in interest rates combined with additional balances due to slippage in the capital programme has resulted in an estimated £1.3m of additional investment income for 2023/24. This has helped to offset some of the overspend. However, inflationary increases including the pay award become part of the base budget and investment income will decline as interest rates fall and available balances fall. The 2023/24 pay award of £1,925 (accepted November 2023) added £280k cost pressure in the current financial year.
- 4.4 The additional cost pressures are predicted to result in a net overspend of £2.516m in the current year. This would have left the General Fund Balance close to the recommended minimum balance of £3m by the end of the financial year and below minimum balance forecast for 2024/25.
- 4.5 A review of the Minimum Revenue Provision (MRP) has identified a saving of £778k in 2023/24 due to a previous voluntary overpayment. Where the Council has used borrowing (either internal or external) it is required to set aside money each year from its revenue account to make sure it can afford to repay the debt. The provision must be prudent and the Council can make a voluntary overpayment. The Council's MRP relates to the appropriation of garages from the HRA to the General Fund and technical adjustments also identify future year savings by switching the calculation to an annuity basis rather than straight line so that MRP begins lower but increases in line with income received (6.6.4).
- 4.6 A review of earmarked reserves has also commenced which identified the Cost of Living Reserve (£307k) and the Voluntary Sector Grants Reserve (£58k) as surplus to requirements and these reserves will be appropriated to the General Fund in 2023/24. The estimated closing balance for the General Fund at 31 March 2024 is £4.365m after these mitigations.
- 4.7 The Corporate Management Team have undertaken a series of budget challenge sessions with the Chief Executive and the Head of Corporate Finance, and this has resulted in £2.590m of savings in future years to help mitigate these pressures. These efficiency rounds have been effective in the past, but it is proving significantly more difficult to find savings within existing budgets without cutting services. Multiple rounds of challenge of budgets have meant that the Council has a number of vital services that lack resilience. Recruitment and retention is a strategic risk with some posts difficult to fill in a competitive market.
- 4.8 The current year financial position have a significant impact on the future year predictions. Setting a balanced budget for 2024/25 is considered challenging but achievable with the use of General Fund reserve without going below the £3m recommended minimum balance.
- 4.9 The Council's Medium Term Financial Strategy (MTFS) has been regularly updated for changing assumptions during the year and the remainder of the report is concerned with the budget forecast and the assumptions made.

## 5. Key Assumptions

- 5.1 The policy paper published as part of the 2023/24 Local Government Finance Settlement in December 2022 gave an indication of Government Funding levels for 2024/25 and the Council Tax thresholds (maximum levels of increase). The budget for 2024/25 is being prepared on this basis.
- 5.2 For the purposes of the development of the Council's Budget Strategy, it is assumed that the Government will simply roll-forward the 2023/24 settlement into 2024/25 adjusted for inflation. The Council uses a modelling tool provided by Pixel the

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Council's advisors on Local Government funding. This sees a reduction in business rates funding in future years due to business rates reform.

## 5.3 Retained Business Rates

The business rates forecast has been updated for the latest assumptions. The strategy assumes that the business rate reset will not be implemented until 2026/27 at the earliest. Delay in the reset or damping mechanisms will result in a significantly better financial position than forecast from the final year of the forecast (2026/27).

## 5.4 Council Tax

The Council's share of a council tax band D is currently £225.34. Councillors approved an increase of 2.99% which is £6.55 when setting the budget for 2023/24. The forecast assumes that the current council tax referendum principles that limit district and borough councils to a maximum increase of 3% or no more than £5 per annum (whichever is the greater) continue. The assumption in the plan is therefore a 2.99 percent increase per annum on a Band D property over the length of the budget strategy.

**Table 1 Projected increase in Council tax**

	2023/24	2024/25	2025/26	2026/27
Band D Council tax	£225.34	£232.07	£239.01	£246.15
Increase	2.99%	2.99%	2.99%	2.99%

## 5.5 New Homes Bonus

5.5.1 The Government introduced the New Homes Bonus (NHB) in 2011 to give local authorities additional money for each new residential property created in the area. The grant was originally payable for six years, but this was subsequently reduced to four years and is now an annual award with no more legacy payments.

5.5.2 There is an additional payment of £350 for each year if the property falls into the definition of affordable housing. This additional element is paid a year in arrears. In two tier areas the District or Borough Council receives 80% of the bonus and the County Council 20%.

5.5.3 New Homes Bonus of £240k was received in the current year. This scheme was due to stop but no updates have been received on its planned replacement. The water neutrality issue will also impact on the New Homes Bonus due to the constraints on development. It is assumed that the grant continues at the same rate over the length of the forecast.

## 6. Budget Projections 2024/25 to 2026/27

6.1 The uncertainty around Local Government Funding and the significant increase in cost pressure has resulted in the forecast becoming increasingly volatile and unpredictable from 2027/28. The previous budget strategy ([FIN/583](#)) was to balance the budget over a four year period. However, escalation of the cost of temporary accommodation and other budget pressures has resulted in an increasing budget gap. The longer term approach to balancing the budget is no longer sufficient as reserves become depleted at an accelerated rate. The budget strategy therefore focuses on the period three year period 2024/25 to 2026/27.

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



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**Table 2 Budget projections including CMT Savings**

	2024/25 £000's	2025/26 £000's	2026/27 £000's
Base Budget	18,947	18,333	18,673
Investment interest	(1,891)	(1,089)	(783)
MRP	65	523	544
<b>Net Budget (A)</b>	<b>17,121</b>	<b>17,767</b>	<b>18,434</b>
Funded by:			
Council Tax	8,450	8,766	9,118
New Homes Bonus	240	240	240
Retained Business Rates	6,176	6,251	4,778
Revenue Support Grant	238	246	250
Services Grant	151	156	159
Funding Guarantee	627	418	279
<b>Total Funding (B)</b>	<b>15,883</b>	<b>16,077</b>	<b>14,824</b>
<b>Budget Gap (A-B)</b>	<b>1,239</b>	<b>1,690</b>	<b>3,610</b>

- 6.2 The Council has a successful track record of reducing net expenditure by achieving significant savings or increasing income. The Council has achieved £4.74m of savings or additional income since 2019/20. During the current financial year CMT have undertaken a further challenge of budgets and have identified £236k of savings or additional income for 2024/25. This increases to £296k for 2025/26 with the introduction of a premium for a second home council tax (£60k). A breakdown of these savings is shown in the table below:

**Table 3 Budget Challenge Savings**

Description	Agreed £'000
Community Services Casual Staff & Operational Budgets	43
Community Services Play Vacancies	44
NASB Team Vacancy and Operational Costs	21
Corporate Finance Operational Costs	6
Maintenance Broadfield Stadium	20
Fleet Rationalisation	10
Governance, People and Performance savings	36
Environmental Health Pre-application advice	15
Bulky Waste Fees	10
Town Centre Income	15
Other Operational Costs	16
<b>Total Savings 2024/25</b>	<b>236</b>
Council Tax Premiums (2025/26)	60
<b>Total Savings 2025/26 Onwards</b>	<b>296</b>

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## Revenue Growth Bids

- 6.3 CMT have identified essential budget growth bids and these have been considered by the Corporate Projects Assurance Group (CPAG). Bids totalling £257k for 2024/25 (£193k in future years) have been allowed to proceed. However, it was recommended that the transfer from diesel to HVO fuel is not automatically added to the budget for 2024/25 due to budget pressures but is approved as the first reserve budget item to be implemented once the financial situation allows. The budget growth bids are summarised in the table below:

**Table 4 Growth Bids**

	2024/25	2025/26	2026/27
	£000's	£000's	£000's
Lone Working - Health & Safety	19	19	19
Transfer from Diesel to HVO Fuel *	49	100	100
Temporary Staffing Planning - Gatwick DCO & LPA	115		
Strategic Finance Business Partner	74	74	74
<b>Total Growth</b>	<b>257</b>	<b>193</b>	<b>193</b>

- 6.3.1 The lone working fob devices are intended to help ensure the personal safety of Council employees as they deliver service to the residents and businesses. The estimate is based on 231 users.
- 6.3.2 The current refuse fleet emit an estimated 460 tonnes of CO2 per annum. The new refuse fleet is due for delivery in January 2024. This provides the Council with the opportunity to use HVO fuel without any need for modification of the vehicle or servicing schedules. HVO fuel is a paraffinic fuel and meets EN15940 standards it can be used as an alternative to diesel fuel stock. HVO fuel is one of the cleanest fuels on the market. The renewable nature of HVO means that it produces significant improvements to CO2 with estimates ranging up to 90% reduction. This has the potential to decrease the Council's greenhouse gas emissions making a significant contribution towards the council's climate emergency plan. This bid is included as the first reserve item as explaining in 6.3 above.
- 6.3.3 Additional staff resources are required to take on the significant high-level work that the Council (Local Planning Authority LPA) will need to undertake over the coming year in order to submit robust and high-quality responses to the government regarding Gatwick's northern runway Development Consent Order (DCO) proposals. This additional capacity will also ensure that the Council is able to respond to the expected "conveyor belt" of numerous technical opinion "asks" that will be made of Crawley's LPA from the government's Planning Inspectorate during the DCO programme period, which the Council will need to formulate and respond to with a very quick turn-around period.
- 6.3.4 The extreme financial pressure that the Council is experiencing is highlighted in this report. The size of the budget gap requires the review of a significant number of highly complex and technical areas (e.g. MRP adjustment 6.6.4) in order to provide professional and timely advice to Council. It is essential to have accurate and timely budget monitoring forecasts so that the Council can take early and measured action if required. The work includes other complex areas like Business Rate Forecasting, Treasury Management and the Asset Reviews. The finance section does not have capacity to carry out this volume and complexity of work.

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## Further Savings

- 6.4 Additional savings have been identified. However, these require further work to be sufficiently robust for inclusion in the budget for 2024/25. The transfer from Diesel to HVO fuel is included as a saving as it is included as a reserve item (table 4 growth bids) until resources becomes available as explained in paragraph 6.3 above. The savings are identified in the table below.

**Table 5 Further Savings**

	2024/25 £000's	2025/26 £000's	2026/27 £000's
Grounds Maintenance HRA Recharge	180	180	180
Garage Fee Increase (7%)	140	140	140
Delays to HVO Fuel Introduction*	49	100	100
Community Services Vacancy	25	25	25
Legal Services Charges	5	5	5
Burial Fees	45	45	45
Community Centres	10	10	10
Pre Application Householder Fees	30	30	30
<b>Total Potential Savings</b>	<b>484</b>	<b>535</b>	<b>535</b>

- 6.5 The budget gap including the additional savings identified in 6.4 above is shown in the table below:

**Table 6 Budget Gap including Further Savings**

	2024/25 £000's	2025/26 £000's	2026/27 £000's
Gap Including Growth Bids	1,496	1,883	3,803
Potential Savings	(484)	(535)	(535)
<b>Current Gap</b>	<b>1,012</b>	<b>1,348</b>	<b>3,268</b>

The table below shows the assumptions that have been used when calculating the budget gap as outlined in Table 6 above. The assumptions are further explained in section 6.6.

**Table 7 - Summary of assumptions**

	2024/25	2025/26	2026/27
Pay Award	3.50%	2.50%	2.00%
Running costs	0%	0%	0%
RPI	8.90%	4.28%	2.26%
CPI	6.70%	3.54%	1.64%
Gas	2.70%	-20.00%	2.70%
Electricity	8.90%	-15.00%	2.26%
Customer receipts	7.00%	2.00%	2.00%
Tax Base change	1.00%	1.00%	1.00%

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## 6.6.1 Homelessness

A £2m increase in the net cost of homelessness is assumed over the length of the strategy. This is below the £2.7m forecast in the quarter 2 monitoring report elsewhere on the agenda. This is because the Council is taking a proactive approach to homelessness including the acquisition of 6-9 Ifield Road and further potential acquisitions (subject to satisfactory business case). The below shows the growth in the cost of Temporary Accommodation since 2018/19:

**Table 8 Growth in the cost of Temporary Accommodation**

Temporary Accommodation	2018/19	2019/20	2020/24	2021/22	2022/23	2023/24
	Outturn	Outturn	Outturn	Outturn	Outturn	estimated
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure	456	333	1,295	2,208	4,656	6,500
Income	(194)	(139)	(511)	(773)	(1,344)	(1,655)
Net Expenditure	262	194	784	1,435	3,312	4,845
Income Recovery *	-43%	-42%	-39%	-35%	-29%	-25%

\* Income is limited in Statute to £138.46 per week, as the cost of placements increases the cost % reduces

The availability of temporary accommodation in the borough is severely limited. Potential spaces have been taken up by the four asylum contingency hotels and the Council is competing with placements from London Boroughs. The situation is exasperated by the weekly Local Housing Allowance (LHA) rates having been frozen since 2020/21. This means that whilst the marginal cost of additional units of temporary accommodation has increased significantly the proportion that can be recovered through Housing Benefit has reduced.

The Council continues to proactively lobby Government to recognise that the rising demand and cost of homelessness must be fully funded and that the current situation poses a critical risk to the Council's financial resilience as well as the Local Government sector.

## 6.6.2 Pay Award

Local Government pay is negotiated nationally, and the Council has no direct influence on the settlement. An assumption of 3.5% has been included for 2024/25. Pay has been inflated by a total of 4.95% because of the above budget pay award for the current year.

## 6.6.3 Investment Interest

An average investment rate of 4.89 % has been assumed for 2024/25, falling to 3.66% in 2025/26 and 3.05% in 2026/27. Interest rate projections will be kept under constant review during the year.

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

## 6.6.4 Minimum Revenue Provision (MRP)

The forecast reflects the change in the (MRP) provision resulting in a saving of £726k in 2024/25 due to a previous voluntary overpayment as explained in paragraph 4.5 above. The Council's MRP relates to the appropriation of garages from the HRA to the General Fund and technical adjustments also identify future year savings by switching

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the calculation to an annuity basis rather than straight line so that MRP begins lower but increases in line with income received.

## 6.6.5 General Inflation

Office for National Statistics (ONS) figures showed CPI inflation was 6.7% in September 2023, unchanged from the previous month but above the 6.6% expected. Core CPI inflation fell to 6.1% from 6.2%, in line with predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling, declining to around 4% by the end of calendar 2023 but taking until early 2025 to reach the 2% target and then falling below target during the second half 2025 and into 2026.

## 6.6.6 Fees and Charges

Fees and charges were increased by a below the level of inflation of 5% (where feasible) in the current year. CPI continues to be high (6.7% September 2023). The budget gap has increased and this is not sustainable. Fees and charges have to be increased by a minimum of 7% (where feasible) as the increase in inflation has already been absorbed in costs. The CPI has reduced to 4.7% in October 2023 and this increase will need to be reflected in the budget for 2025/26. Some fees and charges may not go up as high, these will be mitigated by others with a higher increase. The average increase included in the forecast is therefore 3.5%.

Fees and charges will continue to be reviewed to ensure that they do cover the cost of service where appropriate.

## 6.6.7 Commercial Property Assumptions

The letting of the upper floors of the town hall is a significant income stream to the Council and can result in significant variations in income if not let or when tenants move out. The assumptions around letting the upper floors of the New Town Hall are as follows:

**Table 9 Assumptions on New Town Hall lettings**

Financial Year	Number of floors
2024/25	Three floors fully let
2025/26	Four floors fully let
2026/27*	Four and a half floors

*\*future years continue at four and a half floors. It is assumed that income from the final floor would be earmarked to cover lost income during void periods and future repairs to the shared space. The level of provision will be reviewed as part of the work to reduce the budget gap and will include the risk of other commercial properties having empty and rent free periods.*

The strategy also assumes that Ashdown House will be vacant for a period from 2024. This is to allow the building to be refurbished and a new tenant to be found. The commercial letting sector has become very volatile and difficult to predict with many organisations continuing hybrid workings and reconsidering their office space requirements. It should be noted that no allowance has been made in the capital forecast for any additional expenditure and the situation will be kept under review as part of the budget process for 2024/25.

6.6.8 The Environment Act passed into legislation in November 2021. The latest update following from the Simpler Recycling Consultation, received October 2023, confirmed that reforms do not have to be in place for households until April 2026. This includes the mandatory collection of food waste on a weekly basis. There will be flexibility over the number of bins that the Council has to provide (no more than 3 bins with an option

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for an additional bin for garden waste). The Council will be able to continue to charge for garden waste collection.

The update from the Government confirmed that New Burden's Funding for the net cost of the proposed changes would be made available, however there is no information at this time on how any funding mechanisms will work and whether the funding is sufficient to cover the costs of the proposals. Further updates will be provided as more information becomes available. The forecast contains a provision of £250k for additional costs pressures from 2026/27 (based on estimates obtained by consultants in 2022/23).

## 6.6.9 Sensitivity Analysis

The forecast is based on best assumptions that are continually reviewed. The table below shows the budget gap when some key variables are remodelled. For example, the forecast budget gap for 2024/25 would increase to £1.181m (from £1.012m) with an additional 1% pay award.

**Table 10 – Sensitivity Analysis**

	2024/25	2025/26	2026/27
	5	6	7
	£000's	£000's	£000's
Budget Gap	<b>1,012</b>	<b>1,348</b>	<b>3,268</b>
Budget Gap with:			
An increase in pay by 1% in 24/25	1,181	1,523	3,447
Pay Increase by 1% less in 24/25	842	1,172	3,089
One additional floor let of the Create Building in 24/25	612	1,348	3,268
One fewer floor let of the Create Building in 24/25	1,412	1,348	3,268

Because of the level of uncertainty there is a requirement for the minimum balance of the general fund to remain at £3m (see 7.1 below).

6.7 Modelling for future years at this stage is difficult. The impact on Business Rates and Council Tax is significant. There will also be demands on services such as benefits, and homelessness as described above. As people claim Universal Credit, they are entitled to Council Tax reduction, this results in less Council Tax collectable to support Council services.

The cost of supply of materials has resulted in costs increasing significantly, together with increased cost of utilities and fuel to factor into future budgets. The pay offer is significantly higher than anticipated and additional Government support to fund this is highly unlikely.

As referred to above the Council's income streams are likely to continue to be impacted by any longer-term downturn in the economy. The cash flow and budgetary impact on the council is likely to be significant. There continues to be a growing gap between funding and service pressures, driven by demographic change, unfunded burdens such as net zero. This places additional pressures on council services.

## 7. Reserves

The work to review the Council's reserves in order to identify any reserves that may be used to support a potentially worsening financial situation in the current and future years has started. It should be noted that the use of reserves is only a short term solution and not sustainable as once reserves are depleted there is only limited opportunity to increase revenue reserves. The budget 2024/25 report will provide members with an update on reserves.

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For both the Housing Revenue Account and the General Fund, the Council needs sufficient funds to be able to sustain services. In the case of the Housing Revenue Account the reserves are sufficient, and no changes are proposed.

## 7.1 General Fund Reserve

The General Fund balance was £6.0m at the start of the financial year. The original budget for 2023/24 required a drawdown of £262k from the reserve resulting in a closing balance of £5.738m. However, the overspend of £1.373m (£2.516m before mitigations) results in an estimated drawdown from reserves of £1.635m as projected in the Quarter 2 monitoring report elsewhere on the agenda. The forecast for 2026/27 includes an assumption on the business rates reset which is not certain and would be subject to damping mechanisms if implemented. Further updates will be provided once information becomes available. The Forecast General Fund Balance is shown in the table below:

**Table 11 Projected General Fund Balance 2023/24 to 2026/27**

General Fund	Original Budget	Current Budget	Forecast table 6	Forecast table 6	Forecast table 6
	2023/24 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's
Opening Balance	6,000	6,000	4,365	3,353	2,005
Draw down from reserve	262	1,635	1,012	1,348	3,268
<b>Closing Balance</b>	<b>5,738</b>	<b>4,365</b>	<b>3,353</b>	<b>2,005</b>	<b>(1,263)</b>

The net budget for the current financial year before the use of reserves is £15.3m. The recommendation is to continue to have a minimum of £3.0m which is 20% of the net budget. **This is level of General Fund Reserve is considered to be adequate in the current financial climate.**

## 7.2 Earmarked Reserves

Earmarked reserves will continue to be reviewed in order to identify those that no longer required or longer align with the Council's priorities in order to free up resources to support higher priorities and budget pressures if required. The outcome of these reviews will be the subject of future update reports.

## 8. Budget Process and Savings Strategy

8.1 The proposed strategy to balance the budget over the next 12 months to 18 months is:

1. To continue the budget challenge process to identify permanent savings.
2. To continue the Asset Review (9.4) to identify assets that do not deliver income or where increased income is achievable. The review will include lease reviews with the objective of optimising income. Where the review identifies an asset that does not fulfil its intended purpose or value for money consideration must be given to an exit strategy for that asset including disposal
3. To continue the review of reserves (7.2) including renewals funds to determine appropriate levels and to free up resources to support higher level priority projects and to support the General Fund if required.

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4. To review Capital programme (9.3) to ensure that it remains affordable and aligned to the Council's priorities. This review will include capital reserves and the financing of the capital programme to ensure the most effective use of limited resources.
5. Identify additional income opportunities through the commercialisation agenda. Where possible ensure that discretionary service is self-financing.
6. Continue with thematic reviews identified as part of the Transformation Plan and carry out service reviews to improve services and drive future efficiencies. These reviews are in early stages and will be reported to future Overview and Scrutiny and/or Cabinet meetings.

8.2 Where budgetary proposals identify the need for the reduction of, or closure or discontinuance of a service, appropriate consultation will need to be carried out. The Council will also have to have due regard to the public sector equality duty under section 149 of the Equality Act 2010 in making their decisions. The equalities impact will be addressed on proposals as they are developed.

## 9. Capital Funding

9.1 Future bids for capital should be based on expenditure required to maintain the Council's assets, for environmental obligations such as flood prevention and for disabled facilities grants. In addition, bids can be for spend to save projects or spend to earn investment income but that such prioritisation should not preclude the initial consideration of capital projects that could deliver social value. Due to commitments within the capital programme future large capital schemes are likely to result in the need for borrowing.

The Capital Strategy will be reported to Overview and Scrutiny Commission, Cabinet and Full Council in January and February 2024 within the Treasury Management Strategy which will address these borrowing requirements.

9.2 Capital resources are extremely limited. Any additional capital investment is likely to require borrowing which will have consequences on future revenue budgets. Capital bids were reported to the Corporate Projects Assurance Group (CPAG) and presented to the all member finance seminar held on 8 November 2023. The capital bids are summarised in the table below:

Capital Bids	2024/25	2025/26	2026/27	2027/28	Total
	£'000	£'000	£'000	£'000	£'000
Watercourse bank stabilisation and maintenance	200	85	85		370
Little Trees Extension feasibility study	125	125	0		250
Infrastructure for implementation of HVO Fuel for the Waste & Recycling Vehicle Fleet *	32				32
Hawth Auditorium Carpet	80				80
Discretionary Repair and Renovation Loans	15	15	15	15	60
<b>Total Capital gross expenditure</b>	<b>452</b>	<b>225</b>	<b>100</b>	<b>15</b>	<b>792</b>
Less Funding	(95)	(15)	(15)	(15)	(140)
Balance to be funded from borrowing	357	210	85	0	652

9.3 The capital programme will be reviewed to ensure that it remains affordable and aligned with the Council's priorities.



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## **Asset Review**

- 9.4 The budget strategy also needs to consider the Council's asset holdings. It is important that the Council understands how the asset base supports the delivery of corporate priorities and service delivery. A corporate asset review has commenced with the aim of assessing performance (which assets do not deliver income or where increased income is achievable). The review will also cover the cost of holding an asset and whether the Council can afford to hold the asset; lease renewals and rent reviews (potential to optimise income); and assets let at less than best consideration. Where the review identifies an asset that does not fulfil its intended purpose or value for money consideration must be given to an exit strategy for that asset.

## **10. Housing Revenue Account**

- 10.1 This report is not concerned with the HRA as it has its own 30 year plan which is regularly reviewed. This takes both revenue and capital budget projections and shows resources available for future investment in housing. The HRA 30 year plan will be reported to Full Council during 2024/25.
- 10.2 The HRA is also facing cost pressures with an estimated overspend of £1.1m as reported in the 2023/24 Budget Monitoring – Quarter 2 report elsewhere on the agenda. However, the HRA is not under the same level of strain as the General Fund making significant annual surpluses (£19m current year).
- 10.3 The new Social Housing Act and Building Safety Act has substantially increased the regulatory requirements for social housing providers, including regulatory inspection every four years. Demand for Crawley Homes repairs services has increased significantly. This relates to national campaigns concerning the fitness of social housing stock (including damp and mould). The Housing regulator has stipulated that councils must know their stock and that it must meet regulatory standards. The last stock condition survey was completed in 2011. In order to meet these requirements growth is required in both the planned maintenance and responsive repairs teams. A report will be presented to Cabinet on 10 January 2024 providing details of the HRA growth bid for £399k.
- 10.4 There are continuing delays in building programmes due to the water neutrality issue and the need to provide offsets.

## **11. Risk Management**

- 11.1 The key risks for the Council highlighted in this report is the future funding provided by the Government for both revenue and capital spending.
- 11.2 There remains a significant risk that the £2m increase in net expenditure on homelessness for 2024/25 is insufficient and that demand and costs continue to increase and that the Council's proactive approach does not decrease the overall cost (6.6.1). The forecast does not make allowance for homelessness arising out of the Chagossian British Overseas Territories Citizens and asylum dispersal issues as it is assumed that this will be met with New Burdens Funding. This poses significant risk to the financial resilience of the Council.
- 11.3 There will also be costs associated with the Climate Emergency Action Plan that will have to be factored into future budgets.
- 11.4 There remains a great deal of uncertainty regarding the timing and implications of reforms including the Fair Funding review and the outcome of the Spending Review.

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## 12. Background Papers

[2023/2024 Budget and Council Tax FIN/606](#)

[Treasury Management Strategy 2023/2024 FIN/608](#)

[Financial Outturn 2022/23: Budget Monitoring – Quarter 4 FIN/623](#)

[Treasury Management Outturn 2022/2023 FIN/624](#)

[2023/24 Budget Monitoring Quarter 1 FIN/633](#)

[2012/2013 Budget and Council Tax FIN/257](#)

# Agenda Item 9

## Crawley Borough Council

**Report to Overview and Scrutiny Commission**  
**27 November 2023**

**Report to Cabinet**  
**29 November 2023**

### **Treasury Management Mid-Year Review 2023/2024**

Report of the Head of Corporate Finance (FIN/637)

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#### **1. Purpose**

- 1.1 This report provides an update on the Council's Treasury Management Strategy for the two first quarters of 2023/2024.

#### **2. Recommendations**

- 2.1 To the Overview and Scrutiny Commission:

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

- 2.2 To the Cabinet

That the Cabinet is recommended to note the report and the treasury activity for the first two quarters of 2023/2024.

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

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

#### **4. Interest rate forecasts**

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

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

#### **5. Annual Investment Strategy**

- 5.1 The Treasury Management Strategy for 2023/24, which includes the Annual Investment Strategy, was approved by Council on 22 February 2023. In accordance with the TM Code it sets out the Council's investment priorities as being:

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- Security of capital;
- Liquidity;
- Yield; and
- Ethical investment policy

## 6. Compliance with Treasury and Prudential Limits

- 6.1 It is a statutory duty for the Council to determine and keep under review the level of affordable borrowing it determines as prudent. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy.
- 6.2 During the financial year to date the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy and in compliance with the Council's Treasury Management Practices. The prudential and treasury Indicators are shown in Appendix 3.

## 7. Investment Portfolio 2023/24

- 7.1 The CIPFA TM Code defines treasury management investments as those which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use in the course of business.
- 7.2 The Council held £105.004m of investments as at 30 September 2023 (£98.025m at 31 March 2023). Summary table below:

INVESTMENT PORTFOLIO	Actual 31 March 2023 £000	Net Movement £000	Actual 30 September 2023 £000	30 September 2023 Income Return %	30 September 2023 Weighted Average Maturity Days
<b>Treasury investments</b>					
Banks & building societies (unsecured)	379	4,675	5,054	5.01%	99
Government	11,296	(10,546)	750	5.37%	125
Local authorities	62,000	20,600	82,600	3.75%	193
Money Market Funds	14,350	(7,750)	6,600	5.34%	1
Cash plus funds	10,000	0	10,000	0.84%	5
<b>TOTAL TREASURY INVESTMENTS *</b>	<b>98,025</b>	<b>6,979</b>	<b>105,004</b>	<b>3.94%</b>	<b>177</b>

\* Capital expenditure was budgeted at £68.7m for 2023/24. £14.9m has been spent to 30 September 23. The revised estimate is £54.6m. See Quarter 2 Budget Monitoring elsewhere on the agenda for further details.

A full list of investments held on 30th September 2023 is in appendix 2.

- 7.3 The Head of Corporate Finance confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2023/24.
- 7.4 Investment performance for the financial year to 30 September 2023:

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Investments managed in-house	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2023	4.91	A+	17%	104	1.72
30.09.2023	4.56	A+	7%	174	3.83
<b>Similar Las</b>	<b>4.43</b>	<b>AA-</b>	<b>56%</b>	<b>63</b>	<b>4.71</b>
<b>All LAs</b>	<b>4.47</b>	<b>AA-</b>	<b>59%</b>	<b>13</b>	<b>4.79</b>

- 7.5 The rate of return above is lower than the average shown as the Council has invested for longer periods, as shown in the weighted average maturity column. This has allowed the Council to achieve higher than average returns in the past but means that it is slower to pick up additional yield when rates increase.
- 7.6 In the strategy set at the start of the year, the Council projected that there would be a rise in interest rates. At the time, the base rate was 4.25%, it is currently 5.25% and the expectation is that it will remain at 5.25% till year-end.,
- 7.7 The Bank Rate increased by 1%, from 4.25% at the beginning of April to 5.25% by the end of September. Short-dated cash rates rose commensurately, with 3-month rates rising to around 5.25% and 12-month rates to nearly 6%. The rates on DMADF deposits also rose, ranging between 4.8% and 5.4% by the end of June and Money Market Rates between 4.0% and 5.6%.
- 7.8 The average rate on the Council's investments is 3.19% for the first half of the year, this is mostly as a result of investments that were taken out before the rate increases. As these mature, the average rate will increase.

## 8. Non-Treasury Investments

- 8.1 The definition of investments in CIPFA's TM Code covers 'all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).'
- 8.2 The Council held £44.841m (see Appendix 2) of commercial investments in directly owned properties.
- 8.3 The Council also held £52.568m of service investments in
- Directly owned property £52.268m
  - Loan to The Hawth £0.3m
- 8.4 Service investments are not held primarily for financial return but support service objectives of the Council. These investments generated £0.3m of investment income for the Authority after taking account of direct costs, representing a rate of return of 2.26%.

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## 9. Borrowing

- 9.1 The Council borrowed £260.325m in March 2012 for HRA self-financing, £249.325m remains held. The average borrowing rate is 3.19%. There has been no requirement for further borrowing in 2023/2024.

## 10. Minimum Revenue Provision

- 10.1 As part of the Treasury Management Strategy the Council also approves a Minimum Revenue (MRP) policy statement. The aim of the MRP policy statement is to ensure that where the Council finances capital expenditure by borrowing, whether internal through use of cash or external funds, it puts aside resources annually to repay the debt in later years.
- 10.2 The MRP policy statement detailed the availability of the Council to make voluntary overpayments of MRP to reduce revenue charges in later years. In 21/22 and 22/23 voluntary overpayments were made in relation to the appropriation of the garages from the Housing Revenue Account to the General Fund.
- 10.3 The General Fund revenue budget monitoring reports detail increasing budgetary pressures being experienced in 23/24, therefore, it is likely that the benefit of the voluntary overpayments be taken in this financial year by means of an 'MRP holiday' to ease the strain on the General Fund.
- 10.4 The charge for MRP going forward will be reviewed with the aim of ensuring a prudent provision to cover the debt over the life of the garage assets.

## 11. Implications

- 11.1 The Council is under a duty to manage its resources prudently and therefore due consideration must always be given to its borrowing and lending strategy. A wide range of local authority financial activities, including borrowing, lending, financial management, and the approval of types of investment vehicle are governed by legislation and various regulations. The Council is obliged to comply with these. There are no other legal implications arising in this report.
- 11.2 The financial implications are addressed throughout this report.
- 11.3 Risks are highlighted throughout this report, but Appendix 3 addresses the risk to security, liquidity and yield of the Council's investment strategy.

## 12. Background Papers

[Treasury Management Strategy for 2023/2024 – Cabinet, 1 February 2023 \[report FIN/608 refers\]](#)

Quarterly Budget Monitoring 2023/2024 Quarter 2 – Cabinet, 29 November 2023 [report FIN/635 refers]

[2023/2024 Budget and Council Tax – Cabinet, 1 February 2023 \[FIN/606 refers\]](#)

"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

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

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**Economic background:** UK inflation remained stubbornly high over much the period compared to the US and euro zone, keeping expectations elevated of how much further the Bank of England (BoE) would hike rates compared to the regions. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise.

Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.2%. However, monthly GDP data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.

July data showed the unemployment rate increased to 4.3% (3mth/year) while the employment rate rose to 75.5%. Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate. Adjusting for inflation, pay growth in real terms were positive at 1.2% and 0.6% for total pay and regular pay respectively.

Inflation continued to fall from its peak as annual headline CPI declined to 6.7% in July 2023 from 6.8% in the previous month against expectations for a tick back up to 7.0%. The largest downward contribution came from food prices. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.

The Bank of England's Monetary Policy Committee continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.

Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting, and to then expecting 5.25% to be the peak by the end of the period.

Following the September MPC meeting, Arlingclose, the authority's treasury adviser, modestly revised its interest forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected.

The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households. As such, while consumer confidence continued to improve over the period, the GfK measure hit -21 in September, it is likely this will reverse at some point. Higher rates will also impact business and according to S&P/CIPS survey data, the UK manufacturing and services sector contracted during the quarter with all measures scoring under 50, indicating contraction in the sectors.

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The US Federal Reserve increased its key interest rate to 5.25-5.50% over the period, pausing in September following a 0.25% rise the month before, and indicating that it may have not quite completed its monetary tightening cycle.

Having fallen throughout 2023, annual US inflation started to pick up again in July 2023, rising from 3% in June, which represented the lowest level since March 2021, to 3.2% in July and then jumping again to 3.7% in August, beating expectations for a rise to 3.6%. Rising oil prices were the main cause of the increase. US GDP growth registered 2.1% annualised in the second calendar quarter of 2023, down from the initial estimate of 2.4% but above the 2% expansion seen in the first quarter.

The European Central Bank increased its key deposit, main refinancing, and marginal lending interest rates to 4.00%, 4.50% and 4.75% respectively in September, and hinted these levels may represent the peak in rates but also emphasising rates would stay high for as long as required to bring inflation down to target.

Although continuing to decline steadily, inflation has been sticky, Eurozone annual headline CPI fell to 5.2% in August while annual core inflation eased to 5.3% having stuck at 5.5% in the previous two months. GDP growth remains weak, with recent data showing the region expanded by only 0.1% in the three months to June 2023, the rate as the previous quarter.

**Financial markets:** Financial market sentiment and bond yields remained volatile, with the latter generally trending downwards as there were signs inflation, while still high, was moderating and interest rates were at a peak.

Gilt yields fell towards the end of the period. The 5-year UK benchmark gilt yield rose from 3.30% to peak at 4.91% in July before trending downwards to 4.29%, the 10-year gilt yield rose from 3.43% to 4.75% in August before declining to 4.45%, and the 20-year yield from 3.75% to 4.97% in August and then fell back to 4.84%. The Sterling Overnight Rate (SONIA) averaged 4.73% over the period.

**Credit review:** Having completed a review of its credit advice on unsecured deposits at UK and non-UK banks following concerns of a wider financial crisis after the collapse of Silicon Valley Bank purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues, in March Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. This stance continued to be maintained at the end of the period.

During the second quarter of the period, Moody's revised the outlook on Svenska Handelsbanken to negative from stable, citing concerns around the Swedish real estate sector.

Having put the US sovereign rating on Rating Watch Negative earlier in the period, Fitch took further action in August, downgrading the long-term rating to AA+, partly around ongoing debt ceiling concerns but also an expected fiscal deterioration over the next couple of years.

Following the issue of a Section 114 notice, in September Arlingclose advised against undertaking new lending to Birmingham City Council, and later in the month cut its recommended duration on Warrington Borough Council to a maximum of 100 days.



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Arlingclose continued to monitor and assess credit default swap levels for signs of ongoing credit stress and although no changes were made to recommended durations over the period, Northern Trust Corporation was added to the counterparty list.

Heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

Detailed holdings at 30 September 2023

APPENDIX 2

Counter Party	Deal Ref	Issue	Maturity	Days to Mature	Interest Rate	Nominal (£m)	Total (£m)	Limit (£m)	Rating
<b>UK BANKS</b>									
Lloyds Bank plc	20		01/10/2023	1	2.00%	0.186		10.000	
	2811		01/10/2023	1	5.14%	0.100	0.286	10.000	A-
National Westminster Bank Plc	2800	25/05/2023	13/01/2024	105	5.13%	4.768	4.768	15.000	
<b>CENTRAL GOVERNMENT</b>									
DMADF Cash Account	2819	02/08/2023	02/02/2024	125	5.37%	0.750	0.750	Unlimited	AA-
<b>LOCAL AUTHORITIES</b>									
Birmingham City Council	2756	28/04/2023	26/04/2024	209	3.50%	5.000	5.000	15.000	AA-
Blackpool BC	2796	27/06/2023	27/10/2023	27	4.46%	5.000	5.000	15.000	AA-
Blaenau Gwent County Borough Council	2786	26/05/2023	27/11/2023	58	4.30%	5.000	5.000	15.000	AA-
Broxbourne Borough Council	2801	18/08/2023	16/08/2024	321	4.75%	3.000	3.000	15.000	AA-
Cambridgeshire CC	64	22/07/2022	22/01/2024	114	1.00%	5.000	5.000	15.000	AA-
Cheltenham Borough Council	2817	02/08/2023	02/10/2023	2	5.20%	2.000	2.000	15.000	AA-
Cornwall Council	2787	11/04/2023	11/10/2023	11	4.20%	5.000	5.000	15.000	AA-
Derbyshire County Council	2742	11/05/2023	10/05/2024	223	1.50%	3.000	0.000	0.000	AA-
	2743	31/05/2023	30/05/2024	243	1.50%	2.000	5.000	15.000	AA-
Gloucester City Council	2798	30/06/2023	28/06/2024	272	4.70%	5.000	5.000	15.000	AA-
Kirklees Metropolitan Council	2698	01/04/2022	02/04/2024	185	0.50%	5.000	5.000	15.000	AA-
Lancashire CC	2749	01/11/2022	01/11/2023	32	2.50%	2.000	0.000	0.000	AA-
	2781	21/04/2023	20/10/2023	20	4.50%	3.000	5.000	15.000	AA-
London Borough of Barking and Dagenham	2806	27/07/2023	27/03/2024	179	4.82%	5.000	5.000	15.000	AA-
City of Liverpool	2790	31/05/2023	30/11/2023	61	4.50%	5.000	5.000	15.000	AA-
Moray Council	2799	08/09/2023	06/09/2024	342	4.75%	3.000	3.000	15.000	AA-
Royal Borough of Windsor & Maidenhead	2808	29/09/2023	28/03/2024	180	4.83%	5.000	5.000	15.000	AA-
Rushmoor Borough Council	2813	17/07/2023	15/07/2024	289	5.85%	2.000	2.000	15.000	AA-
Sevenoaks District Council	65	12/06/2023	12/06/2026	986	4.85%	2.600	2.600	15.000	AA-
Uttlesford District Council	2738	07/06/2023	06/06/2024	250	2.25%	5.000	5.000	15.000	AA-
West Lindsey District Council	2803	21/09/2023	19/09/2024	355	5.00%	5.000	5.000	15.000	AA-

**MONEY MARKET FUNDS**

Aberdeen Liquidity Fund	5	01/10/2023	1	5.29%	1.600	1.600	6.000	AAA
Federated Prime Rate Cash Man	1	01/10/2023	1	5.35%	5.000	5.000	6.000	AAA

**STRATEGIC FUNDS**

Royal London	2714	01/10/2023	1	3.62%	10.000	10.000	10.000	A+
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**157**

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**105.004**

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**INVESTMENT PROPERTIES**

Ashdown House	8.085
49-51 High Street	1.145
Atlantic House	3.574
The Create Building	27.141
Other	4.896
	<hr/> 44.841 <hr/>
	<hr/> <b>149.845</b> <hr/>

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Prudential and Treasury Indicators as at 30<sup>th</sup> September 2023

APPENDIX 3

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

## Debt Limits

£000	2023/24 Maximum	30.9.23 Actual	2023/24 Operational Boundary	2023/24 Authorised Limit	Complied?
Borrowing	250,325	249,325	249,356	269,356	Yes
Finance Leases	31	31	31	31	Yes
<b>Total debt</b>	<b>250,356</b>	<b>249,356</b>	<b>249,387</b>	<b>269,387</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

	2023/24 Maximum	30.9.23 Actual	2023/24 Limit	Complied?
Any single organisation, except the UK Government	£5m	£0.29m	£10m	Yes
Any group of organisations under the same ownership	-	-	£10m	Yes
Any group of pooled funds under the same management	-	-	£25m	Yes
Negotiable instruments held in a broker's nominee account	-	-	£25m	Yes
Limit per non-UK country	-	-	£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	£42.82m	£6.6m	Unlimited	Yes
Strategic pooled funds	£10m	£10m	£20m	Yes
Real Estate Investment Trusts	-	-	£20m	Yes

## Financing costs as a proportion of net revenue stream

Financing costs as a proportion of net revenue stream	30.9.23 Actual
General Fund	-3.15%
HRA	14.68%

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## 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.

	<b>30.9.23 Actual</b>	<b>2023/24 Target</b>	<b>Complied?</b>
Portfolio average credit rating	A+	A	Yes

**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.

	<b>30.9.23 Actual</b>	<b>2023/24 Target</b>	<b>Complied?</b>
Total cash available within 1 week	£16.6m	£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:

<b>Interest rate risk indicator</b>	<b>30.9.23 Actual</b>	<b>2023/24 Target</b>	<b>Complied?</b>
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£0.125m	£1m	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£0.125m	£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:

<b>Refinancing rate risk indicator</b>	<b>30.9.23 Actual</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Complied?</b>
Under 12 months	5%	20%	0%	Yes
12 months and within 24 months	5%	20%	0%	Yes
24 months and within 5 years	18%	30%	0%	Yes
5 years and within 10 years	39%	40%	0%	Yes
10 years and within 20 years	33%	50%	0%	Yes
20 years and within 30 years	0%	10%	0%	Yes
30 years and within 40 years	0%	10%	0%	Yes

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40 years and within 50 years	0%	10%	0%	Yes
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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:

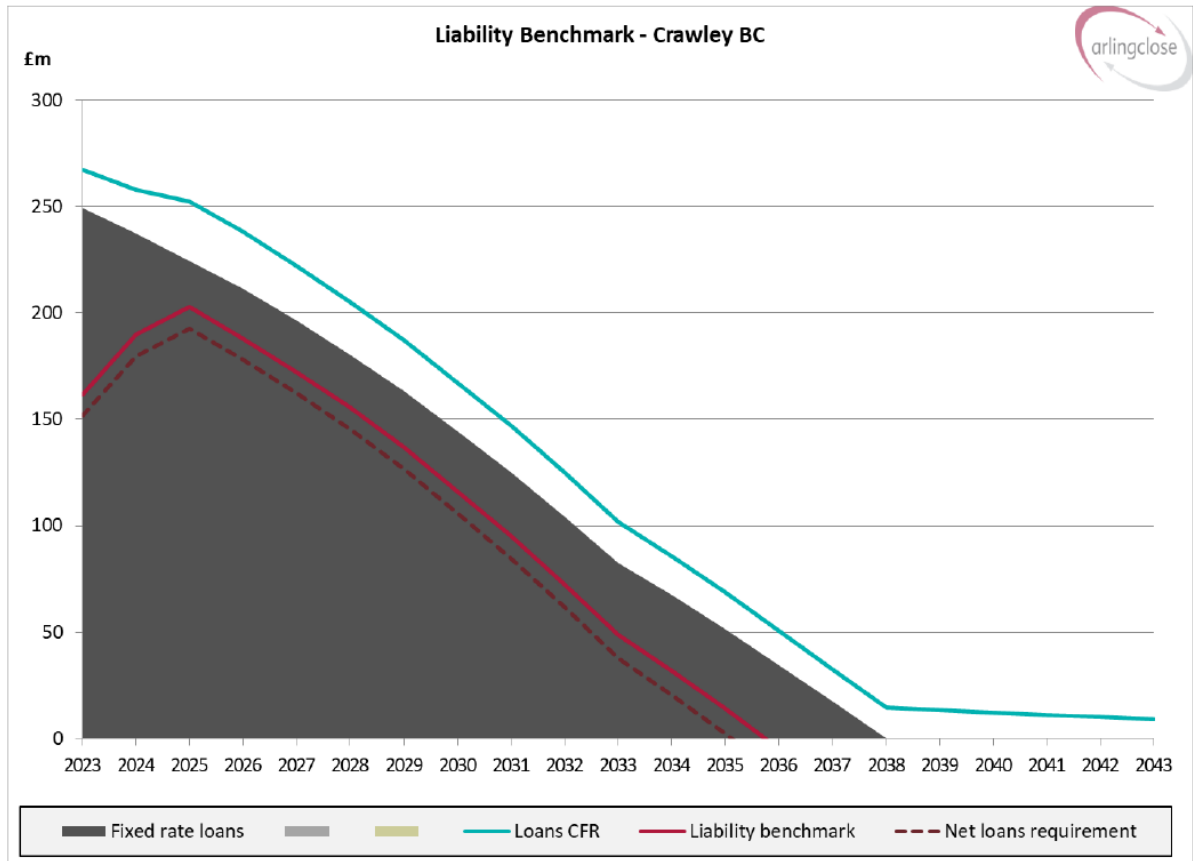
	2023/24	2024/25	2025/26
Actual principal invested beyond year end	£3m	£3m	-
Limit on principal invested beyond year end	£20m	£20m	£20m
Complied?	Yes	Yes	Yes

**Liability Benchmark:** This new indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. 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. It 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 of £[X]m required to manage day-to-day cash flow.

£m	31.3.23 Actual	31.3.24 Forecast	31.3.25 Forecast	31.3.26 Forecast
Loans CFR	267.3	257.9	252.4	238.4
Less: Balance sheet resources	(115.7)	(78.1)	(59.7)	(60.3)
<b>Net loans requirement</b>	<b>151.6</b>	<b>178.8</b>	<b>192.7</b>	<b>178.1</b>
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
<b>Liability benchmark</b>	<b>161.6</b>	<b>189.8</b>	<b>202.7</b>	<b>188.1</b>
<b>Existing borrowing</b>	<b>249.3</b>	<b>237.3</b>	<b>224.3</b>	<b>211.3</b>

Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by no future borrowing, 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% p.a. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing.

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## Crawley Borough Council

**Report to the Overview & Scrutiny Commission**  
27 November 2023

**Report to Cabinet**  
29 November 2023

### **Crawley Station Gateway – Phase 1**

Report of the Head of Economy and Planning PES/443

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#### **1. Purpose**

- 1.1 The Crawley Growth Programme, Crawley Towns Fund Investment Plan and Town Centre Regeneration Programme all include a commitment to delivering the Station Gateway project; a significant public realm and bus station improvement scheme at this important transportation hub and principal gateway to Crawley town centre.
- 1.2 This report informs Cabinet of the refreshed concept designs for the 'Station Gateway – Phase 1' scheme and seeks approval to go out to public and stakeholder consultation, prior to the submission of a planning application and procurement of a construction contractor.

#### **2. Recommendations**

- 2.1 To the Overview & Scrutiny Commission:

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

- 2.2 To the Cabinet:

The Cabinet is recommended to:

- a) Approve the refreshed concept design for the Station Gateway Phase 1 project found at Appendix A; comprising a public realm and bus station improvement scheme focusing on Friary Way, Haslett Avenue West and The Martlets.
- b) Approve the refreshed concept design to go out to public and stakeholder consultation, prior to the submission of a planning application and procurement of a construction contractor.
- c) Delegate authority to approve the final designs for Station Gateway Phase 1 to the Head of Major Projects and Commercial Services, in consultation

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with the Head of Economy & Planning and Cabinet Member for Planning and Economic Development, following the period of stakeholder consultation and undertaking minor modifications as required.

- d) Delegate to the Head of Major Projects and Commercial Services the submission of a planning application to the Local Planning Authority on behalf of Crawley Borough Council
- e) Delegate authority to the Head of Major Projects and Commercial Services to undertake a procurement tendering exercise to appoint a construction contractor in accordance with the Council's Procurement Code.
- f) Delegate authority to the Leader of the Council, in consultation with the relevant Cabinet Member and Head of Major Projects and Commercial Services, to approve the award of the construction contact following an appropriate procurement process.
- g) Delegate the negotiation, approval and completion of all relevant documentation, including legal paperwork, to the Head of Economy and Planning, Head of Governance, People and Performance and the Head of Corporate Finance (Generic Delegations 2 & 3 will be used to enact this recommendation).
- h) Request Full Council to approve the amalgamation of the two funding streams (£5.4m from the Crawley Growth programme and £2m from the Towns Fund) already allocated within the Council's capital programme to enable delivery of the project as set out in section 7.2 of report PES/443.

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

- 3.1 To enable the successful delivery of the Station Gateway Phase 1 scheme which will deliver significant public realm and bus station improvements whilst future-proofing future town centre regeneration schemes.

### **4. Background**

- 4.1 The Crawley Growth Programme is a major regeneration programme of infrastructure improvements and physical regeneration designed to support significant increases in new homes, business investment and employment growth. The Programme is being delivered by Crawley Borough Council in partnership with West Sussex County Council (WSSCC), underpinned by £49.093m of public funding and supported by a range of public and private sector organisations including Metrobus, Manor Royal Business Improvement District, the Arora Group, Network Rail and Govia Thameslink Railway (GTR).
- 4.2 The Crawley Growth Programme includes a funding allocation of £5.4m to deliver the 'Station Gateway' project; a public realm and bus station improvement scheme focused on the area surrounding Crawley railway and bus stations (Haslett Avenue West, Friary Way and the Station Way junction).

# Agenda Item 10

- 4.3 On 12<sup>th</sup> December 2018, Full Council approved the inclusion of the Station Gateway scheme within the Council's capital programme and on 21<sup>st</sup> November 2018 Cabinet approved Crawley Borough Council to be the lead organisation for the scheme. Delegated authority was granted to commission designers to undertake detailed designs, working in close partnership with key stakeholders.
- 4.4 In 2020, the project was paused as a result of key resources from Crawley BC being diverted in response to the Covid-19 pandemic. It was decided that Crawley Growth Programme should instead concentrate efforts on delivering the Eastern Gateway and Manor Royal Highway Improvement schemes.
- 4.5 In 2021, Crawley received £21.1m from the Towns Fund, £2m of which was allocated to improve the bus station and bus infrastructure in this part of the town centre. On 16<sup>th</sup> March 2022, Cabinet approved the addition of the Crawley Bus Station Improvement Scheme to the capital programme with a £2m capital allocation to the project.
- 4.6 In 2022, the Department for Transport (DfT) awarded WSCC £17.4m of for Bus Service Improvement Plan (BSIP) funding for Bus Infrastructure improvements and £5.3m of this was provisionally allocated for an 'enhanced' bus station and a Station Way bus lane scheme in Crawley. Consideration was given to combining this new funding with the CGP and Towns Fund monies to create an enlarged Station Gateway scheme, building on the design work already undertaken for the original smaller scheme. After some time spent on initial design work, led by WSCC and their design consultants, it emerged that DfT would not support delivery of the larger scheme because it did not meet their spend deadline for the BSIP funds by the end of March 2025.
- 4.7 In July 2023, the Crawley Growth Board agreed to revert to the scale and objectives of the original Station Gateway scheme and that Crawley Borough Council would resume the role of the lead delivery partner with a renewed focus on using the £7.4m funding (CGP and Towns Fund) to deliver the scheme (dubbed Station Gateway Phase 1 in anticipation of a renewed bid led by WSCC to DfT in the future for "Phase 2" Station Way highway / bus lane infrastructure upgrades).
- 4.8 The Station Gateway scheme comprises the following design objectives:
- Deliver integrated, sustainable access and public realm improvements at this important gateway to the town centre;
  - Provide greatly improved cycle and pedestrian access between Crawley railway station, bus station, County Mall and The Martlets;
  - Deliver an enhanced bus station and improve bus and traffic flows around Friary Way including a dedicated left hand turn for buses from Friary Way onto Station Way;
  - Transform the area for business investment by providing new soft landscaping and public realm improvements, enhancing the living and working environment in this part of the town centre;

# Agenda Item 10

- Improve connectivity from the railway and bus stations to the wider town centre.

## 5. Revised scope and concept design

- 5.1 In September 2023, new Terms of Reference for the Station Gateway Phase 1 project was approved, and a new Project Board and Steering Group established, led by Crawley Borough Council and reporting to the Crawley Growth Board and Town Deal Board. The Terms of Reference can be found at **Appendix A**.
- 5.2 The Project Board has defined proposals for a revised geographical scope for the Station Gateway Phase 1 project, focused on delivering public realm and bus station improvements in The Martlets, Friary Way and Haslett Avenue West.
- 5.3 The design development of Station Gateway Phase 1 has been careful to consider ‘future proofing’ the scheme in order to ensure that a future Phase 2 scheme along Station Way or any other future regeneration schemes in the immediate vicinity can be aligned and delivered without any abortive works taking place.
- 5.4 The revised concept design for the Station Gateway ‘Phase 1’ scheme can be found at **Appendix B**.

## 6. Next steps

- 6.1 The Station Gateway scheme programme currently anticipates the following milestones:
- Report to Cabinet 29 November 2023
  - Public & Stakeholder Consultation 14 January – 5 February 2024
  - Submit planning application Spring 2024
  - Planning determination Summer / Autumn 2024
  - Procurement of construction contractor Summer / Autumn 2024
  - Mobilisation / start on site Spring 2025
  - Construction period (18 months) Spring 2025 – Autumn 2026

## 7. Implications

### 7.1 Staffing

Resources are in place to manage and deliver the project using staff from the Economic Development and Regeneration and the Built Environment teams, supported by officers from Finance, Legal and Community Services as required.

The project team will be strengthened by the recruitment of a temporary Principal Regeneration Officer (2 year fixed-term post). The postholder will work exclusively on the Station Gateway Phase 1 project and will be wholly funded from the capital budget for the scheme.

# Agenda Item 10

## 7.2 Financial

The total budget for the 'Station Gateway – Phase 1' scheme is £7.4m. This comprises £5.4m from the Crawley Growth Programme and £2m from the Towns Fund – and this report ask the Cabinet to request Full Council approval to combine the two funding sources.

Cabinet report PES/307 on 21<sup>st</sup> November 2018 approved the inclusion of the Station Gateway scheme within the capital programme, through the Crawley Growth Programme.

Cabinet report PES/399 on 16<sup>th</sup> March 2022 approved the addition of the Crawley Bus Station Improvement Scheme to the capital programme with a £2m capital allocation to the project.

The overall scheme budget will be carefully managed and monitored as the project moves forward and reported to Councillors through the quarterly budget monitoring process.

## 7.3 Legal

A planning application for the project will be submitted to, and determined by, Crawley Borough Council as the Local Planning Authority.

A construction contract will be entered into following a robust procurement exercise, in accordance with the Council's Procurement Code.

## 7.4 Environmental

Environmental sustainability has been considered throughout the design process and, where feasible, measures will be taken to minimise energy consumption, waste production and pollution emissions. Environmental impact assessments will be undertaken for all working practices and products associated with the final scheme and assessed through the discharge of the planning conditions.

## 8. **Background Papers**

- Report to Cabinet 16 March 2022 PES/399 – Crawley Towns Fund Business Cases
- Report to Cabinet [21 November 2018 PES/307](#) – Station Gateway Programme update
- Report to Cabinet [27 June 2018 PES/298](#) – Crawley Growth Programme update

### **Contact Officer:**

Lynn Hainge, Economic Regeneration Manager  
01293 438336

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## **Crawley Growth Programme**

### **Station Gateway (Phase 1)**

#### **Terms of Reference**

#### **September 2023**

##### **1. Purpose**

- 1.1 To provide management oversight of Station Gateway (Phase 1) as part of the Crawley Growth Programme.
- 1.2 The Station Gateway (Phase 1) Project Board is responsible for defining the project scope, and ensuring the project is delivered to time and budget, and to manage risks and issues as they arise.
- 1.3 Station Gateway (Phase 1) Project Board will report to the Crawley Programme Delivery Team, who will oversee the Growth Programme and report to the Crawley Growth Board, which is chaired by the Chief Executive of Crawley Borough Council.
- 1.4 The Station Gateway (Phase 1) Steering Group will be responsible for guiding the overall strategic direction of the project and ensuring that key stakeholders are fully informed and engaged with the scheme.
- 1.5 Station Gateway (Phase 1) Steering Group will report to the Project Board.
- 1.6 Membership of the Station Gateway (Phase 1) Steering Group, Project Board, Programme Delivery Team and Growth Board can be found in Appendix A.
- 1.7 A list of key stakeholders can be found in Appendix B

##### **2. Project Background and Scope**

- 2.1 In 2017, Crawley Borough Council, in partnership with West Sussex County Council, secured £14.7m Local Growth Funding from the Local Enterprise Partnership, to deliver the Crawley Growth Programme (CGP).
- 2.2 The CGP includes a funding allocation of £5.4m to deliver an improved bus station and public realm and connectivity enhancements.
- 2.3 Alongside this, £2m has been secured for via the Crawley Towns Fund for investment principally in above ground works.

## **Station Gateway (Phase 1) - Terms of Reference**

2.4 The project scope includes:

- Public realm and accessibility improvement to The Martlets (TBC), Friary Way and Haslett Avenue West
- Bus station improvements, including canopy structure(s) and a dedicated bus left-out lane onto Station Way
- Connectivity improvements for pedestrians and cyclists to encourage inter-modal interchange between the railway station, bus station and wider town centre
- Futureproofing for potential 'Phase 2' infrastructure works

## **3. Aims and Objectives**

3.1 The Steering Group's aims and objectives are as follows:

- Providing a strategic steer
- Establishing key project activities and stakeholder requirements
- Ensure liaison and engagement with other project boards and key stakeholders.
- Reporting to the Project Board

3.2 The Project Board's aims and objectives are as follows:

- Defining the project scope and budget
- Establishing and managing key project activities
- Identifying and mitigating operational risks
- Ensuring the project and associated activities are delivered to time and budget
- Providing a steer to the project team, meeting reporting requirements and co-ordinating activities in accordance with the governance and communication protocols for the Crawley Growth Programme.
- Monitoring quality outputs and constraints
- Define and realise project benefits
- Ensuring the project is adequately resourced
- Monitoring and accounting for any external funding relating to the project
- Ensure liaison and engagement with other project boards and key stakeholders.
- Reporting to the Crawley Programme Delivery Team



## **Station Gateway (Phase 1) - Terms of Reference**

### **4. Conduct of Meetings**

- a. Project Board meetings will be chaired by the Project Sponsor, and in their absence, a chair will be appointed from those in attendance.
- b. Members of the Station Gateway (Phase 1) Project Board should have the authority of their respective organisations to make decisions or to ensure that decisions are followed through within the respective organisations.
- c. Membership can be found at Appendix A. It is noted that some members will only attend if there is an item relevant to their area.
- d. Observers and wider team members may be invited to attend the Station Gateway (Phase 1) Project Board, and at the Chair's discretion and invitation, comment on and contribute to any deliberations at meetings.
- e. Membership of the Project Board shall always conduct themselves in a manner consistent with the Codes of Conduct for Local Government Service.
- f. Representatives of the Project Board should nominate a substitute to attend if they are unavailable and the substitute should be of equal seniority and can fully represent or advise on relevant issues.
- g. The Station Gateway (Phase 1) Project Board will meet every six weeks, or as required, enabling progress reports to feed through to meetings such as the Crawley Growth Board.
- h. The Station Gateway (Phase 1) Steering Group will meet every three months, or as required.
- i. The Action Points from each meeting will be recorded by the Project Director and will be circulated within 5 working days after the meeting. Members will receive all paperwork at least 2 days prior to the meeting.
- j. In exceptional circumstances, and at the Chair's discretion, emergency or late items may be tabled.

### **5. Documents to be discussed**

- a. The following documents will be considered at meetings:
  - i. Project highlight report.
  - ii. Overall progress against milestones
  - iii. Risk register (showing tolerances that are red and amber)
  - iv. Any issues that need to be escalated
  - v. Finance and resources
  - vi. Communication plan

## **Station Gateway (Phase 1) - Terms of Reference**

### **6. Agendas**

- a. The agenda and all relevant papers will be circulated a minimum of 2 days prior to the meeting as far as is possible and any papers submitted after this period will only be discussed at the discretion of the chair.
- b. Due to the nature of some of the items that may be discussed at this meeting, the Council's rules around public and confidential information shall be in place at all times.

### **7. Approval**

- a. These Terms of Reference are to be agreed by the Project Board and will be reviewed on an annual basis.

## Station Gateway (Phase 1) - Terms of Reference

### APPENDIX A

#### Station Gateway (Phase 1) Project Board Membership

Name	Job Title	Organisation
Clem Smith	Head of Economy & Planning ( <i>Project Sponsor</i> )	CBC
Lynn Hainge	Economic Regeneration Manager ( <i>Project Director</i> )	CBC
Joseph Carey	Town Centre Manager and Regeneration Officer ( <i>Client Project Manager</i> )	CBC
Mary Gaskins	Senior Finance Business Partner	CBC
Nigel Tidy	Towns Fund Programme Manager	CBC
Lisa Venn	Built Environment Manager	CBC
Colin Eves	Construction Project Manager	CBC
Dipo Lafinhan	Growth Programme Delivery Manager ( <i>West Sussex CC Representative</i> )	WSCC
<b><i>Optional / as and when required members:</i></b>		
Kevin Dillon	Urban Design Officer	CBC
TBC	Sustainability Manager	CBC
Rhys Hutchings	Associate Director ( <i>CBC Partner</i> )	Project Centre
Geoff Waller	Technical Director ( <i>CBC Partner</i> )	Project Centre

#### Station Gateway (Phase 1) Steering Group Membership

Name	Job Title	Organisation
Councillor Atif Nawaz	Cabinet Member for Planning & Economic Development & Portfolio Holder	CBC
Clem Smith	Head of Economy & Planning ( <i>Project Sponsor</i> )	CBC
Lynn Hainge	Economic Regeneration Manager ( <i>Project Director</i> )	CBC
Joseph Carey	Town Centre Manager and Regeneration Officer ( <i>Client Project Manager</i> )	CBC
Colin Eves	Construction Project Manager	CBC
Wendy Bell	Town Centre BID Manager	CBC
Nick Hill	Commercial Director	Metrobus
Simon Cuckow	County Mall Manager	County Mall
<b><i>Optional / as and when required members:</i></b>		
Adam Wicking	Community Development Officer ( <i>Community Services Representative</i> )	CBC
TBC	Sustainability Manager	CBC
Surinder Arora	Chairman	Arora Group

## Station Gateway (Phase 1) - Terms of Reference

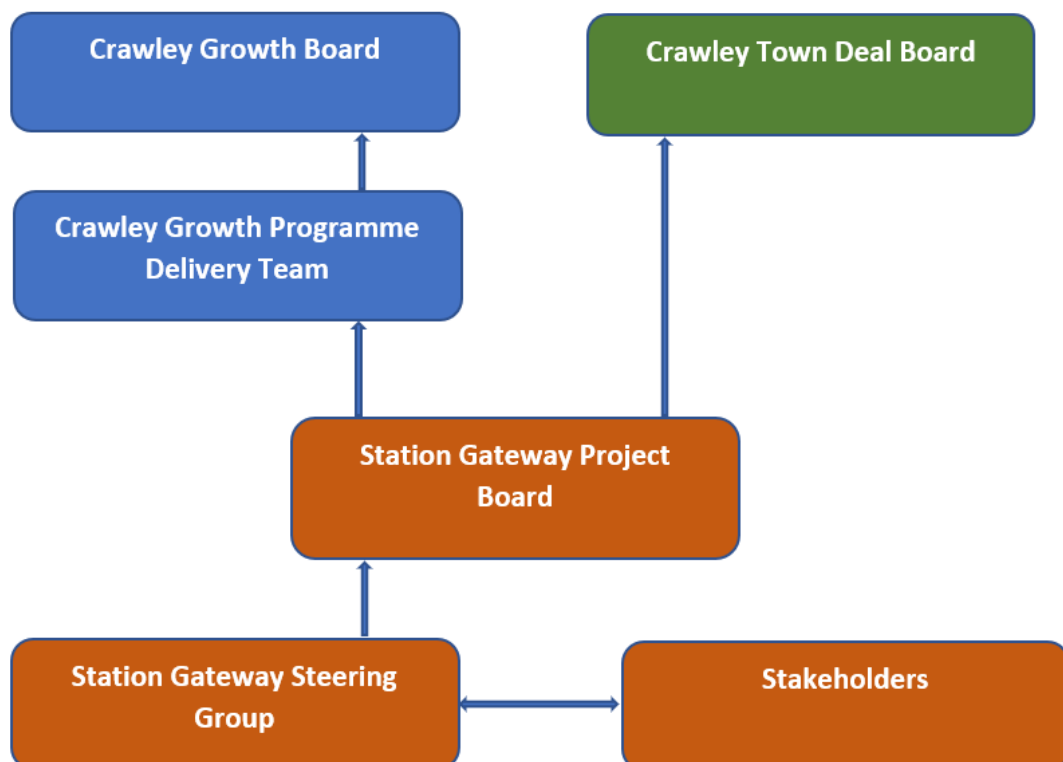
### Programme Delivery Team Membership

Name	Job Title	Organisation
Clem Smith	Head of Economy & Planning	CBC
Lynn Hainge	Economic Regeneration Manager	CBC
Mandy Smith	Regeneration Programme Officer	CBC
Nick Burrell	Strategic Manager ( <i>OPE and Growth</i> )	WSCC
Dipo Lafinhan	Growth Programme Delivery Manager	WSCC

### Crawley Growth Board Membership

Name	Job Title	Organisation
Ian Duke	Interim Chief Executive	CBC
Clem Smith	Head of Economy & Planning	CBC
Lynn Hainge	Economic Regeneration Manager	CBC
Mandy Smith	Regeneration Programme Officer	CBC
Lee Harris	Executive Director	WSCC
Nick Burrell	Strategic Manager ( <i>OPE and Growth</i> )	WSCC
Dipo Lafinhan	Growth Programme Delivery Manager	WSCC

### Project Structure



## Station Gateway (Phase 1) - Terms of Reference

### APPENDIX B

#### Key Stakeholders

- Metrobus
- CBC Cycle and Walking Forum
- Taxi Licensing Manager
- Market Manager
- CBC Development Management
- CBC Urban Designer
- CBC Neighbourhood Services (Town Centre Patch Manager)
- County Mall
- WSCC Highways (Inc Enerveo)
- Arora Group
- Network Rail
- Govia Thameslink Railway (GTR)
- Emergency Services
- Town Centre Business Improvement District
- Crawley Town Access Group
- Sussex Police
- Safer Crawley Partnership
- Crawley & Gatwick Business Watch
- Retail units (landlords and leaseholders) on Haslett Avenue West and The Martlets

**This improvement project is bought to you by the Crawley Growth Programme**

**Coast to Capital**

**LONDON GATWICK**

**Crawley**

**west sussex county council**

**HANOR ROYAL**

**METROBUS**

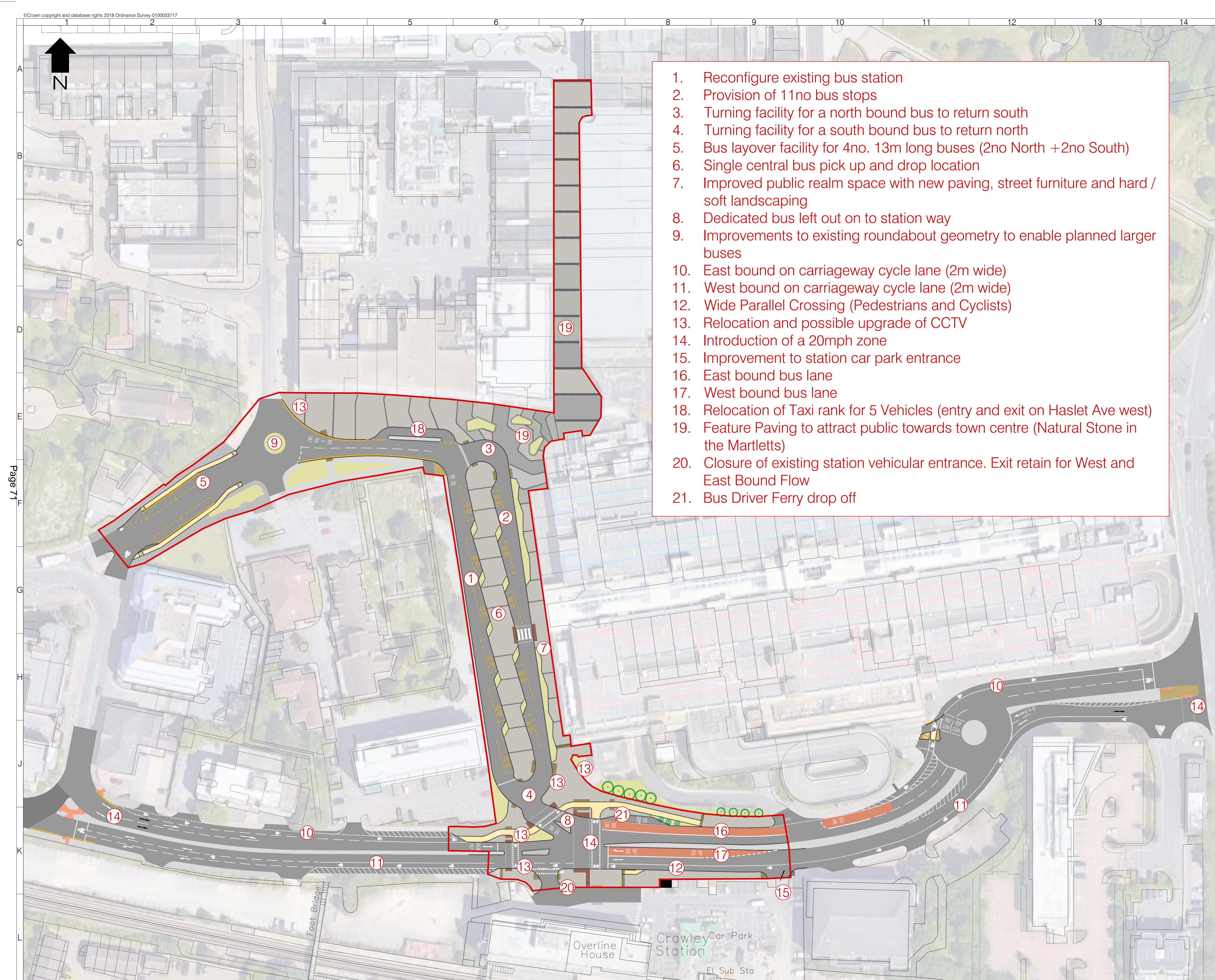
**HM Government**

Working in partnership with

**GTR** **NetworkRail**

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1. Reconfigure existing bus station
2. Provision of 11no bus stops
3. Turning facility for a north bound bus to return south
4. Turning facility for a south bound bus to return north
5. Bus layover facility for 4no. 13m long buses (2no North +2no South)
6. Single central bus pick up and drop location
7. Improved public realm space with new paving, street furniture and hard / soft landscaping
8. Dedicated bus left out on to station way
9. Improvements to existing roundabout geometry to enable planned larger buses
10. East bound on carriageway cycle lane (2m wide)
11. West bound on carriageway cycle lane (2m wide)
12. Wide Parallel Crossing (Pedestrians and Cyclists)
13. Relocation and possible upgrade of CCTV
14. Introduction of a 20mph zone
15. Improvement to station car park entrance
16. East bound bus lane
17. West bound bus lane
18. Relocation of Taxi rank for 5 Vehicles (entry and exit on Haslet Ave west)
19. Feature Paving to attract public towards town centre (Natural Stone in the Martletts)
20. Closure of existing station vehicular entrance. Exit retain for West and East Bound Flow
21. Bus Driver Ferry drop off

CORE WORKS AREA

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Rev	Date	Description	Drn	Chk	App	
F	14.08.23	FIRST ISSUE		RH	RH	GW

This drawing has been specifically prepared to meet the requirements of the named client and may contain design and innovative features which differ from conventional design standards.



Client

Project  
 STATION GATEWAY  
 BUS STATION IMPROVEMENTS

Drawing Title  
 GENERAL ARRANGEMENT  
 OVERALL SCHEME

Drawing Status  
**STAGE 3 - FOR COMMENT**

Drawn	Designed	Date	Scale	Size
AP	RH	AUG 23	NTS	A1

Drawing No.  
 1000008077-010-00

Rev	App
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## Crawley Borough Council

**Report to Overview and Scrutiny Commission**  
27 November 2023

**Report to Cabinet**  
29 November 2023

### **Western Boulevard Scheme - Crawley Growth Programme.**

Report of the Head of Economy and Planning – PES/442

---

#### **1. Purpose**

- 1.1. To update Cabinet on the progress of the Western Boulevard scheme as part of the Crawley Growth Programme.
- 1.2. To inform Cabinet that an additional £1,949,419 of BSIP (Bus Service Improvement Plan) monies have been secured for allocation to the Western Boulevard scheme , subject to a funding agreement with West Sussex County Council and to Full Council approval.

#### **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) Note the progress of the scheme to date.
- b) Delegate authority to the Head of Economy and Planning (in consultation with Head of Governance, Performance and People and the Head of Corporate Finance) to sign a funding agreement with West Sussex County Council with regard to £1,949,419 of BSIP monies. (Generic Delegation 3 will be used to enact this recommendation).
- c) Delegate the negotiation, approval and completion of all relevant documentation, including legal paperwork, to the Head of Economy and Planning, in consultation with the Head of Governance, People and Performance and Head of Corporate Finance (Generic Delegations 2 and 3 will be used to enact this recommendation).
- d) The Cabinet is recommended to ask Full Council to approve the addition of the of £1,949,419 of BSIP (Bus Service Improvement Plan) monies to the Crawley Borough Council capital programme as part of the Western Boulevard scheme, subject to a funding agreement with West Sussex County Council.

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

- 3.1. The recommendations will allow Crawley Borough Council to progress the Western Boulevard Scheme to the on-site delivery phase.

## **4. Background**

- 4.1. The Crawley Growth Programme is a major regeneration programme of infrastructure improvements and physical regeneration designed to support significant increases in new homes, business investment and employment growth. The Programme is being delivered by Crawley Borough Council in partnership with West Sussex County Council (WSCC), underpinned by £49.093m of public funding and supported by a range of public and private sector organisations including Metrobus, Manor Royal Business Improvement District, the Arora Group, Network Rail and Govia Thameslink Railway.
- 4.2. One of the key objectives of the Crawley Growth Programme is to significantly improve the quality of sustainable transport infrastructure (bus, cycle lanes and pedestrian walkways) to deliver modal shift and alleviate congestion in the Town.
- 4.3. The Western Boulevard scheme is intended to deliver significant improvements to bus connectivity in the town centre alongside better sustainable transport facilities. The scheme will widen The Boulevard/ The Broadway junction, giving priority to buses turning in and out of the junction. The scheme will also improve cycle facilities in the area by continuing the segregated cycle tracks on The Boulevard completing the link from the Eastern Gateway to the existing cycle infrastructure on the High Street. Finally, the paving will be upgraded to continue The Boulevard experience that begins with the Eastern Gateway. See appendix A.
- 4.4. In April 2022 a planning application was submitted, permission was granted in September 2022. Detailed designs have been completed and a contractor appointed.
- 4.5. In April 2022, West Sussex County Council were awarded Bus Service Improvement Plan (BSIP) funding by the Department for Transport -Western Boulevard has been identified as a suitable project to be funded through this award (see section 6). This will enable a further £1,949,419 of public funding to be added to the Crawley Growth programme.

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

- 5.1. Crawley Borough Council will be responsible for delivering Western Boulevard. West Sussex County Council is the lead authority for the Crawley Growth programme, which includes the Western Boulevard scheme and will pay Crawley Borough Council as lead delivery body for the scheme, subject to a funding agreement, which will provide a budget of up to £1,949,419 to deliver the scheme.
- 5.2. West Sussex County Council has taken on the role of lead delivery body for the BSIP Programme, and a Funding Agreement between West Sussex County Council and the Department for Transport has been signed to this effect. This sets out the obligations for overall delivery and financial management of the programme.
- 5.3. It is proposed that Crawley Borough Council enter into a funding agreement with West Sussex County Council, which confirms the programme governance, budget and delivery arrangements and the responsibilities of each authority for management of the scheme. Such an agreement would also reference the overarching BSIP

# Agenda Item 11

funding agreement between West Sussex County Council and the Department for Transport .

- 5.4. The Western Boulevard project has already secured planning permission and has an estimated commence on site date of late Q4 2023/24 and has an anticipated completion date of late Q3 2024/25, which would enable the project to be delivered by the Department for Transport deadline for the BSIP funding of 31 March 2025.

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

- 6.1. Western Boulevard is a multi-modal sustainable transport improvement project. It is considered an appropriate project to be a recipient of BSIP funding as there are several features within the project that have been specifically designed to improve bus journey times and provide a more reliable service. Metrobus estimate that the proposed improvements will benefit over 10 million bus users a year. Improvements relating specifically to bus journey time improvements:
- Additional dedicated bus lane, for buses turning right into the Broadway, so they no longer have to sit in traffic.
  - Widening the junction to include a lane for ongoing traffic traveling west to east on the Boulevard, allowing the cars to keep moving whilst the bus turns.
  - Upgrade signals at The Boulevard/ Broadway junction, giving buses priority over traffic travelling east to west along at The Boulevard. Enabling buses to turn in and out of The Broadway more efficiently.
  - Extended the dedicated bus lane on The Boulevard, turning onto the High St.
  - Parking and loading will continue to be prohibited on the Boulevard, removing obstacles for buses.
  - Closing the exit from The Boulevard service road onto the Broadway, reducing conflict between cars and buses.

## **7. Financial Implications**

- 7.1. These proposals require no direct additional financial revenue or capital funding commitment from Crawley Borough Council.
- 7.2. The £1,949,419 BSIP funds will be allocated to the Borough Council's capital programme, subject to Full Council approval and a funding agreement with West Sussex County Council and these funds will enable delivery in full of the Western Boulevard scheme.

## **8. Legal Implications**

- 8.1. The Council will enter into a funding agreement with West Sussex County Council, which is subject to negotiation between legal representatives from both authorities. The agreement will, where appropriate, replicate the clauses agreed between West Sussex County Council and Department for Transport.

## **9. Equalities Implications**

- 9.1. The Council must have due regard to its obligations under the Equality Act 2010 and for the public sector equality duty ("PSED") under section 149 of the Equality Act 2010 in making its decisions and carrying out its functions.

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## 10. Staffing

- 10.1. The appropriate project management staffing resource to oversee delivery of the Western Boulevard project is included in the project capital budgets since that resource is directly associated with a capital scheme delivery.

## 11. Background Papers

- 11.1 None

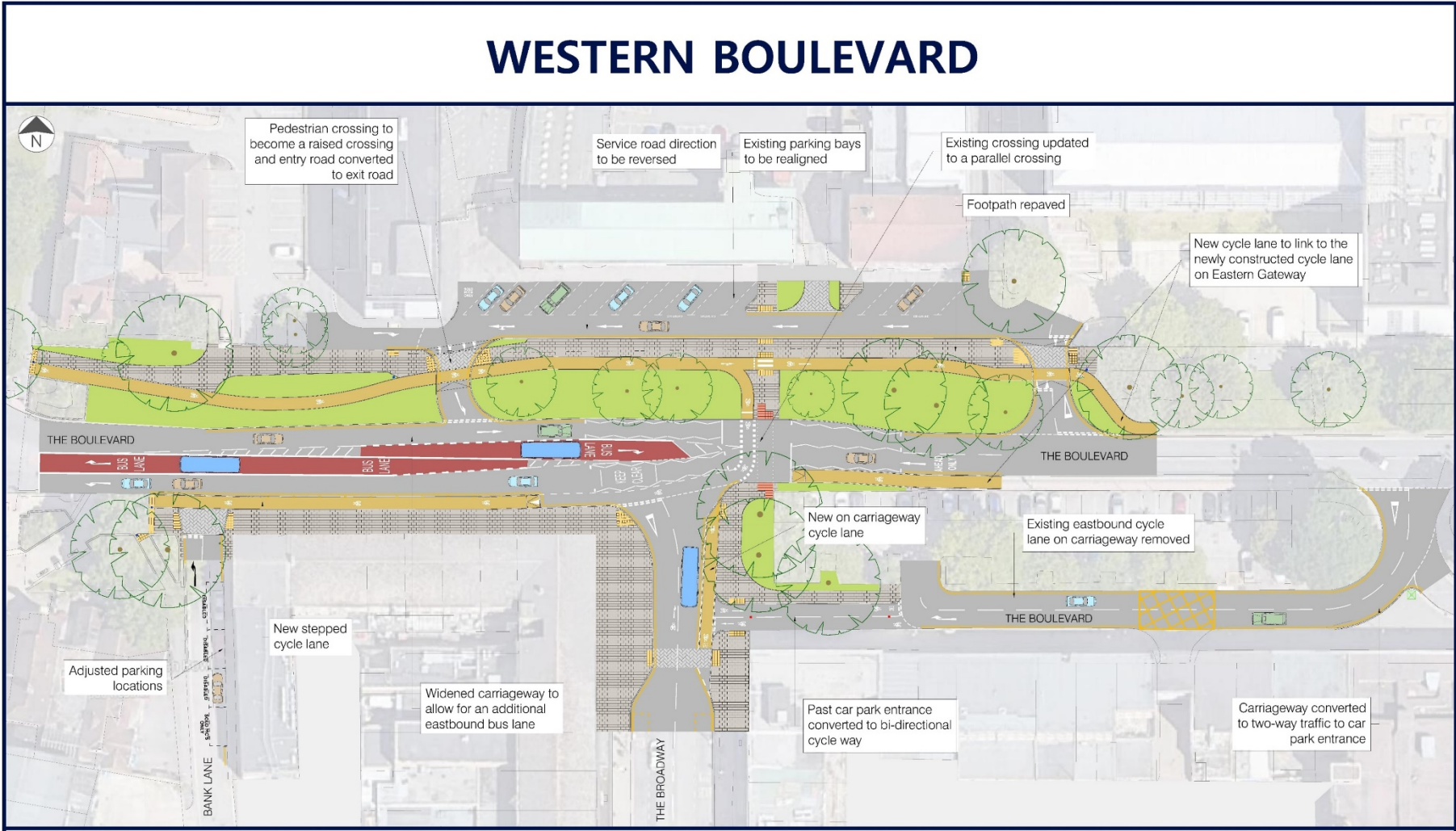
Report author and contact officer:

Officer name: Mandy Smith – Regeneration Programme Officer

Email address: [mandy.smith@ Crawley.gov.uk](mailto:mandy.smith@ Crawley.gov.uk)

Appendix A.

# WESTERN BOULEVARD





# WESTERN BOULEVARD



# Agenda Item 12

## Crawley Borough Council

**Report to Cabinet  
29 November 2023**

### **Forward Programme of Key Procurements (January – June 2024)**

Report of the Head of Corporate Finance – **FIN/634**

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#### **1. Purpose**

- 1.1 The purpose of this report is to present the procurement forward programme. The forward plan identifies the Council's key procurements over a contract value of £500k that will require tendering over the coming six month period.
- 1.2 A brief update on the previous programme from July – December 2023 is also provided.

#### **2. Recommendations**

- 2.1 The Cabinet is recommended to:
  - a) Endorse the procurement forward programme January – June 2024 (appendix A).
  - b) Delegate authority to the Leader of the Council in consultation with the relevant Cabinet Member, relevant Head of Service, and Head of Governance, People & Performance to approve the award of the contract following an appropriate procurement process.
  - c) Delegate the negotiation, approval and completion of all relevant legal documentation, following the awarding of the contracts to the relevant Head of Service, Head of Governance, People & Performance, Head of Corporate Finance, in consultation with the appropriate Cabinet Member. (*Generic Delegations 2 & 3 will be used to enact this recommendation*)

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

- 3.1 By approving the procurement forward programme there is greater transparency of future procurement processes allowing more scope for internal stakeholders to input into how future contracts are delivered.
- 3.2 The approval of the forward programme provides a key decision that will enable the individual procurement processes to be awarded under delegated authority once the tender process has concluded giving the Council the ability to reduce the time required to complete a procurement process.

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## 4. Background

- 4.1 The Council's procurement is governed by The Public Contracts Regulations 2015 along with its own internal rules which are set out in the Procurement Code. The Procurement Code dictates that any contracts awarded above the total value of £500k (across its duration) must be approved by Cabinet.
- 4.2 The attached forward programme at Appendix A identifies those high value procurement processes that the Council is currently aware of that are due to go out to tender in the next six months. This is subject to change.
- 4.3 There may be additional projects that are identified that require procurement action that are not currently on the current forward plan however it is hoped that these will be minimal and are more likely to be one-off or construction-based procurements where additional funding / capital investment has been agreed.
- 4.4 Appendix B gives a brief update on the procurement projects that were previously identified.

## 5. Description of Issue to be resolved

- 5.1 It is hoped that there is greater transparency and awareness of key procurement projects.
- 5.2 Allowing contracts to be awarded under delegation shortens the tender process.

## 6. Information & Analysis Supporting Recommendation

- 6.1 By identifying procurement processes in a forward programme, internal stakeholders can input into the process at an earlier stage where there is more ability to influence and make decisions on the future contract delivery model. The organisation can manage resources more effectively

## 7. Implications

- 7.1 Whilst every effort will be made to ensure that procurement processes are identified and reported in the forward programme there may be some instances where this is not achieved, an individual report will therefore be taken as per the previous model.

## 8. Background Papers

- 8.1 Procurement Code  
[Report to Cabinet - Forward Programme of Procurements](#)

Report author and contact officer: *Becca Williams, Procurement Manager, 01403 215050*



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## Appendix A – Procurement Forward Programme

Contract Title	Estimated Contract Value	Brief Description
Manor Royal Gigabit Project (Towns Fund)	c£1.9m	Towns Fund project for a fibre partner to develop digital connectivity in Manor Royal; possibly competitive procedure with negotiation; potential subsidy control issues. Lead Officer: Simon Jones.
Water Supply	£600k (all Councils)	Contracts for supply of water (and removal of wastewater) to all sites under Council control. Contracts expire mid June 2024. Route to Market Stage; initially investigating using LASER's Water Framework Agreement. Lead Officer: Tanya Pemberton.
Town Hall Demolition	c£750k	c£750k. Demolition works - considering frameworks / local tender process. Lead Officer: Keith Jarosinski
Electoral Print (all 4 councils)	c£4m over 6 years (all Councils) c£650k for CBC	Collaborative electoral print tender for a 6 year duration to align with election cycles. Including ballot papers, postal packs, etc. Lead Officers: Thomas Walker; Chris Pedlow.
General Insurance	c£1m pa for CBC	East Sussex Procurement Hub running a collaborative procurement exercise for Local Authorities in East and West Sussex from April 2024.
5 Perryfield Road	c£850k	Appoint a contractor for the build and refurbishment of an existing property. Lead Officer: Roy Wood
Flood maintenance	c£750k	One contractor to maintain all our flood structures, carry out our legal obligations under the Reservoir Act, and carry out other general maintenance and emergency works. Contract expires June 2024. Lead Officers: Segun Oke; Jacob Hughes.
Hybrid Mail Solution	c£600k	Implementation of a new hybrid mailing solution for printing. Lead Officer: Allan Hambly

# Agenda Item 12

## Appendix B – Update on Procurements January – June 2023 Procurements

Contract Title	Estimated Contract Value	Brief Update
Towns Fund	Various depending on project	Crawley has developed comprehensive business cases for several projects / schemes relating to the £20m grant funding from DHLUC. These will be implemented later in 2023 and 2024 as different projects and workstreams. Any which are above the £500k threshold will appear as a separate project.
Crawley Innovation Centre (Travel House)	£3.5m for building refurbishment works	Travel House to be refurbished through building conversion works to become Crawley Innovation Centre. Ongoing contracts required for furniture and managing agent.
Mechanical Sweeping	£135k - £225k (depending on option)	Contract with current mechanical sweeping provider has expired; considering several options to take to the market which will be agreed with members.
Microsoft Licences	c£500k	Purchase of Microsoft Licences. Contract is for 3 year period. Lead Officer: Emma Nash. Aggregation process signed up for with Crown Commercial Service, to be awarded early 2024.
Azure Cloud Solutions Partner	c£400-500k	Cloud Solutions Partner. Contract is for 3 or 4 year period – to be determined. Lead Officers: Emma Nash and Bob Samways
Building Repairs & Maintenance	£3.6m Approx. £900k p.a.	Contract is framework agreement with multiple suppliers, and covers planned and responsive repairs and maintenance of our non-housing assets. Aim to publish tender Winter 2023. Lead Officers: Colin Eves, Thomas Walker
Print	£360k pa (CBC – c£90k pa)	Aim to put a replacement contract in place for external print as current framework agreement and Dynamic Purchasing Systems expire 1 April 2024. Collaboration with other members of the Shared Procurement Service – Horsham DC, Mid Sussex DC and Mole Valley DC.
Building Cleaning	£2.9m (CBC)	Current cleaning contract for facilities including Town Hall, Pavilions and Community Centres expires in autumn 2024. Will go out to tender with Horsham DC, Mid Sussex DC and Mole Valley DC, with aim to publish tenders in autumn 2023
Energy Procurement Contract Arrangements	c£8.6m over 4 years	Electricity and gas contracts. Cabinet has approved committing to procure gas and electricity through the LASER Framework for another 4 year period October 2024 onwards, contract documentation being completed.