

Narrative Report

2018 – 2019

Narrative Report (Continued)

1. An Introduction to Crawley Borough Council

Crawley Borough covers just under 18 sq miles and has a population of approximately 111,700 residents, which is growing and forecast to reach 122,000 by 2034. It is situated in the north eastern part of the county of West Sussex.

Crawley is a bustling modern town and the major economic force in West Sussex as well as the Gatwick Diamond area, with over 3,000 active businesses.

Crawley Borough benefits from Gatwick Airport located within it, the world's busiest single runway airport, which hosts up to 46 million passengers per year and also from Manor Royal, the South East's premier business park, which employs 30,000 people and accommodates 600 businesses across 240 hectares. The land between Manor Royal and the airport is required to be safeguarded for a potential second runway.

Despite having just two per cent of the West Sussex land mass, Crawley contributes 25 per cent of its annual economic wealth output – it is superbly placed to sustain high value economic growth. Crawley's economy is not worth almost £5bn per annum in Gross Value Added and is one of the fastest growing in the Coast to Capital LEP area.

With 102,000 jobs and growing, Crawley has the second highest job density in the country outside Central London. Centre for Cities 2016 report, has found that Crawley is one of the most productive and innovative places in the UK (10th lowest JSA claimant count, 2nd highest weekly wages (after London), highest proportion of private sector jobs. The number of businesses in Crawley has grown by over 30% since 2013.

The town is divided into a series of residential neighbourhoods around the town centre, each with its own schools, shops and community facilities. Crawley has a rich history and heritage going back to the Bronze Age, but the town really took off in the 1940's when it was designated one of 8 'New Towns'. The town centre is undergoing major physical transformation with the regeneration of Queens Square over 600 new town centre residential units completed since 2014 and a further 1,050 with planning permission of which over 300 in the construction phase.

We have an ambitious programme of regeneration in the town centre, which is building on the strengths of the town's economy to help develop retail, employment, business and residential opportunities. The Queens Square refurbishment has been completed, we are now expanding these improvements to Queensway, major new developments and the wealth of town centre opportunity sites make Crawley the place to invest in.

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2. **Council Structure-the council is made up of Portfolios, the structure below is for the financial year 2018/19 -**

Cabinet (Leader)

Leadership of the Council including:

- overall policy direction
- financial strategy
- representing the Council in the community
- negotiating with national organisations
- emergency planning
- democratic renewal
- concessionary travel
- regional governance and development

Planning and Economic Development

Responsibility for:

- local development framework
- transport issues
- economic development
- liaison on highways issues
- Gatwick strategy

Resources

Responsibility for driving up the performance of council services.

Specific responsibilities include:

- human resources and staffing issues
- ICT and e-government
- customer services and complaints
- the council's Contact Centre
- procurement
- performance issues across the whole council
- democratic services
- fostering interest in local government

Public Protection and Community Engagement

Responsibility for driving up the performance of council services.

Responsibility for:

- community strategy and planning
- community and neighbourhood development

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- community safety
- equal opportunities
- grants to voluntary bodies
- issues relation to travellers
- health

Housing

Responsibility for:

- Crawley Homes (landlord role)
- housing strategic services
- liaison and joint working with housing agencies

Environmental Services and Sustainability

Responsibility for:

- public and environmental health
- waste management and recycling
- Port Health
- land drainage

Wellbeing

Responsibility for:

- arts (including The Hawth)
- museums and galleries
- sport and fitness
- parks and open spaces
- allotments
- play service
- liaison with education authority
- community centres
- nature conservation

3. Council's Performance

In 2018/19

- The Queens Square regeneration scheme has unlocked over £30 million of private sector investment in and around Queens Square.
- 216 residential units completed at the Apex building – former Southern Counties site, this includes 87 new Crawley Homes units for affordable housing.

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- 3 major planning public enquiries on unauthorised off site airport parking successfully defended, upholding major planning policies in conjunction with Gatwick Airport.
- Crawley Borough Council launched a new online service which gives residents instant access to council services, when it suits them. The myCrawley self-service portal delivers secure access to account information including real-time rubbish, recycling and garden waste updates.
- Crawley's brand new museum opened its doors to the public in the summer.
- The town's Victorian bandstand was also opened in its new location, Memorial Gardens. The bandstand was refurbished and restored to its former beauty by a specialist decorative blacksmith.
- Crawley's own second Passivhaus development in Dobbins Place in Ifield West was completed. The development provides four – two bed houses and two – two bed maisonettes, complete with private gardens.
- Housing developments at Telford Place and Forge Wood received a government grant from Homes England's Housing Infrastructure Fund worth more than £6m helping to unlock another 620 new homes in the town.
- Worth Park joined Tilgate Park, Goffs Park and Memorial Gardens as one of the very best green spaces in the UK. Worth Park has been awarded the prestigious Green Flag for the first time and also received the Heritage Accreditation.
- Crawley Borough Council was awarded a grant by Arts Council England to stage the cultural event, CHIME, at the end of 2018. Hundreds of residents and visitors enjoyed the afternoon of music, dance, food demonstrations and tastings and community stalls. CHIME celebrated the town's cultural diversity with the unifying theme of light and sound.
- A free, innovative, training and support programme for Crawley's independent retailers, in partnership with Crawley College and Solent University, has been introduced.
- The brand new Small Independent Retail Training and Support Programme aims to enhance the success of local businesses in the area by offering hands on support, worth more than £1,800, to help businesses make small changes to see big results.
- Community Wardens scooped up the RSPCA's Gold Stray Dog Footprint for the tenth year in a row. In acknowledgment of the PawPrint Award's 10th anniversary and the Community Wardens' decade of commitment to animal welfare, they have subsequently achieved the Platinum Stray Dog Footprint.
- Hundreds of residents flocked to the town centre for fourth year of free outdoor cinema screenings in September. The council also hosted another cinema screening at the Halloween event in Queens Square. December saw Tilgate Park's Magical Christmas and Crawley Ice Rink in Goffs Park.
- During the winter, Crawley Borough Council offered local rough sleepers a unique, safe and warm place to sleep thanks to local charities Crawley Open House and The Danny Gallivan Trust. Danny the Bus is a double decker bus that offers separate sleeping pods for both men (8 spaces)

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and women (4 spaces), alongside a kitchen and seating area. The bus was refurbished by Crawley Men's Shed over the course of 2018. Danny was operated by Crawley Open House during periods of extreme cold weather.

- Crowdfunding platform, Crowdfund Crawley, has seen ten projects reach their goals since the launch in June 2018. A cumulative total of £53,715 has been raised by 143 backers across the ten successful projects. Through the Neighbourhood Improvement Fund, the council has pledged £15,480 over six projects.
- Crawley Borough Council has won Skills Academy status for existing and forthcoming construction sites in Crawley Town Centre. The council has been given this prestigious recognition and the chance to launch a Town Centre Skills Academy by the Construction Industry Training Board (CITB).
- A 'wall of fame' feature in K2 Crawley has been created by Crawley Borough Council to honour "Crawley's Sporting Excellence" and consists of 13 sportspeople with a connection to Crawley.
- The inaugural Run Gatwick, which took place on Sunday 13 May 2018, incorporated the International Half Marathon, 5K race, corporate 5K and a Family Run for children aged four to 15 years, this was a very successful and won a gold award for 'New Event' from Running awards and Silver for '5K national'.
- £180,000 of Crawley Growth Programme funds invested in high quality brand new signage and wayfinding across Crawley Town Centre using place branding.
- S106 funds invested in High Street public realm improvement scheme, successfully removing unwanted car parking from the High Street.

Some statistical information on our achievements

- 153,453 visits to Tilgate Park Nature Centre
- 207,659 attendances at the Hawth Theatre
- 1,374,805 attendances at our Leisure Centres
- 6,696 residents in receipt of Housing Benefits
- 7,142 residents in receipt of Council Tax Reduction (formally Council Tax Benefit)
- 207 Households were prevented from becoming Homeless
- 125 Households who Homelessness was relieved
- 2,136 Households on the Housing Register
- 159 Affordable Homes delivered in year with 381 Homes that are on site and due to be completed over the next two years.
- 28 People were helped to work through 'Employ Crawley'
- 341 Residents assisted on their journey towards or into employment
- 807 Freedom of Information requests processed
- 4,527 myCrawley accounts set up
- 903 Planning Applications processed, 529 Pre-Application enquiries, 30 appeals, 197 Planning Enforcement Investigations.
- 106,908 calls into the Contact Centre

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- 3,677,200 scheduled refuse collections
- 382 Environmental Health Food Hygiene inspections, 93 Health and Safety Inspections (relating to accident notifications/investigations and alternative enforcement strategies)
- Almost 9,000 visitors to the New Museum
- 7,172 people assisted by the Health & Wellbeing team
- 7,726 Green Garden Waste Bin customers
- £128,814,441 collected in Business Rates - the majority of this is passed to the Government
- £58,921,594 of Council Tax collected, Crawley Borough Council kept 11.8p in each £1 collected with the balance transferred to West Sussex County Council and the Sussex Police and Crime Commissioner.

Corporate Priorities in 2018/19

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

We will:

- Continue to balance the budget (over a three year period), by improving our efficiency, increasing income and investing ethically and wisely.
- Work to keep council tax low without compromising local services and put money back into local reserves where possible, to finance future investments.
- Deliver the Transformation Plan.
- Develop digital service delivery enabling customers to engage with council services at their convenience, via an updated website and a new online self-service application.
- Develop a new Town Hall with lower running costs and high grade office space for residents, staff and commercial tenants.

2. Delivering affordable homes for Crawley and reducing homelessness

We will:

- Continue to deliver as much affordable housing as possible, particularly Council housing, through our own-build and enabling programmes for people with a local connection to Crawley.
- Drive down homelessness across the borough and support partner agencies to help those most in need.
- We will continue working with neighbouring councils to ensure that they provide housing for Crawley residents through their 'duty to co-operate' arrangements.

3. Improving job opportunities and developing the local Economy

We will:

- Develop an Economic Development vision and plan.

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- Deliver the Crawley Growth Programme to provide major improvements to the town's infrastructure, including more sustainable transport and better community facilities.
- Deliver pathways to better job opportunities for local residents, through the ongoing development and delivery of Crawley's Employment and Skills Plan.
- Continue to work closely with our Local Economic Partnerships to deliver economic growth and jobs in the town.
- Utilise our place making responsibilities and powers to drive business growth and create new employment opportunities.

4. Creating stronger communities

We will:

- Support local groups in delivering a range of events and activities that celebrate Crawley's diversity.
- Promote neighbourhood forums as a means of giving residents a voice over how services are delivered.
- Continue to help local voluntary organisations, through the grants process to provide important services.
- Continue to work with our partners to make Crawley a safe place.

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

We will:

- Continue to invest and enhance the town's leisure and culture facilities, such as local parks, the Museum, K2 Crawley, the Hawth, adventure playgrounds and the Nature Centre.
- Work with partners and other key stakeholders to enhance our resident's health and wellbeing and reduce health inequalities across our town.

6. Protecting the environment

We will:

- Protect and enhance our environment by reducing the Council's and the town's Carbon footprint.
- Deliver a number of energy efficient schemes including, a District Heat Network for the Town Centre, Combined Heat and Power at K2 Crawley and a Water Source Heat Pump at Tilgate Park.
- Continue to reduce, reuse and recycle our waste, providing the mechanisms to encourage residents to do more to recycle their waste.
- Continue to seek measures to improve the air quality across the Borough.
- Implement Crawley 2030, Local Plan and ensure that it remains up to date and reflects the key issues and growth challenges facing the town.

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- Continue to provide a safe, clean and well maintained town, through the use of area focussed multi skilled teams.

4. Financial Performance

Revenue Expenditure and Income in 2018/19

In February 2018 the Council set a net expenditure budget for 2018/19 of £14.1million. This resulted in a Band D Council Tax for Crawley of £198.99 and a total Band D Council Tax including the precepts from West Sussex County Council and Sussex Police and Crime Commissioner of £1,682.68.

The 2018/2019 budget provided for a transfer to reserves of £0, at outturn this was higher due to the successes of the Council's transformation plan, budget efficiencies and sound financial management which brought forward efficiencies and savings and additional income and resulted in a contribution to revenue reserves of £425,181. In addition, £569,720 was transferred from the Business Rate Equalisation Reserve in accordance with the Budget Strategy.

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	Original Budget £000's	Latest Budget £000's	Outturn £000's	Variance £000's
Cabinet	1,263	1,397	1,391	(6)
Public Protection & Community Engagement	1,659	1,777	1,754	(23)
Resources	1,285	1,400	1,324	(76)
Environmental Services & Sustainability	5,882	6,015	5,830	(185)
Housing	2,589	2,976	2,541	(435)
Wellbeing	8,314	9,722	9,796	74
Planning & Economic Development	(2,815)	(1,417)	(971)	445
Total Portfolio Variances	18,176	21,870	21,664	(206)
Depreciation	(3,596)	(3,940)	(3,940)	0
Renewals Fund	400	400	400	0
Investment Interest	(848)	(863)	(1,038)	(175)
New Homes Bonus	(1,467)	(1,467)	(1,467)	0
Transfer to Tilgate Park Investment reserve			10	10
Grant - Business Rates Levy Surplus		0	(55)	(55)
Year-end Financing	0	(1,971)	(1,970)	1
Transfer to General Fund Reserve			425	425
Sub Total	12,665	14,029	14,029	(0)
Funded by -	0			
Council Tax	(6,930)	(6,930)	(6,930)	0
RSG	(575)	(575)	(575)	0
NNDR	(5,160)	(6,524)	(6,524)	0
Sub Total	(12,665)	(14,029)	(14,029)	0
Transfer from Business Rates Equalisation Reserve	0	0	570	570
Net Transfer (from) / to General Fund Reserve	0	0	995	995

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Summary of the Housing Revenue Account

The Council continues to be the provider of rental accommodation within the borough with a stock of 7,956 dwellings at 31 March 2019. The Council is required to maintain a separate ring-fenced account to record all the financial transactions relating to those dwellings.

The change in stock can be summarised as follows:

	31 March 2018	31 March 2019
Stock at 1 April	7,946	7,921
Less Sales	(52)	(41)
Demolitions/Disposals	(12)	(1)
Add New Build	37	75
Acquisitions	2	1
Transfer to/from GF	0	1
Stock at 31 March	7,921	7,956

The income from tenants in council property was £44.9m in the year with other income to the HRA of £2.2m. The council took out loans on 28th March 2012 for £260.325m, borrowed from the Public Works Loan Board (PWLB). Interest on these loans amounted to £8.309m. This payment replaces the negative housing subsidy. As a result there is more certainty within the Housing Revenue Account as interest on the loans has been fixed over 26 years and a robust business plan to invest additional resources in place.

The balance was invested in the provision of council housing including management and maintenance of over 7,800 dwellings, 4,600 garages and 1,585 leasehold properties. There was a transfer to the Major Repairs reserve in the year of £19.961m for future investment in housing stock.

The Housing Revenue account saw an underspend in year due to additional rental income and reduced staffing costs in the year due to vacancies.

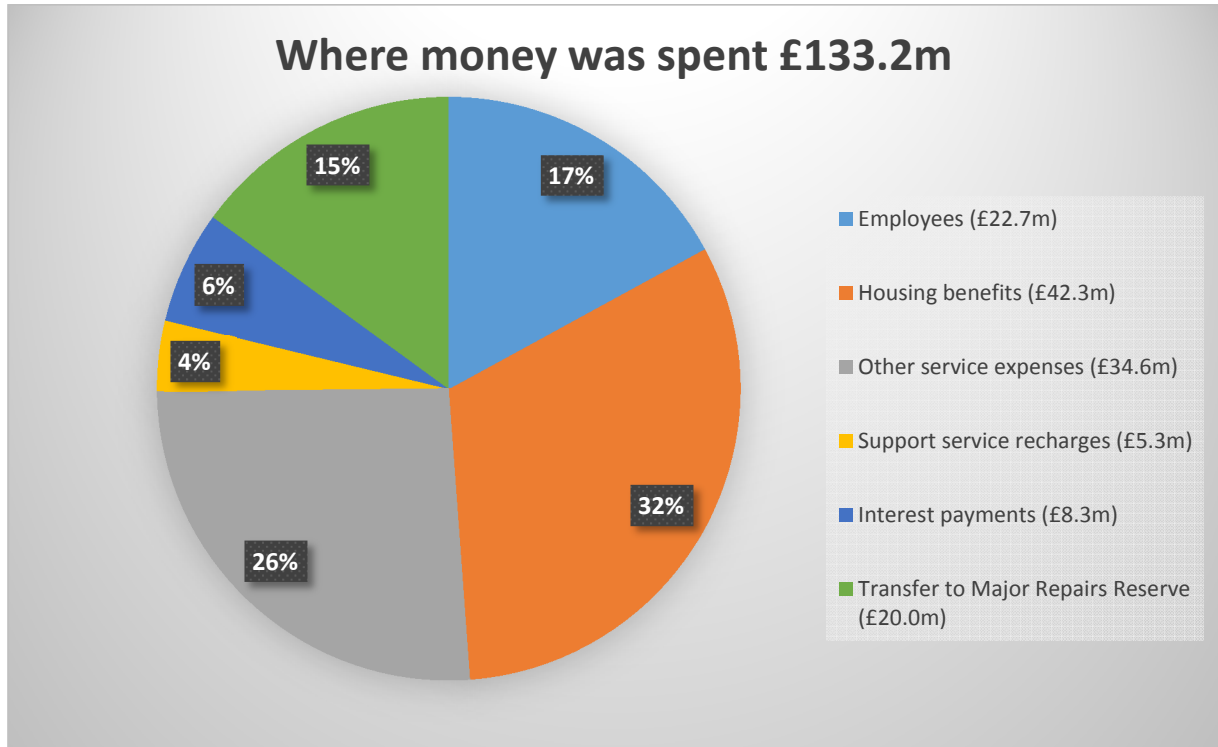
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HOUSING REVENUE ACCOUNT			
Expenditure Description	Latest Estimate £'000s	Outturn £'000s	Variation £'000s
Income			
Rental Income	(44,697)	(44,875)	(178)
Other Income	(2,022)	(2,152)	(130)
Interest received on balances	(209)	(191)	18
Total income	(46,928)	(47,218)	(290)
Expenditure			
Employees	3,608	3,451	(157)
Repairs & Maintenance	10,515	10,600	85
Other running costs	2,133	2,094	(39)
Support services	2,673	2,673	0
	18,929	18,818	(111)
Net (Surplus) / Deficit	(27,999)	(28,400)	(401)
Use of Reserves:			
Debt Interest Payments	8,309	8,309	(0)
Depreciation, Revaluation & Impairment	6,437	6,437	0
Financing of Capital Programme & Transfer to Housing Reserve for Future Investment	13,253	13,654	401
Total	27,999	28,400	401

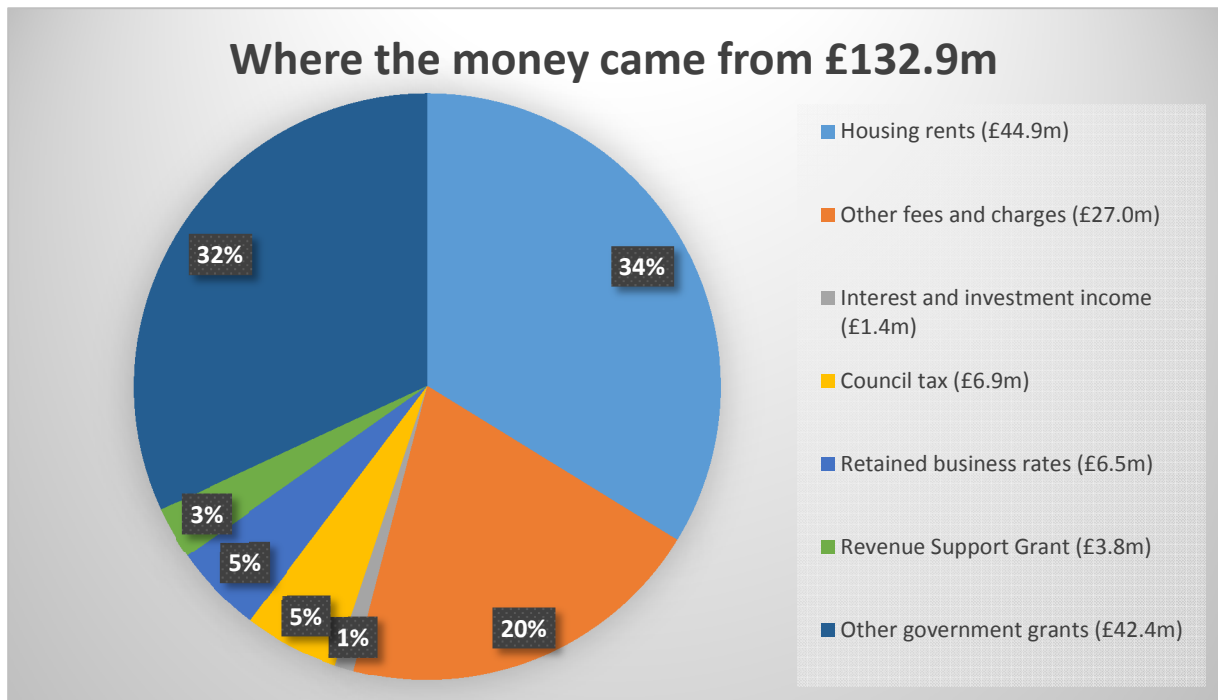
Total Revenue Expenditure

Overall the Council incurred expenditure in 2018/19 of £133.2m on its services to the public.

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The main sources of income are depicted below:



The tables above are different from the figures reported in the statement of accounts because they have been adjusted from an accounting basis to a funding basis. The net expenditure of £0.3m agrees to the deficit on General Fund and HRA Balance in year as reported in the Expenditure and Funding Analysis and the Movement in Reserves Statement.

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Capital Programme

The Council is embarking on an ambitious capital programme of £186m from 2018/19. This includes £126m within Crawley Homes for investment in new and existing housing stock.

In 2018/19 the Council spent £45.210 million on capital assets, which was funded from the sale of assets, capital grants, external funding and revenue resources

Portfolio Description	Outturn 2018/19 £000's	2019/20 Latest Budget £000's	2020/21 Latest Budget £000's	2021/22 Latest Budget £000's
Cabinet Resources	2,120	3,425	931	-
Environmental Services & Sustainability	94	991	400	67
Planning & Economic Development	825	2,392	2,961	-
Public Protection & Community Engagement	1,267	12,282	8,507	2,600
Housing Services	1,870	7,066	3,426	4,173
Wellbeing	1,472	2,243	517	-
Total General Fund	7,648	28,399	16,742	6,840
Housing Revenue Account	37,562	44,026	18,993	25,366
Total Capital	45,210	72,425	35,735	32,206

The table below summarises the approved resources available to fund the capital programme to 2021/22, this excludes the full costs associated with the New Town Hall as the scheme has not been fully legally signed off yet.

Funded By				
Capital Receipts	1,792	21,666	3,384	44
Capital Reserve	2,240	25	5,000	-
Disabled Facilities Grant	913	1,153	-	-
Lottery & External Funding	1,242	706	3,879	2,600
1-4-1 Receipts	7,478	12,291	6,177	3,139
MRR	30,047	35,125	16,896	17,423
Replacement Fund/Revenue Financing	902	571	-	-
Section 106	596	888	399	-
Borrowing	-	-	-	9,000
TOTAL FUNDING	45,210	72,425	35,735	32,206

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Financial outturn

The table below reconciles the outturn for the General Fund and HRA back to the Expenditure and Funding Analysis.

	General Fund £'000	HRA £'000	Combined £'000
Total Portfolio (General Fund) and HRA Surplus	21,664	(28,400)	(6,756)
Revaluation losses	(710)	-	(710)
Movement in investment properties	(370)	-	(370)
Capital grants	2,077	-	2,077
Revenue expenditure funded from capital	(2,313)	-	(2,313)
Pensions	(2,148)	-	(2,148)
Accumulated absences	(9)	-	(9)
Net Cost of Services in the Expenditure and Funding Analysis	18,191	(28,400)	(10,209)

5. Corporate Risks

Failure to deliver key infrastructure projects as planned, on time and within budget, such as:

- **Town Hall and District Heat Network**

The Council are working with Westrock in delivering a potential mixed use development which would see the provision of a new town hall, commercial office space and residential units on the town hall and adjacent car park site. A recommendation on the preferred option was presented to Cabinet early in 2017 and was approved at Full Council on 22nd February 2017. This proposal will require a partial demolition of the current building to allow for the development of a new Town Hall within the site. Planning permission for the New Town Hall was granted in June 2018, and for the District Heat Network in November 2018. Project Agreements with Westrock were signed in October 2018; A2 Dominion (Social Housing provider) agreed to take on the Babcock's Car Park Site in December 2018 and works have commenced; and the business case for the District Heat Network was also signed off in December 2018. The majority of staff have now been decanted from the proposed demolition area. A risk register for the scheme is updated by the project team on a fortnightly basis and will be shared with the Audit Committee. Tender prices for the DHN and the New Town Hall are due back in June

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and July respectively. Subject to these, work on decommissioning is scheduled to commence in August.

- **LEP Infrastructure – Crawley Growth Programme**

CBC, together with WSCC (the lead body) was successful in securing £14.6 million of Local Growth Fund from the Coast to Capital LEP in autumn 2017, as part of the Crawley Growth Programme – a £60m package of public and private sector funding.

The principal purpose of the Crawley Growth Programme investment is to help bring forward regeneration sites to achieve new homes, jobs, and commercial space. The above resources are being invested in sustainable transport, highway and public realm infrastructure in the town centre and Manor Royal. The Worth Park Avenue cycle path, the Crawley town centre signage scheme and the Real Time Passenger Information upgrades at bus shelters across Crawley have already been completed. Some additional town centre signage has been installed and new signage for Queensway and Memorial Gardens will be installed once the Queensway public realm scheme is complete.

The Programme is being delivered over the period 2017 to 2021, founded on dialogue and active partnership working with stakeholders such as Metrobus, the Manor Royal BID, Gatwick Airport Ltd, Network Rail and site developers. It is being overseen by the Crawley Growth Board, chaired by CBC's Chief Executive and CBC key decisions on schemes going forward will be subject to Cabinet approval and associated due process.

The Queensway – Pavement scheme, the latest town centre phase of the Crawley Growth Programme, is currently being implemented and the contractor Blakedown is due to complete the works on schedule and on budget by October 2019. Design work continues on several other Crawley Growth programme schemes, including Station Gateway, Eastern Gateway, and Manor Royal sustainable transport improvements.

Three Bridges Railway Station

On 11th February 2015 [SHAP/43](#), Cabinet approved the allocation of £430,000 of S106 funding towards the delivery of improvement works to the Station Forecourt. Network Rail have formally agreed to extend the S106 funding spend deadline to end March 2021.

Member approval has been granted to reallocate £1.5 million of Borough Council capital programme funding, originally earmarked for the Queens Square regeneration scheme, to the Three Bridges station improvements programme. These funds are being combined with the above S106 resources along with over £1 million of Community Infrastructure Levy (approved by Cabinet on 7th February 2018).

The Three Bridges station scheme Programme Manager has been working closely with GTR Southern and Network Rail in order to progress delivery of the scheme to detailed design stage with the aim of submitting a planning application next year. GTR Southern and Network Rail have both joined the Three Bridges Project Steering Group alongside Crawley Borough Council and West Sussex County Council. On 21st March 2018 Cabinet approval was secured to commence work on the detailed design stage and to undertake comprehensive traffic modelling to determine the impact on traffic flows of the scheme, taking account of the recently upgraded traffic lights infrastructure outside Three Bridges station on Haslett Avenue East. The modelling work is currently being

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assessed by the Highways Authority. Subject to the outcome of that assessment, further detailed design work will be undertaken later in the year.

A comprehensive risk register is overseen by the Project Board of the Crawley Growth programme.

Delivering the affordable housing programme

The Administration has pledged to build as much affordable housing for local people as possible. Delivery is being programmed through the Strategic Housing Board and scrutinised at CMT and through the Corporate Projects Assurance Board. Current projections for the next 4 year delivery period (2018-2021) indicate that delivery can be maintained at a similar level to the previous 4 year monitoring period at just over 1,000 new affordable homes. Approximately 2/3rds of this delivery will be by the Council and the remainder by other Registered Providers of affordable housing.

The officer Strategic Housing board meet on a regular basis and review the use of 1-4-1 receipts; any future risks will be highlighted through the Quarterly Monitoring Reports to Cabinet and in the Councillors' Information Bulletin. Spend is currently on track.

Mitigating actions have been taken to address the impact of the four year 1% rent reduction on the HRA to ensure the delivery programme can be maintained. These included setting affordable rather than social rents for new development, discounted sale as an alternative tenure option, and some re-profiling of the delivery programme. HRA and 1.4.1 receipt funding is currently fully committed, however, the HRA debt cap has been abolished providing the opportunity for additional Prudential borrowing. This will enable The Council to proceed with a number of sites to maintain its own build programme. Additional borrowing to provide more affordable housing on Telford Place was agreed by Full Council on 27th February 2019.

The decision to leave the EU may impact upon the costs of housing schemes as future restrictions may increase labour costs, this will be monitored over the coming years.

Perhaps the greatest risk to the delivery of affordable housing lies beyond the medium term, once the current programme has been delivered. This reflects the fact that the majority of larger sites within the Council boundary that can easily be built will have been developed. This will leave smaller sites that are more challenging in nature, or finding other opportunities. Work is commencing that will seek to identify these future sites and opportunities.

Future Income Streams and Transformation Agenda

In preparation for the New Town Hall the Council has agreed a wider transformation programme to prepare the organisation for a new era and to help us meet future demand, needs and financial pressures. The pillars (in addition to the New Town Hall) within the plan are Digital Transformation, New Ways of Working, Values and Behaviours, Redesigning Services, Commercial Approach (a separate risk is being created for this) and Reducing Bureaucracy. At a programme level, the key risks are:

- The interdependencies between the areas of work not being recognised. The capacity required by the transformation programme could take resources away from core delivery which could impact on performance, finance and reputation

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- Services are not prepared for the move to the new town hall putting performance at risk, impacting negatively on service provision and/or creating non-planned for additional costs (or reduced income)
- Staff are not prepared for the move to the new town hall impacting on motivation recruitment and retention
- Technology does not support the desired ways of working impact on performance, finance and morale

To manage these risks, a Transformation Board at CMT level has been created. It brings together and oversees a high level plan to ensure coherence, manage interdependencies and change, allocate resources and ensure delivery. A full revised risk analysis is to be undertaken once current negotiations on the New Town Hall are completed as outcomes will affect analysis.

A further senior management group – Corporate Project Assurance Group - has also been created (September 2018). Its role is to ensure appropriate governance of projects and assure that key projects beyond the transformation programme are not adversely impacted from the constraint of capacity and resources. In fulfilling this role the group has reviewed a wide range of current projects following an initial risk analysis. In doing so it has made changes to strengthen the governance structures for projects, for example the IT Boards Terms of Reference and membership has been changed, and a new Major Procurement Board has been created. As set out in the Capital Strategy (agreed at Council on 27 February 2019), this group will now shift to a more forward facing stance in overseeing delivery of the Capital Strategy whilst maintaining its focus on governance.

Disaster Recovery and Business Continuity.

A report to Cabinet on 9th September 2015 recommended a more resilient hosting of data by providing a resilient, energy efficient, cost effective and available hosting environment for the IT systems to support our services. A partnership contract has been agreed with Surrey County Council for them to host at the data centre. Since June 2017 100% of Virtual servers and 98.4% of has applications have been migrated to the Surrey Data Centre.

A 2nd Phase of work is now being planned to move additional Physical infrastructure to the Surrey Data Centre, including additional storage to support Electronic Information Management (EIM) and backups.

The Bewbush Centre has been designated as the Council's main alternative 'warm' site should there be no or limited access to the Town Hall building. There is a link from this building to the Surrey Data Centre so that most IT systems will remain operational in the event of the Town Hall being out of operation and it will be possible for staff to access the CBC network via this link. There is corporate Wi-Fi installed at Bewbush which will allow access for up to 70 users at the Bewbush Centre using laptops or tablets together with a small number of desktop network points.

The Bewbush Centre has been designated as the Council's main alternative site should there be no or limited access to the Town Hall building. Departments have recently been refreshing service business continuity plans to ensure arrangements are in place for service continuity in the unlikely event of significant disruption.

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A balanced budget is not achieved in the medium term resulting in an increased use of reserves, which is not sustainable.

The Budget and Council Tax 2019/20 [FIN/462](#) report to Cabinet on 6th February 2019 showed that we achieved a balanced budget despite a 89.72% reduction in revenue support grant, efficiencies were identified and the Budget Advisory Group scrutinised growth bids which were accepted including investment town wide in shrub bed removal. The budget Strategy report was approved by [Cabinet on 31st October 2018](#), in addition projections are being constantly updated. Decisions made by West Sussex County Council that impact on Districts and Boroughs such as the amount of recycling credits paid will be a further demand on future budgets, the removal of the current sum paid would result in an increase of Council tax of £11.36 per Band D property. The proposed Fair Funding Review from 2020/21 makes it very difficult for all Local Authorities to project forward as the outcome will not be known until December 2019, the consultation closed on this on 21st February 2019. As a result there is a high possibility of the need to transfer either to or from reserves in 2020/21. Because of financial constraints, any growth items will have to be funded from savings, efficiencies or increased income, therefore there are increasing challenges over the medium term to incorporate future growth.

Projections will be updated when the outcome of Town Hall tendering is finalised. The Corporate Management Team continue to work with staff and contractors to identify and implement improved ways of working and to focus on the aim of dealing with matters first time. In addition the Chief Executive together with the Head of Corporate Finance have undertaken a 'Budgets Challenge' exercise with all Heads of Service – this has resulted in savings and efficiencies which will assist in meeting future budget gaps. This process will be repeated in the coming financial year together with a review of vacant posts.

The refreshed transformation programme of service improvements and efficiencies achieved through service reviews will continue with the aim of continual streamlining of internal processes to reduced waste and duplication, and also to focus on the defined purpose of each service. The transformation programme includes an increased focus on achieving new sources of income by applying a commercial lens where possible.

The impact of the decision to leave the EU may have a detrimental impact on the Council's objectives and finances, this will be reviewed as part of future budget strategy reports and the annual budget report.

Recruitment, Retention and succession planning.

Recruitment and retention of key specialist and professional roles is challenging. The impact of a period of pay restraint in the public sector combined with an increase in salary levels generally in the South East has led to problems with recruitment and retention in roles such as Finance, IT, and some Housing roles. HR staff are working with managers to ensure we promote these roles effectively, HR have supported on a number of interview assessments to ensure the best possible outcome.

With the introduction of the apprenticeship levy, the Council are in direct competition with organisations who can offer greater levels of remuneration in the way of benefits and incentives. To mitigate the risk of low recruitment levels the HR team have worked with recruiting managers to design tailored apprenticeships and have expanded the range of

Narrative Report (Continued)

professions for which apprenticeships are available. HR have undertaken a comprehensive rewrite and redesign of apprenticeship promotional materials, the website, vacancy adverts and job descriptions. HR have increased the activity promoting apprenticeships by visits to schools and attendance at career fairs. The apprenticeship levy will require continuous resourcing and ongoing promotion and will be an area of continued challenge for the Council in attracting apprentices.

There is a recruitment and retention scheme which will allow time limited salary uplifts on appointment but this is only a temporary incentive and temporarily can cause pay inequality within teams. There are a number of benefits available to employees and by raising the profile to prospective employees and raising the profile to existing staff of incentives including different ways of working can support with recruitment incentive and retention.

The Corporate Management team will be discussion succession planning and putting processes in place to plan for the future.

The Job Evaluation Scheme has been amended to create a further grade at the top of the scale to assist with the recruitment and retention of third tier managers.

Possible 'no deal' Brexit

On 31 January 2019 the Secretary for State for Housing Communities and Local Government wrote to all Leaders and Chief Executives of English Local Authorities setting out a local authority preparedness checklist. This stated that councils will want to assure themselves that they have undertaken necessary EU Exit Impact Assessments, relevant planning and the preparation of appropriate mitigation plans in the scenario of a no-deal Brexit. The areas listed were:

1. All statutory services for which the council is responsible for
2. All regulatory services for which the council is responsible
3. The impact (direct or indirect) of any border areas [this would include Gatwick as an airport]
4. The impact on supply chains (in the delivery of statutory services)
5. Data handling (impact of data held in the EU)
6. Local partnership working (for instance ensuring plans are in place to support vulnerable or managing increased community tensions)
7. Communications (to provide community assurance and provision of timely information)

A separate draft working document has been prepared looking at the implications of a no-deal Brexit to the council. This is a substantive assessment that includes all the areas listed above, but one that by the very nature of Brexit is constantly changing and being updated.

6. Summary Position

It is clear that the Council's financial and non-financial performance in 2018/19 continues to be good. The efficiency savings and additional income earned in the year were in most cases in line with expectations, capital outturn has been managed to minimise the level of re-profiling required at the year end and the Council has sufficient reserves and balances to provide financial resilience for 2019/20 and future years.

Narrative Report (Continued)

In 2018/19, the Council has faced and dealt successfully with significant change. This trend will continue and indeed accelerate but the Council is well placed to adapt to the challenges and to take advantage of the opportunities offered. There are risks as highlighted above, but there are well established and robust risk management processes in place and, together with robust financial management and reporting, the Council is in a strong position as it moves into 2019/20.

7. Explanation of the Financial Statement

The Statement of Accounts for 2018/19 have been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) and show the financial performance of Crawley Borough Council for the year, together with its overall financial position as at 31 March 2019. The purpose of the published statement of accounts is to give local taxpayers, Council Members, stakeholders and other interested parties clear information about the Council's finances. It therefore aims to provide information so that these stakeholders can:

- Understand the overarching financial position of the Council
- Have confidence that the public money with the Council has been entrusted and has used has been accounted for in an appropriate manner
- Be assured that the financial position of the Council is safe and secure

The style and format of the accounts complies with CIPFA standard and is similar to that of previous years.

The accounts provide the reader with information on the cost of services provided by the Council in the year 2018/19, how these services were paid for and a statement of the Council's assets and liabilities at the year end.

The Council's financial report consists of three reports:

- The Narrative Report (this statement)
- The Annual Governance Statement
- The Statement of Accounts

The Annual Governance Statement identifies the systems that the Council has in place to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded.

The Statement of Accounts are presented in the following order:

- Statement of Responsibilities for the Statement of Accounts

This identifies the officer who is responsible for the proper administration of the Council's financial affairs.

- Main Financial Statements

Expenditure and Funding Analysis

This statement takes the net expenditure that is chargeable to taxation/rents and reconciles it to the Comprehensive Income and Expenditure Statement.

Narrative Report (Continued)

Comprehensive Income and Expenditure Statement

The purpose of this account is to report income and expenditure relating to all the services provided by the Council and how the net cost of those services has been financed by local taxpayers and the Government.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

Balance Sheet

This statement shows the balances and reserves at the Council's disposal as well as the liabilities as at 31 March 2019. It also summarises the fixed and current assets used to carry out the Council's functions.

Cash Flow Statement

This statement summarises the inflows and outflows of cash arising from the transactions with third parties for revenue and capital purposes. It differs from other accounts in that creditors and debtors are excluded.

- Notes to the Main Financial Statements

The explanatory notes in this section are largely prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) issued by the CIPFA/LASAAC Local Authority Code Board. Additional notes have been provided wherever possible to assist understanding of the financial statements.

- Supplementary Financial Statements

Housing Revenue Account

This account shows the major element of expenditure on the provision of Council housing and how this has been financed by rents and other income.

Collection Fund

The Collection Fund summarises the income received from taxpayers for council tax and business rates and its distribution to precepting bodies. The precepting bodies for council tax are Crawley Borough Council, West Sussex County Council and Sussex Police and Crime Commissioner. Business rates are distributed to Crawley Borough Council, West Sussex County Council and Central Government.

- Glossary of Terms

A glossary of the most commonly used technical terms in these accounts is provided.

Narrative Report (Continued)

8. Change in accounting policies

There were changes to accounting policies in the year in relation to IFRS 9 Financial Instruments. This resulted in the reclassification of financial assets and the remeasurements of carrying amounts. Further details can be found in Note 18 to the Statement of Accounts.

9. Further Information

Further information about the 2018/19 Statement of Accounts is available from:

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Date: