

Crawley Borough Council

Report to Overview & Scrutiny Commission 23 November 2020

Report to Cabinet 25 November 2020

Budget Strategy 2021/22 – 2025/26

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

1. Purpose

- 1.1 The 2021/2022 General Fund and Housing Revenue Account Budgets and the updated capital programme will be determined by the Full Council in February 2021. This report sets out the projected financial position for 2021/22 to 2025/26 for the General Fund and the underlying assumptions.
- 1.2 The report also sets the policy framework for the budget process, recognising that there are a range of options for capital investment, income generation, savings and Council Tax levels; none of which can be considered in isolation. The overall objective is to work towards a balanced General Fund budget over a three year period, this however may be difficult due to the impact of the pandemic.
- 1.3 This report also includes the Housing Revenue Account's capital investment programme to be considered ahead of the Budget report to Cabinet and Full Council in February 2021.

2. Recommendations

2.1 To the Overview & Scrutiny Commission

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

2.2 To the Cabinet

The Cabinet is asked to recommend to Full Council the approval of the Budget Strategy 2021/22 to 2025/26 and to:

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

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

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

3. Reasons for the Recommendations

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

4. Background

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

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

Local Government Finance Reforms

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

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

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

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

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

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

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

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

- 4.4 Many of the underlying financial assumptions in this report apply equally to the Housing Revenue Account as to the General Fund (for example inflation and employee related costs). However, the financial position of the Housing Revenue Account (HRA) is heavily influenced by the financing regime introduced in April 2012.
- 4.5 Under this regime the Council has taken on debt of £260.325m and determined a repayment profile which gives it the capacity to spend capital sums to achieve some of its objectives for housing. This includes a comprehensive stock investment programme and the building of new Council homes.

5. Key Assumptions

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

Table 1 Forecast of core funding to 2025/2026

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

5.3 Retained Business Rates

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

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

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

Table 2 Business rates projections and use of equalisation reserve

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

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

5.4 Council Tax

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

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

5.5 New Homes Bonus

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

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

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

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

6. Budget Projections 2021/22 to 2025/26

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

Table 3 Budget projections

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

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

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

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

6.2 Table 4 - Summary of assumptions

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

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

6.2.1 Pay Award

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

6.2.2 Investment Interest

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

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

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

6.2.3 Pensions

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

6.2.4 General Inflation

In recent years many budgets have been frozen or reduced which has compensated for those budgets that have increased by more than the base assumption (for example energy and fuel). Assumptions are shown in the table 3 above. No allowance has been made for inflation on other general running expenses.

6.2.5 Fees and Charges

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

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

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

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

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

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

7. Reserves

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

The level of reserves should be regularly reviewed. This is particularly true in the current situation. Local government has had reduced financial resources from the Government and it is clear that this is going to continue for several years.

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

7.1 General Fund Reserve

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

7.2 Earmarked Reserves

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

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

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

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

Table 4 Earmarked reserves recommended for reallocation

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

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

8. Budget Process and savings strategy

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

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

The savings strategy developed has three strands:

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

8.1 Future Years Savings identified by Officers.

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

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

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

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

- 8.2 Table 5 above gives a long term savings target of £1.627m. Reserves will be required to be used in the first three years. If savings identified were limited in the earlier years the reserves would run out as the total available is £2.24m. A range of options suggested by officers was agreed at an all member working group on 23rd September 2020 for public consultation. The outcome of this consultation and agreed savings will feed into the budget report in February 2021.
- 8.3 Where budgetary proposals identify the need for the reduction of, or closure or discontinuance of a service, appropriate consultation will need to be carried out. The Council will also have to have due regard to the public sector equality duty under section 149 of the Equality Act 2010 in making their decisions. The equalities impact will be addressed on proposals as they are developed.
- 8.4 The longer term savings target is £1.627m, reserves will be required to be used in 2021/22 to 2023/24. The earlier the savings identified the lower use of reserves. If £1.627m of savings were identified for 2021/22 onwards the use of reserves would be as per table 6 below.

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

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

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

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

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

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

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

9. Capital Funding

- 9.1 Future bids for capital should be based on expenditure required to maintain the Council's assets, for environmental obligations such as flood prevention and for disabled facilities grants. In addition bids will be for spend to save projects or spend to earn investment income but that such prioritisation should not preclude the initial consideration of capital projects that could deliver social value. Due to commitments within the capital programme future capital schemes will result in borrowing. The Treasury Management Strategy which will be reported to Cabinet and Full Council in February 2021 will address these borrowing requirements.

Attached as Appendix D is the Capital Strategy.

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

- 9.2 Any other separate bids will be presented directly to later meetings of the Cabinet.

10. Housing Revenue Account

- 10.1 Council on 22 February 2012 ([FIN/257](#)) approved the payment of £260.325m to the Department for Communities and Local Government as part of the Government's abolition of the previous housing subsidy regime. The money was borrowed via a series of loans from the Public Works Loan Board. The repayment dates vary between 2022/2023 and 2037/2038.
- 10.2 The net effect of these changes was that the HRA had budgeted for significant surplus over the coming years. This was to enable the Council to make capital investments that will help it achieve its corporate housing objectives. Investments already approved include the provision of housing at Breezehurst Drive, Bridgefield House and Forge Wood. Changes to Right to Buy discounts and the announcement in the July 2015 budget that rents will decrease by 1% per annum for 4 years from 2016/17, resulted in fewer resources available to meet all aspirations.
- 10.3 The HRA 30 year plan is constantly being updated, and is reported to the affordable housing group. This takes both revenue and capital budget projections and shows resources available for future investment in housing.
- 10.4 The debt cap has subsequently been removed. This would allow an increase in borrowing in order to build more housing.
- 10.5 Attached at Appendix E is the capital investment plan for Crawley Homes for approval in future capital budgets, this is funded from the HRA, this includes £11.280m in 2023/24 and an additional £1m for Milton Mount works in 2021/22. The original budget estimate for the water main replacement was £350k. Quotes that are currently being evaluated estimate the work around £750k. The increase is due to the technical

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

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

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

11. Risk Management

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

12. Background Papers

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

Appendix A – Reserves

There are two purposes for holding reserves. The first is to have sufficient funds to be able to maintain services, both in the short and medium term. The second is to earmark funds for specific purposes. There should be plans to spend earmarked reserves, even if the amount and timing of that spending is uncertain. In accordance with CIPFA guidance, earmarked reserves are held for a number of purposes:

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

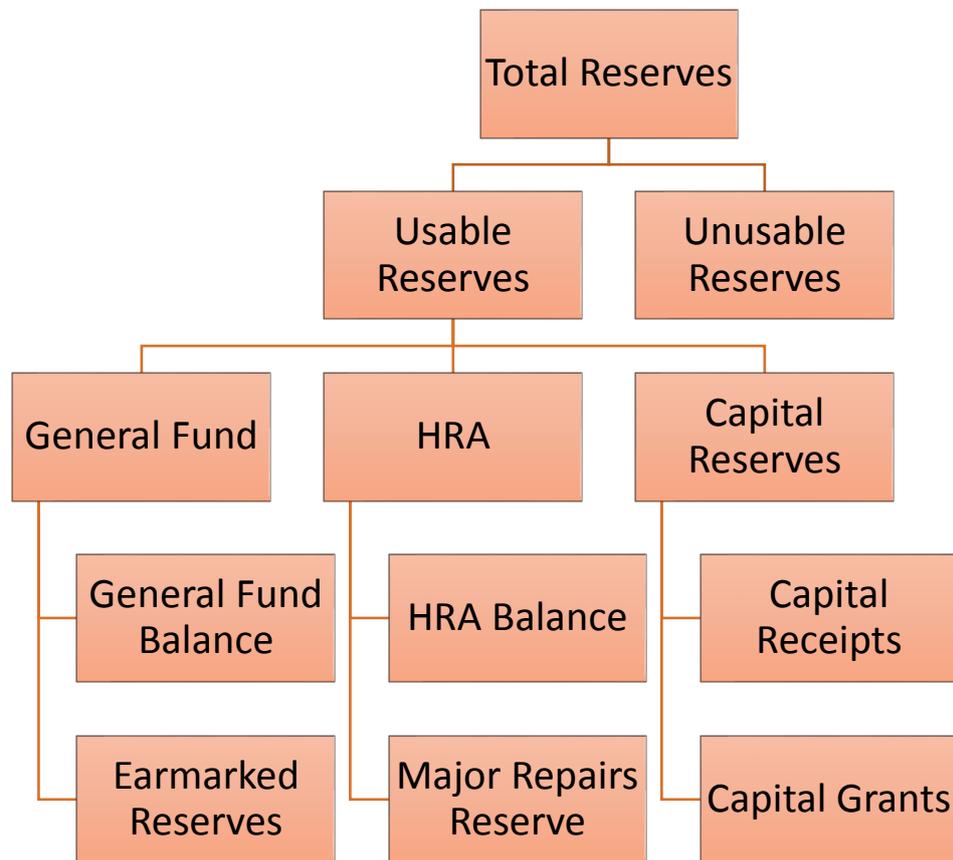
The nature and purposes of these reserves means that from year to year funds will flow in and out as projects progress, grants are received, insurance costs are incurred and on the other hand capital receipts are set aside for future capital investment, insurance funds are topped up to prudent level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

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

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

The level of reserves should be regularly reviewed. This is particularly true in the current situation. Local government has had reduced financial resources from the Government and it is clear that this is going to continue for several years.

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



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

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

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

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

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

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

Major Repairs Reserve

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

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

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

Appendix B

Earmarked Reserves

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

Appendix C

FUTURE YEARS SAVINGS

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

Capital Strategy

1. Purpose

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

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

2. Background

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

3. Objectives of the Capital Strategy

- 3.1 The objectives of the Capital Strategy are to:
- Prioritise and deploy capital resources in advancement of the Corporate Objectives and the criteria within the Budget Strategy which are –
 - Items for the Capital Programme are driven by the need for the upkeep of council assets and environmental obligations,
 - and schemes will also be considered that are spend to save or spend to earn,
 - but that such prioritisation should not preclude the initial consideration of capital projects that could deliver social value.

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

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

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

The Capital Strategy:

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

Project Initiation

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

Prioritisation on capital projects

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

Formal approval process

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

Monitoring and evaluating schemes

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

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

Funding the Strategy

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

4. Debt and Borrowing and Treasury Management

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

5. Commercial Activity

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

Officers would use the following criteria to assess potential purchases. It is expected that proposals should meet all of these criteria unless there are sound reasons not to.

- i purchase price of less than £8m (there is no current provision in the capital programme).
- ii preferably freehold, but if leasehold then at least 125 years left on lease, or the ability to purchase an extension to the lease length.
- iii an income flow of at least 8 years duration, before either a lease renewal or tenant's option to break.
- iv a covenant check of the tenant confirms the ability to perform the conditions of the lease, including payment of rent.
- v the investment should be in such a condition that any further short term capital investment would be limited.
- vi whilst Crawley may be a preferable location, other locations within East and West Sussex and Surrey will be considered.

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

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

6. Future Capital programme

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

7. Implications

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

Appendix E – Crawley Homes capital investment plan.

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

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

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

| Comments for 2020/21 | Comments for 2021/22 |
|--|--|
| <p>Compliance Works (asbestos, rewires, emergency lights etc.) : Rewires have been affected by Covid delays. More electrical repairs have been instructed to ensure safety is met ahead of future rewire programmes. Budget will be slipped so rewire programme will continue next year.</p> | <p>Compliance Works: The budget for 2021/22 has increased taking into account the budget slippage from 20/21. tenants are aware where work has had to be slipped into future years work schedules. In some cases, this may have a small impact on the revenue/repairs budgets until full programmes can be completed.</p> |
| <p>Boilers & Heating: Anticipate this will be fully spent this financial year.</p> | <p>Boilers & Heating: This planned work element will continue during 21/22 to estimated budget</p> |
| <p>Electrical Test & Inspection: Anticipate this will be fully spent this financial year.</p> | <p>Electrical Test & Inspection: This planned work element will continue during 21/22 to estimated budget</p> |
| <p>Adaptations For The Disabled: Estimated the spend on general adaptations will catch up during the remainder of the year. Only one extension will now commence this year, however some of the budget will be diverted for the provision of more scooter store/pods.</p> | <p>Adaptations For The Disabled: The adaption programme and OT referrals will continue 21/22. It is hoped that most of the referrals during 20/21 will be completes, however there has been a delay to extensions. Further scooter store pods will be developed as demand requires</p> |
| <p>Hostels (including extension/refurbishment of the Orchards): Refurbishment of the Orchards has been delayed as the building is being used for homeless accommodation. Planning information and tender specifications is progressing and procurement will take place this financial year. It is anticipated that works will commence and be completed next financial year</p> | <p>Hostels (including extension/refurbishment of the Orchards): Orchards project construction/refurbishment to commence on site and complete during 2021/22</p> |
| <p>Garages: Work to garages is ongoing - some slippage due to roofing work delays and sub-contractors on furlough, this will be picked up next year when the warmer weather months</p> | <p>Garages: This planned work element will continue during 21/22 to estimated budget including work slipped from 20/21</p> |
| <p>Carey House: Works to mobilise the project on site will commence Feb/March. The project construction with be complete 21/22</p> | <p>Carey House: Carey House project to construct addition flats within the social area to commence on-site and complete during 2021/22</p> |
| <p>Fairlawn House: Works to mobilise the project on site will commence Feb/March. The project construction with be complete 21/22</p> | <p>Fairlawn House: Fairlawn project to construct addition flats within the social area to commence on-site and complete during 2021/22</p> |
| <p>Milton Mount: Painting works on site, tenders for water main replacements have been returned and currently being evaluated. Works due to commence Feb/March on major works and completed by year end 21/22</p> | <p>Milton Mount: Major works to Milton Mount will continue and complete during 2021/22 with further major works i.e.-window replacement and roofing works planned 2024/25 or thereafter. 2020/21 Major Works: The water main replacement currently being evaluated is estimated at around £750k. The increase is due to the technical detail design that had to take place in consultation with the local water authority. The works now include the construction of a pumping station building plus extensive internal works to meet water bylaws and new fire safety compartmentation requirements.</p> <p>Further work has been identified since the original work plan including replacement internal fire doors throughout the building (£185k), heating upgrades to meet new water bylaws/legionella compliance (£175k), plus an increase in Kitchen & Bathroom replacements estimated at £180k Also works to install a full CCTV system, replace 3 sets of external doors, and enhancements to the passenger lifts, installation of LED lighting and external works/landscaping to meet planning requirements etc. have contributed to the budget increase.</p> |
| <p>5 Perryfields: Planning permission obtained, specifications are currently being finalising ahead of local tender/procurement. Anticipated that there will some design expenditure this financial year, and the project will start on site early in the new financial year.</p> | <p>5 Perryfields: Project construction/refurbishment to commence on site and complete during 2021/22</p> |
| <p>Revenue Budget to note: External Decorations Both contactors experienced covid delays to the start to the decorating programme, subsequently mobilising the external decorations took until September to operate at full capacity, as we now approach inclement weather the full programme will not be realised.</p> | <p>Revenue Budget to note: External Decorations: The External Decorations will continue during 2021/22. Both Mears & Wates are looking to use additional sub-contractors if required next financial year to catch up with the current delayed programme.</p> |