

Crawley Borough Council

Report to Overview and Scrutiny Commission 1 February 2021

Report to Cabinet 3 February 2021

2021/2022 Budget and Council Tax

Report of the Head of Corporate Finance, **FIN/514**

1. Purpose

- 1.1 The Council has a statutory responsibility to set Council Tax and its Budget in advance of the commencement of the new financial year (1 April to 31 March). The Council Tax has to be set by 11 March, each year. During 2020 the Council continued to review its spending plans and considered options to amend spending to meet new priorities and mitigate where possible the impacts of the pandemic. This report presents the Revenue, Capital and Housing Revenue Account (The Budget) and sets the level of Council Tax for the Financial Year 2021-2022 taking into account these factors.

2. Recommendations

- 2.1 To the Overview and Scrutiny Commission:

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

- 2.2 To the Cabinet

The Cabinet is requested to recommend to the Full Council the approval of the following items regarding the 2021/22 Budget:

- (a) to approve the proposed 2021/22 General Fund Budget including savings and growth as set out in paragraph 6.4,
- (b) to approve the proposed 2021/22 Housing Revenue Account Budget as set out in section 10 and Appendix 3 of the report,
- (c) to agree to ringfence £435,000 of useable capital receipts for investment in the Town Centre as a result of using Government funding on the Heat Network to avoid having to repay the grant,
- (d) to agree to increase the capital budget for 2021/22 for temporary accommodation acquisition by £826,300 to be funded from the earmarked homelessness acquisition reserve,

- (e) to approve the 2020/21 and future years Capital Programme and funding as set out in paragraph 11.6 of the report,
- (f) to agree that the Council's share of Council Tax for 2021/22 be increased by 2.37% (£4.95) from £208.89 to £213.84 for a band D property as set out in paragraph 13.3,
- (g) to approve the Pay Policy Statement for 2021/2022 as outlined in paragraph 16.3 and Appendix 6 of the report.
- (h) to approve the CBC Pricing Strategy as outlined in Appendix 7 of the report.

3. Reasons for the Recommendations

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

4. Background

- 4.1 The 2021/22 General Fund and Housing Revenue Account Budgets and the 2023/24 Capital Programme will be recommended for approval by Full Council on 24th February 2021.
- 4.2 The Council's revenue expenditure is funded from a number of sources. The major sources are council tax, rents, Government grants, retained business rates, investment income and fees and charges. The majority of the Council's services are funded from the General Fund. The main exception is the management and maintenance of the Council's housing stock, which is funded through the Housing Revenue Account (HRA).
- 4.3 There have been a number of major financial pressures on the General Fund since the start of the financial crisis in 2008. In common with all authorities there have been significant reductions in Government funding, which are highly likely to continue in the coming years, this has been compounded by the impacts of the pandemic on Local Government finances. The pandemic has had a significant impact on the Council's finances, there will be long term implications on both Crawley as a Town and the Council's long term budgets. The comprehensive spending review was for one year only so gives little assurance for future settlements. There are two consultation papers of which the outcome has been deferred due to the pandemic. These are a 'fair funding review: a review of relative needs and resources' and 'business rates retention reform'. The outcome of these consultations will change the way that the Council is funded in the future, however this will not be known until a later date and as a result it will be difficult to project forwards.
- 4.4 The Council's approach in the past has been to maintain or enhance levels of service whilst keeping council tax increases to a minimum. This has been achieved in a number of ways, including redesigning services, delivering efficiency savings, a budget challenge process and generating new sources of income. However the pandemic has resulted in the need to make cuts to services for the first time in 6 years. This is because fewer people will be paying council tax as they claim council

tax reduction (formally Council Tax benefits) and income levels from contracts, sales, fees and charges have reduced due to Covid-19. In addition costs have been incurred in the council's community and business response to the pandemic.

4.5 The [Budget Strategy 2021/22 - 2025/26 FIN/508](#) was considered by the Cabinet on 25th November 2020 and recommended for approval. The Strategy was approved by Full Council on 16th December 2020. The Strategy was based on a number of key assumptions:

- Extension on the existing settlement offer including a one year only New Homes Bonus payment for 2021/22.
- Work to keep Council Tax increases low without compromising local services,
- An average investment rate of 0.45% for 2021-22 decreasing to 0.30% for 2022/23 and 1.70% for 2023/24 onwards. 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.
- A 2% pay award for all future financial years (see section 5 below).
- An inflation provision of 1.1% for contract expenditure in 2021/22, 2.8% in 2022/23, and 2.7% in 2023/24 and future years with no inflation allowance for general running expenses.
- An overall increase in fees and charges of 2%.

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

A budget deficit of £2,250,000 before savings was identified in the Budget Strategy, this assumed a £4.95 increase (2.37%) in a Band D Council tax for 2021/22.

The Budget Strategy report recommended to Full Council on 16th December 2020 savings of £506,450 per annum, these were approved and are shown in Appendix 1. In December 2020 Full Council agreed to transfer the garages from the Housing Revenue Account to the General Fund. This will result in additional income to the General fund of £808,000. Table 1 below shows the projected budget gap after these two approvals. This agrees back to Table 7 on page 10 of the [Budget Strategy](#).

Table 1

	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
Garage Transfer (FIN/511)	-808	-808	-808	-808	-808
Revised Gap	936	1,448	1,072	773	819

A long term saving target of £819,000 identified with reserves being used in the earlier years and a small transfer to reserves in 2024/25 based on the current estimates.

4.7 There have been some significant changes since the Budget Strategy was approved in December 2020 including:

- In the Spending Review the Chancellor announced that wages would be frozen ('paused') see 5.5.8 below.
- Changes to New Homes Bonus receivable
- New one off grants in the finance settlement to ensure that spending power matches the previous financial year.
- Further provisions for the impact of Covid-19 on the budget in 2021/22.

4.8 Table 2 below summarises the changes between the approved Budget Strategy and the proposed 2021/22 Budget. Further details are provided in section 5 of the report.

Table 2

	£000's	Paragraph
November Cabinet deficit per Budget Strategy	936	4.6
New Homes Bonus	-29	5.5.1
Lower Tier Services Grant	-363	5.5.2
Local Council Tax Support Grant	-169	5.5.3
Covid-19 funding for 2021/22	-649	5.5.4
Estimated additional cost / lost income as a result of Covid-19	813	5.5.5
Renewals Fund – Vehicle replacement	300	5.5.6
Loss of Subsidy for housing benefits admin	20	5.5.7
Reduction in the provision for the pay award	-218	5.5.8
2021/22 Proposed savings	-506	6.4
Other – various minor	21	
Transfer from reserves	156	

Should all savings be approved there would be a budgeted transfer from the General Fund reserve of £155,606.

The approved Budget Strategy seeks to balance the budget over a four year period, including putting funds back into reserves when the Budget is in surplus. The transfer will be from the new Covid-19 Support Reserve.

5. Analysis

- 5.1 The Government announced its Spending Review in November 2015. A Statement to the House of Commons on 17 December 2015 said “a guaranteed budget to every council which desires one and which can demonstrate efficiency savings – for next year, and for every year of this Parliament.” A four year settlement was approved at that time. This has now been extended by a further two years, firstly due to the impasse over Brexit and then due to the pandemic.

[The Provisional local government finance settlement England 2021 to 2022](#)

provisional figures and consultation were released on 17th December 2020 by the MHCLG; they confirmed that there will be a roll forward of the 2020/21 settlement for one further year, with the business rates retention reset and fair funding review being delayed. The impact of Government funding in future years is very difficult to estimate at this stage as there is no information on the impact of these reforms.

In 2021/22 the Council will receive £60,402 in Revenue Support Grant with the assumption of no further grant in the following years.

5.2 Retained Business Rates

Although the Council will collect in excess of £110 million in business rates the amount it retains is much smaller. One of the main reasons for this is that the Government retain 50% of the rates collected and West Sussex County Council retain 10%. The second main reason is that the Council also has to pay a significant tariff to the Government. There are further complications in that the Council's retained share can be added to by a safety net payment or suffer a further levy. These are applied if a Council's retained share is more than 7.5% below Government set figure (safety net) or above it (a levy of 50%).

- 5.3 The Tables below show that we are estimating to collect almost £110.7m but will keep significantly less.

Projected non-domestic rates income	£110,685,297
Government share (50%)	£-55,342,648
West Sussex County Council share (10%)	£-11,068,530
Crawley Borough Council share (before tariff & safety net)	£44,274,119

The projected retained rates amount for 2021/22 is set out below.

	£
Council's share of non-domestic rates income	44,274,119
Tariff	-42,592,432
Safety net	1,099,318
Additional rates due to renewable energy at K2 Crawley	5,120
S31 Grants	800,025
Total retained for the year	3,586,150
Deficit in 2020/21 financial year	-16,192,955
Transfer from the Business Rates Equalisation Reserve	16,912,968
Total	4,306,163

There is budgeted income of £800,025 in respect of Section 31 Grants. This is to reimburse the Council for business rate reliefs, including small business rate relief given by the Government which have reduced the retained rates that the Council would otherwise have received. Section 31 of the Local Government Act 2003 allows a Minister of the Crown to pay a grant to a local authority of England towards expenditure that it has incurred.

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

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

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

In the current year, the General Fund will receive the budgeted business rates income before the £34m discounts were introduced. In addition the general fund will also receive s31 Grant in respect of these discounts given.

The net effect is that there will be a substantial surplus on the General Fund in respect of business rates this financial year and a loss of the Collection Fund (£47.9m) which will be shared with West Sussex County Council and central Government.

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

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

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

A business rates equalisation reserve has been established to assist in the management of these swings; this reserve currently has £5.192m and was previously considered to be adequate. There is a budgeted transfer from this reserve of £16,912,968 in 2021/22 shown above. There will be a sufficient

contribution to the reserve in 2020/21 that will cover this transfer and the deficit due in 2022/23 and 2023/24.

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

5.5.1 **New Homes Bonus**

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

The Council receives direct payment from the MHCLG for the number of new properties it reports to the Valuation Office. For each dwelling the total payment is £1,817.62 (of which West Sussex County (WSCC) receives £363.52 and Crawley Borough Council £1,454.10) with an additional £350 for affordable housing of which Crawley Borough Council receive £280 and WSCC receives £70.

Previously the New Homes Bonus was paid each year for six years, this was subsequently reduced to four years. Then in 2020/21 New Homes Bonus was paid for one year only, with no legacy payments going forward. Again in 2021/22 a one year payment of New Homes Bonus will be received via grant. The amount payable in 2021/22 is £29,000 higher than anticipated in the Budget Strategy, this is due to more properties in higher tax bands being built than estimated.

5.5.2 **Lower Tier Services Grant**

This is a new grant based on the Settlement Fund Assessment but it also ensures that 'no council – either upper or lower tier – will have less funding available in 2021-22 than in 2020-21'. This was not expected, it is a one off payment of £363,272. This grant is funded from New Homes Bonus returned surplus, so it is recycling existing money in the Local Government finance system. The purpose is to keep 'spending power' the same as last year.

5.5.3 **Local Council Tax support grant**

This is a one off grant with a purpose of providing funding to local authorities to help them deal with the expected increase in cost of Local Council Tax support (formally Council tax benefits) in 2021-22. A provision for this had been allowed in the Budget Strategy and this grant was not expected by Councils. With further job losses associated with Gatwick Airport this additional grant will help with further reduced Council Tax income due to more claimants of Council Tax Reduction than previously estimated. The impact in future years will still impact on budget deficits with more people unemployed or in work but claiming Universal Credit. The payments are made to both Districts and Boroughs and to County Councils. The allocation of the funding is based on the total number of working-age Local Council Tax support claimants. In the current financial year the council has seen a significant increase in the number of claimants due to the pandemic.

5.5.4 **Covid-19 funding 2021/22**

This is an unringfenced grant and is to be used to manage the ongoing impact of the pandemic rather than its direct effects. It is very difficult at this stage to estimate the impact on budgets going forward, for example the council may see long term loss of income such as car parking and property voids.

5.5.5 Estimated additional cost / lost income as a result of Covid-19

As stated above it is difficult to estimate the cost of Covid-19 in the 2021/22 budget. The Budget Strategy was written before the third national lockdown. This lockdown will severely impact future budgets including external contracts such as the leisure contract, who would normally see a significant increase in customers in January. The Budget Strategy allowed for lost income of £300,000 but this allowance is now highly likely to be too low. In addition a Covid-19 support Reserve with a sum of £604,121.55 was agreed for these future costs. The finance team have made an estimate of £813,000 for additional costs and lost income in 2021/22, this allowance will be budgeted for separately and drawn down during the year. This includes additional costs of a Covid secure election later during the year. With the Leisure Contract, continuation of the 'open book approach' will be required into 2021/22 to the point where social distancing or other Covid prevention measures are no longer required. The impact of this makes it unlikely that there will be a financial contribution from the contractor until mass roll out of the vaccine has taken place. As part of the quarterly monitoring process during 2021/22 the finance team will report on the draw down from the budget and how it has been allocated.

5.5.6 Renewals Fund

The Budget Strategy assumed a reduced contribution to renewals for vehicle replacement to help mitigate the budget gap. There will be a requirement to replace all refuse vehicles as part of the new contract. Due to the settlement being more favourable than anticipated the higher contribution has been reinstated to reduce future borrowing for the future capital programme for these vehicle replacements.

5.5.7 Benefits Admin Subsidy

Late in December the allowance for the work administering housing benefits from the Department of Works and Pensions was announced. This saw a reduction of £20,000. This is due to the increased numbers moving from housing benefits to Universal Credit. However the claims that remain with the benefits team are the more complex ones, including those in supported accommodation such as Crawley Open House and self-employed. The numbers of claimants for Council tax reduction has increased, the admin grant for this work is funded separately by the MHCLG; this figure has yet to be announced.

5.5.8 Reduction in the provision for Pay Award

In the Spending Review the Chancellor announced that wages would be frozen in the public-sector but he ensured that the freeze would not apply to those employees earning less than the median wage which is under £24,000; these would receive a minimum increase of £250. The budget has been adjusted to take this into account.

6. 2021/22 General Fund Budget

6.1 Details of the proposed 2021/22 Budget are set out in Appendix 2 and is summarised in the Table 3 below:

Table 3

2021/22 General Fund Budget	£'000s
Net Cost of Services (see table below Table 4)	13,854
Investment Income	-281
Transfer from General Fund Reserve	-156
Net Expenditure	13,417
Funded by	
New Homes Bonus	1,108
Revenue Support Grant	60
Lower Tier Services Grant	363
Local Council Tax Support Grant	169
Council Tax	7,476
Collection Fund deficit – Council Tax	-65
Total Retained Business Rates (5.2)	4,306
Total	13,417

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

Table 4

2021/22 Budget – Service Expenditure	£'000s
Portfolio	
Cabinet	1,296
Public Protection and Community Engagement	1,493
Environmental Services & Sustainability	5,159
Housing Services	2,636
Wellbeing	9,281
Planning & Economic Development	-3,189
Depreciation	-3,455
Contribution to Renewals Funds	633
Net Cost of Services	13,854

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

6.4 With the need to find further long term savings of £819,000 as shown in Table 1 in paragraph 4.6 above the Council undertook a consultation exercise on future

savings options. The consultation took place from 8th October until 5th November 2020 which resulted in 1,212 external responses from residents who gave their views on potential service changes. This had the highest response rate for any Crawley Borough Council consultation. The results of the consultation are [available on the Council's website](#).

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

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

On Adventure Play provision, councillors agreed to the shift to a more flexible model of delivery, which is better targeted at the needs of the community.

This means that after 29th October 2021, Cherry Lane and Waterlea Adventure Playgrounds will be converted into unsupervised play areas while Creasys Drive Adventure Playground in Broadfield will close immediately and Millpond Adventure Playground in Bewbush will be closed after 29th October 2021. The new mobile provision will be in place from May. The Council will also investigate if it is possible to enhance any existing play provision in Broadfield and Bewbush.

Councillors also agreed to support savings:

- Reduce the grant funding for the community and voluntary sector
- Close all five 'Superloos' in Crawley, leaving nine public toilets open around the town
- Support greater self-management by clubs and increase income from the hire of the Council's fine turf pitches
- Price fees and charges more appropriately
- Internal efficiency reviews to generate further savings.

Some of these savings will not be achievable immediately from 1st April due to lead in transition times. A proposed delay in the Adventure Play saving is explained elsewhere on this agenda. Table 5 below shows the savings and the impact on 2021/22. The £313,000 can be funded from the one off windfall Lower tier services grant shown in Table 2 in paragraph 4.8. This grant was not announced by Government until 17th December 2020 as part of the Local Government Finance Settlement.

Table 5

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

On fees and charges it has been agreed that a revised approach to calculating and setting our fees and charges will apply for services we provide and that cheques will not be accepted by the council after 1st April 2021 as this is a costly way of processing payments and alternatives are much cheaper.

- 6.5 The savings already identified as shown in Appendix 1 together with the savings and efficiencies in Table 5 above give a total of £2.132m for future years as shown in Table 6 below.

Table 6

Saving	2021/22 £	Future years £
Already approved	506,450	506,450
Identified in Table 5 above	506,000	819,000
Appropriation of garages from HRA to General Fund (FIN/511)	807,000	807,000
Total savings identified to meet future budget gaps	1,819,450	2,132,450

Recommendation 2.2 (a): to approve the proposed 2021/22 General Fund Budget including the savings as set out above in paragraph 6.4.

7. 2022/2023 Budget Projections

7.1 The Budget Strategy for 2022/23 to 2026/27 is scheduled to be considered by the Cabinet in November 2021. Future predictions will be difficult to make until the impact of the pandemic is known together with the outcome of the Fair Funding review and review of business rates. The impact of challenges to business rates valuations due to the pandemic from businesses could have deep and long lasting impacts on both Central and Local Government income. It is very difficult to estimate future budgets at this stage, however the Table 7 below summarises the 2022/2023 Budget projections based on the following headline assumptions:

- A 2.31% increase in Council Tax £4.95 on a Band D property, the amount that Crawley keep is around 11p in every £1 billed.
- Average investment rate of 0.3%
- An inflation provision of 2.8% for contract expenditure with no allowance for general running expenses.
- A pay award of 2.0%.
- An overall increase in fees and charges of CPI or 2% whichever is the highest.

Table 7

	2022/23 £'000s
Base Budget	13,232
Investment interest	-173
Net Budget	13,059
Funded by:	
Council Tax	-7,844
Retained Business Rates	-4,505
New Homes Bonus	-263
Indicative Budget Gap	447

The main changes between years are itemised in Table 8 below

Table 8

	Change £000's
Deficit in 2021/22 Table 2 paragraph 4.8	156
New Homes Bonus – only legacy payments made (fall out of previous four year payments)	845
Inflation provision	359
Increased Council tax income	-434
Reduced investment income	101
Increased retained business rates income	-199
No Revenue Support Grant	60
Reduced contribution to renewals fund	-300
Lower tier service grant / CTax support grant one off	532
Covid-19 additional one off costs see para. 5.55	-813
Cost of borrowing	177
Shrub beds – growth bid was fixed term	-100
Local plan costs (previously funded from reserves)	47
Other – various	16
Projected Gap 2022/23	447

The Corporate Management Team continue to work on the refreshed transformation programme of service improvement savings, efficiencies and increased productivity through service redesign and other types of reviews aimed at reducing waste and duplication. The budget challenge was successful in identifying savings and efficiencies and will be repeated in future years. In addition a refreshed transformation programme includes an increased focus on achieving new sources of income which can be reinvested in the delivery of local public services. There is likely to be a transfer from reserves in 2022/23 due to the investment in the New Town Hall where reserves have been used to fund the project and the upper floors will be let once fully completed.

8. Fees & Charges

- 8.1 The [Budget Strategy for 2021/22 to 2024/25](#) assumes a general increase in fees and charges of CPI (0.5%) or 2% whichever is the highest. In some cases a lower increase has been assumed; for example when a service is required by statute to be self-financing e.g. Local Land Charges. In other cases, a higher increase has been assumed. The overall objective was to increase income by 2.0%. This has not been possible in some cases due to having to set commercially attractive prices. A schedule of most of our fees and charges is available on the website. Where the council is in competition with other service providers or where we have discretion in providing some services, some of these charges may not be made public in future as it allows the council to compete more flexibly with other providers in securing business going forwards. As part of the consultation process outlined above, fees and charges will be reviewed over the coming months; some services cost much less to use or access when compared to our neighbouring councils and those with similarities to Crawley. Discretionary services will be priced competitively, being attractive compared to private operators but covering the council's costs. As these fees are reviewed the charges will be updated accordingly. The pricing strategy is attached at Appendix 7.

9. Investment Income

- 9.1 Interest on investments provides a source of funding for the Council. For the 2021/22 Budget, it represents 2.2% of the Net Cost of Services. The following paragraphs provide details of the key factors and assumptions that affect the calculation of this Budget.
- 9.2 The average yield from investments in 2021/22 is projected at 0.45%. Most of the longer term investments at higher interest rates have now matured, so the projection now more closely matches the lower interest rates available in the market.
- 9.3 Due to the potential volatility of the market, investment rate assumptions have been constantly revised in recent months. The 2021/22 Budget is based on the following assumptions:
- Average yield of 0.10% for new investments.
 - Cash flows have been calculated from the revenue and capital budgets reported in this report.
 - Cash flows relating to the capital programme are spread evenly through the year.
 - Cash flows relating to revenue are based on the timings of previous year's income and expenditure.
- 9.4 It is believed that these assumptions are realistic and not over-cautious. However, it is likely that there will be variances due to the number of external factors that can affect investment performance and the size of the sums available for investment. The investment interest budget will be monitored closely throughout 2021/22 and any projected variances will be highlighted in quarterly budget monitoring reports.
- 9.5 Further information on the investments can be found in the Treasury Management Strategy 2021/22 (FIN/517) which can be found elsewhere on the agenda.
- 9.6 Included in Appendix 5 is an identification that the volatility of interest rates is a key risk associated with the 2021/22 Budget and the medium term Budget Strategy.

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

- 10.1 Details of the HRA Budget are set out in Appendix 3. The main changes between the 2020/21 budget and 2021/21 budget are as follows.

Rental income

- 10.2 Following the previous 1% reduction, current rent standards allow for an increase of up to CPI+1%. The Cabinet member for Housing has delegated authority to vary the rent of properties held in the Housing Revenue Account. The Cabinet member has therefore opted for a CPI+1% increase (1.5%). This uplift coupled with anticipated new build income equates to an increased revenue budget of over £750,000.
- 10.3 The transfer of garages from the HRA to the General Fund will decrease the anticipated rental income by £2.45m, the extra funds available due to this transfer are projected to increase the interest received. These funds will be available for investment in both existing housing and new housing.

Other income

- 10.4 Fewer works have been complete on leasehold properties during the current financial year due to the pandemic, resulting in a lower cost and therefore reduced contribution expected from leaseholders.

Expenditure

- 10.5 A reduction in the contribution to the pension due to an actuarial review has resulted in reduced employee costs in 2021/22.
- 10.6 The responsive repairs budget includes an allowance for inflation on the contract.
- 10.7 Further savings of £124,000 on the gas servicing contract have been realised in 2020/21 and have been reflected in the 2021/22 budget.
- 10.8 The Crawley Homes (HRA) capital programme as outlined in paragraph 11 below is funded from HRA resources, HRA capital reserves and 1-4-1 Right to Buy receipts and borrowing in future.
- 10.9 The budget challenge session held by the Chief Executive and the Head of Corporate Finance identified over £90,000 worth of savings, including: agency staff, consultancy fees and other operational savings.
- 10.10 Successful tender of the insurance contract has produced ongoing savings of £80,000.

Recommendation 2.2 (b) to approve the proposed 2021/22 Housing Revenue Account Budget as set out above and Appendix 3 of the report.

11. Capital Programme

- 11.1 The November 2020 Budget Strategy report approved that items for the Capital Programme are driven by the need for the upkeep of council assets and environmental obligations and schemes will also be considered that are spend to save or spend to earn, but that such prioritisation should not preclude the initial consideration of capital projects that could deliver social value. It agreed that any capital bids should be stand alone and be reported to Cabinet separately for approval due to the pandemic.

- 11.2 2020/21 to 2023/24 and future years Capital Programme

The Table below sets out the proposed capital programme and funding for 2020/21 to 2023/24 and future years based on the existing approved programme amended for items identified in the Quarter 3 Budget Monitoring report (FIN/516) and other changes.

Table 9

	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Future years £'000s	Total £'000s
Capital programme reported to Cabinet 25th November 2020 FIN/510	51,821	56,446	23,325	13,806	0	145,398
Future years budgets not included at Q3 as they are future years– Forge Wood and Telford schemes					4,302	4,302
Crawley Homes repairs agreed within the Budget Strategy FIN/508		1,000		11,280		12,280
ICT – Cabinet Report DAT/03		314	150			464
Breezehurst Drive Phase 2 Report CH/192 Cabinet 25 th November 2020	39	6,693	7,436	303	395	14,866
CH/192 prelims and contingency		298		1,137		1,435
Three Bridges Station – report PES/338		89				89
Vehicle replacement programme budget drawdown (delegated to officers)	43					43
Disabled Facilities Grant (additional external funding received)		125				125
Forge Wood Phase 2 - Cabinet 4 th December 2003 DTH/015	1,102	431	2,622			4,155
Forge Wood Phase 3 - DTH/015		42				42
Forge Wood Phase 4 – DTH/015		4,154	2,771	2,771	2,771	12,467
Slippage / underspend identified in Q3 elsewhere on the Agenda	-7,571	7,571				0
TOTAL Agrees with Q3	45,434	77,163	36,304	29,297	7,468	195,666

11.4 In the current financial year the Council received a £1m grant from the Government for the Towns Fund. The sum has to be fully spent by the 31st March 2021. The bid was for works on Manor Royal Heritage Public Realm upgrades (Microparks) and for Gigabit roll out in the Town Centre. The Gigabit project is not deliverable in the current financial year. As a result it was agreed with the Towns Fund team at the MHCLG that £435,000 of this grant would be used towards the Town Centre Heat Network and that a sum of £435,000 of useable capital receipts would be ringfenced for future investment in the Town Centre. This was to avoid losing part of the grant.

Recommendation 2.2 (c): to agree to ringfence £435,000 of useable capital receipts for investment in the Town Centre as a result of using Government Grant for the Town Centre Heat Network.

11.5 Within the existing capital programme there is an allocation of £273,700 for temporary accommodation acquisitions, this sum is too low to make a purchase and as such the Homelessness Acquisition reserve has been built up to supplement it. The strategic housing officer group are working at identifying suitable accommodation and are looking at multiple opportunities. Should suitable accommodation become available officers would want to quickly make a purchase. This would be done in consultation with appropriate Members. The Homelessness acquisition reserve is estimated to have a sufficient sum to increase this budget to

£1.1m. It is therefore recommended to increase the budget by £826,300 to £1.1m and the £826,300 will be funded from this reserve.

Recommendation 2.2 (d): to agree to increase the capital budget for temporary accommodation by £826,300 to £1.1m funded from the homelessness acquisition reserve.

- 11.6 The report to Cabinet on 25 November 2020 approved the [transfer of garages](#) from the HRA to the General Fund. As a result future cost of garage repairs will be funded from the General Fund. A sum will be set aside from the income from garages for both responsive and planned repairs and placed into a garage repair reserve; the cost of the repairs will be funded from this new reserve. Table 10 below has been amended so that the cost of these repairs are no longer funded from HRA revenue.

Table 10 below gives the amended capital programme after the adjustments for the recommendations above and recommendations elsewhere on this Agenda.

Table 10

	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Future years £'000s	Total £'000s
TOTAL Agrees with Q3	45,434	77,163	36,304	29,297	7,468	195,666
Temporary Accommodation increase (funded from earmarked reserve) 11.4 above		826				826
Business grant elsewhere on this agenda		400				400
Total Capital Programme for approval	45,434	78,389	36,304	29,297	7,468	196,892

Funded by -						
Capital Receipts	17,559	17,668	1,747	1,940	0	38,914
Capital Reserve	69	1,200	0	0	0	1,269
1-4-1 Receipts	5,269	5,105	6,087	4,771	2,234	23,466
HRA revenue contribution	19,686	27,965	24,075	19,687	5,214	96,557
Section 106 contributions	146	1,490	841	0	0	2,477
External funding	1,905	6,811	3,031	2,699	20	14,466
Revenue incl. replacement fund	200	1,235	523	200	0	2,228
Borrowing (General Fund)	0	16,000	0	0	0	16,000
Better care fund (formally DFG's)	600	915	0	0	0	1515
TOTAL	45,434	78,389	36,304	29,297	7,468	196,892

Recommendation 2.2 (e): to approve the 2020/21 and future years capital programme and funding as set out in section 11.6 of this report.

12. Robustness of Estimates and Adequacy of Reserves

- 12.1 Section 25 of the Local Government Act 2003 requires the Section 151 Officer (Chief Finance Officer) to report to their authority on the robustness of estimates and the adequacy of reserves provided for within the Budget. Authorities are required to take into account the Section 151 Officer's report when setting their Budget requirement and Council Tax. It is the view of the Head of Corporate Finance that the processes followed are sound and well established, the resultant estimates are robust, and reserves are at an adequate level. Regular monitoring reports are brought to councillors covering revenue budgets and the capital programme. The Head of Corporate Finance having considered the risks associated with Crawley Borough Council's capital investment plans is of the view that they are affordable, having taken into account the measures that are in place for mitigating against those risks; these measures include ensuring the adequacy of reserves to be held, regular monitoring of expenditure against the capital programme, and the expected resources available to fund those capital investment plans as detailed in the Capital Strategy.
- 12.2 The [Budget Strategy 2021/22 - 2025/26 FIN/508](#) was considered by the Cabinet on 25th November 2020 and recommended for approval. Full Council approval was given on 16th December 2020. Key objectives of the Strategy are:
- Work towards a balanced Budget over a four year period including putting back to reserves when the Budget is in surplus.
 - Aim to keep Council Tax low without compromising local services.
 - Instruct Corporate Management Team to take action to address the long term budget gap and to identify policy options for consideration by Cabinet (including shadow) Members and the Budget Advisory Group (in previous years).
 - That items for the Capital Programme are driven by the need for the upkeep of council assets and environmental obligations, and schemes will be also considered that are spend to save and spend to earn but that such prioritisation should not preclude the initial consideration of capital projects that could deliver social value.
- 12.3 These objectives have been met. To date the Council has responded well to the financial challenges of recent years. It has produced balanced Budgets, with transfers to reserves in 2015/16, 2016/17 and budgeted for 2020/21 in respect of general fund services, and maintained front-line services. The challenges around Covid-19 makes this more difficult as the council manages the ongoing impact of the pandemic and looks at recovery options for the whole town.

Despite the healthy level of reserves, it is less likely that the Council will be able to continue to achieve a balanced Budget and maintain current service levels and may need to use reserves during the construction of the new Town Hall development and before the upper floors of the building are commercially let and resources have been spent on the building project. The General Fund reserve has been increased to £5.240m as a result to help absorb the impact, in addition the surplus at the end of 2019/20 was transferred to the General Fund rather than the Capital Programme reserve to help with the costs of the pandemic.

- 12.4 In compiling the 2021/22 Budget, a review of all departmental budgets has been undertaken to ensure that existing budget provision is adequate and that additional provision has been made for known service pressures, this review has resulted in efficiencies, savings and additional income as identified in paragraph 6.5 above.
- 12.5 There are a number of services where budgets are susceptible to changes outside the direct control of the Council. These tend to be demand-led services such as homelessness and the implications of the Homelessness Reduction Act 2017, benefits payments (there has been a significant reduction in overpayment recoveries due to the pandemic) and the impact of universal credit on both general fund and Crawley Homes debt collection, development control fees and Council Tax Reduction payments; in addition the impact on Crawley Borough Council budgets of other public sector decisions for example West Sussex County Council. There is also volatility in income streams that are affected by external factors such as investment and business rates income. In respect of business rates estimating difficulties have been further compounded as businesses are lodging appeals of their valuation due to the pandemic. For such budgets, the latest information has been used to calculate the Budget.
- 12.6 There is a risk that the economic outlook will continue to be depressed in the public sector as well as nationally which could have a significant effect on demand-led expenditure budgets and some income budgets; there will also be adverse impacts upon budgets due to the impacts of the pandemic, welfare reforms and the unknown future impacts such as supply now we have left the EU. Budgets are monitored by officers on a monthly basis and the Corporate Management Team receives an update on key issues, while a Quarterly Revenue and Capital Budget monitoring report is considered by the Cabinet and included in the Councillors' information Bulletin. This should ensure that any projected variances are identified at an early stage.
- 12.7 A review of reserves has been undertaken as part of the 2021/22 Budget preparation. Table 11 below summarises the estimated level of reserves available for 2021/22:

Table 11

	Estimated Available Balance at 31/3/21 £'000s	Paragraph
General Fund Reserves		
General Fund Reserve / Balance	5,239	12.7.2
Business Rates Equalisation reserve (£18.7m 'accounting adjustment' due to the discounts given in the budget in March 2020 see 5.5 above)	24,211	12.7.2
For the Capital Programme		
Usable Capital Receipts	14,093	12.7.3
Capital Reserve	3,556	12.7.4
1-4-1 Receipts	7,181	12.7.4
Affordable Housing Receipts	565	12.7.4
Vehicles & Plant	795	12.7.5

ICT Replacement	170	12.7.5
Specialist Equipment – Hawth & K2 Crawley	166	12.7.5
Homelessness Acquisition	1,099	12.7.6
Total available for the Capital programme	27,625	
Earmarked General Fund Reserves		
Restructuring Impact	400	12.7.7
Local Development Framework	166	12.7.8
Town Centre Regeneration	67	12.7.9
EU Exit	338	12.7.10
Queens Square – future maintenance	381	12.7.11
Insurance Funds	378	12.7.12
Covid Support Reserve	604	12.7.13
Other	1,424	12.7.14
Total General Fund (incl £18.7m business rates adjustment due to the reliefs given)	60,833	
HRA Reserves		
Housing Revenue Account	3,198	12.7.15
Housing Capital Investment reserve (committed)	18,329	12.7.16
Total HRA	21,527	
Total	82,360	

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

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

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

12.7.2 In line with the Budget Strategy report the balance on this reserve will be £5.239m at 31 March 2021. The Head of Corporate Finance is satisfied that this level of reserve is adequate to enable the Council to face the challenges over the short term. In addition a reserve for business rates equalisation will be available to absorb the volatility of business rates income and the counterintuitive way that accounting for business rates impacts on the general fund accounts. This reserve will be significantly higher due to the business rates relief given in the Chancellor's budget on 11th March 2020 but these sums are unusable for any other purpose than to be repaid over the following two years as shown in section 5.2 above. The reserve is £24.2m of which £18.7m is repayable back to the collection fund over the next three years, this leaves a balance of £5.5m do deal with other volatility including the amount transferred to the general fund as we are now in a safety net position.

- 12.7.3 The projected balance of usable capital receipts at the end of March 2021 is £14.093m. Usable capital receipts can only be used for capital spending. This reserve is fully committed for future years.
- 12.7.4 The capital reserve was created by transferring balances from the revenue reserve and the general fund balance. The estimated balance at the end of March is £3.556m, this reserve is committed in future years. In addition to this there is a reserve and an estimated £7.181m of 1-4-1 receipts from right to buy. There are restrictions on these 1-4-1 receipts, including that they can only make a 30% contribution towards affordable housing capital expenditure and cannot be used for intermediate tenure such as shared equity or shared ownership.
- 12.7.5 There are three replacement funds; these are ICT Replacement, Specialist Equipment – Hawth & K2 Crawley, and Vehicles & Plant. The use of these funds is determined by the appropriate Cabinet member under delegated powers. Additional sums have been added to the Vehicle and Plant replacement fund to fund, in part, the purchase of refuse vehicles when the contract comes up for retendering.
- 12.7.6 The Homelessness Acquisition reserve is as a result of flexible homelessness support income. This reserve is for purchase of property for homelessness to reduce the revenue impact of bed and breakfast. The officer Affordable Housing group are exploring different options for suitable provision. A recommendation in section 11 of this report is to increase the capital programme for Temporary Accommodation acquisition and that will be funded from this reserve.
- 12.7.7 The Restructuring Impact reserve was created in order to smooth the impact of any restructuring/reorganisation initiatives. The reserve meets the one-off costs associated with restructuring. This reserve will be reviewed as part of the closure of accounts process with any excess transferred to the capital programme reserve.
- 12.7.8 The current balance of the Local Development Framework (Local Plan) has commitments and will be fully spent over the next two years.
- 12.7.9 The purpose of the Town Centre and Regeneration Reserve is to provide pump priming and partnership finance for potential town centre regeneration and economic development schemes - this reserve is now fully committed.
- 12.7.10 Monies were received from Government for preparations for the EU exit. There is an estimated balance of £338,000 at 31st March 2021; some of this has been committed in the next financial year at Gatwick airport for environmental/port health staffing.
- 12.7.11 A commuted sum has been set aside in respect of future maintenance of Queens Square. Any expenditure would be approved by the Head of Corporate Finance in consultation with the relevant Cabinet Member.
- 12.7.12 There are a number of reserves which are earmarked for a specific purpose, e.g. Insurance. These reserves are not available to support the revenue Budget. Investment interest on these reserves is credited to the General Fund.
- 12.7.13 The [Budget Strategy](#) report recommended setting up a Covid Support Reserve of £604,121.55 to help with future impacts of the pandemic. Use of this reserve will be reported through the quarterly reports to Cabinet going forward.

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

12.7.15 The Housing Revenue account balance is estimated to be just over £3 million at the end of the current financial year (31st March 2021); this is an acceptable balance.

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

13. Council Tax

13.1 The approved 2021/22 – 2025/26 Budget Strategy aimed to keep any increase in Council Tax low without compromising services. On the recommendation of the Budget Advisory Group it is proposed to increase the Council tax by **£4.95** per annum for a Band D property which is an increase of 2.37%, this is an increase of 9.5p per week.

The Ministry of Homes, Communities and Local Government (MHCLG) issued capping guidance of the increase of 2% or £5 on a Band D, whichever is the highest.

Appendix 4 to the report gives the proposed Council Tax per band including this 2.37% increase.

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

Table 12 below shows the impact on the proposed increase in Council Tax per year and per week, it also shows the change in the number of properties in each band since last year, this shows the largest increase are in bands B – C.

Table 12

Council Tax Band	Number of properties	Change in the number of properties from last year	Proposed Council Tax (Crawley element)	Proposed Increase per year	Proposed Increase per week
			£	£	£
A	1,221	+23	142.56	3.30	0.06
B	7,405	+186	166.32	3.85	0.07
C	22,066	+150	190.08	4.40	0.08
D	8,901	+107	213.84	4.95	0.09
E	3,800	+12	261.36	6.05	0.12
F	2,273	+14	308.88	7.15	0.14
G	471	+4	356.40	8.25	0.16
H	7	-1	427.68	9.90	0.19
		495			

- 13.2 It is assumed that West Sussex County Council will increase their share of the Council Tax for 2021/22 by 4.99%, this will equate to an estimated increase of £71.82 per band D property. This includes an increase of 2% for Adult Social care responsibilities.
- 13.3 It is understood that the Sussex Police and Crime Commissioner will be increasing their share of the Council Tax by 7.15% which is an increase of £15.00 per annum. This will be confirmed at the Council meeting on 24th February 2021. A breakdown of the Crawley Borough Council charge per Council Tax band is given at Appendix 4.
- 13.4 If the increases outlined above are agreed the overall increase in Council Tax would be 4.94% which is £91.77 on a band D property as shown below (£81.57 for a Band C).

Authority	Increase £
Crawley Borough Council	4.95
West Sussex County Council	71.82
Police and Crime Commissioner	15.00
Total	91.77

Recommendation 2.2(f): to agree that the Council's share of Council Tax for 2021/22 be increased by 2.37% to £213.84 for a band D property.

14. Collection Fund

14.1 Council Tax

Each year, a forecast is made of the amount of Council Tax to be collected in the following financial year. The surplus or deficit on the Collection fund is the difference between the actual amounts collected from the forecast at the beginning of the year. This year's surplus position is £576,723 of which £65,207 is the Council's share. Due to the significant impact on Councils due to the pandemic, the Government have announced that deficits due to non collection are to be split over three financial years. The Table 12 below shows this split.

Table 12

	2021/22 £	2022/23 £	2023/24 £	Total loss £
Crawley Borough Council	65,207	33,634	33,634	132,475
West Sussex County Council	449,113	231,658	231,658	912,429
Police and crime Commissioner	62,403	32,188	32,188	126,779
Total	576,723	297,480	297,480	1,171,683

14.2 Business Rates

Section 5.4 above explains the Business Rates collection fund. Due to the business rates discounts given in the Chancellors budget in March 2020 there will be a significant deficit in the collection which is offset by the surplus in the General Fund due to the Section 31 grant being paid for these discounts together with the original amount collectable for business rates. There will be corresponding repayments in the next three years.

15. National Non Domestic Rates (NNDR)

15.1 The Ministry for Housing, Communities and Local Government (MHCLG) has advised the provisional business rate multiplier for 2021/22 is as follows (see paragraph 5.2 above):-

- i) Standard Multiplier – 51.2p per £ (51.2p in 2020/21)
- ii) Small Business Multiplier – 49.9p per £ (49.9p in 2010/21)

As set out in the Spending Review published on 25 November 2020, the Government has decided to freeze the business rates multiplier in 2021/22. Local Authorities will be fully compensated for this decision.

16. Implications

16.1 The high level risks to the 2021/22 Budget and how they will be managed are shown in the Appendix 5. Risks on the Town Hall project are reported to the Audit Committee. Risks are highlighted throughout the report including the impacts of the pandemic on the current and unknown impacts of this on future years for both service costs and income but especially business rates, interest rates, the impact of the economic climate, ensuring planned savings are achieved, and the availability of capital resources in future years and the need to take out borrowing. In some cases these can be mitigated by a stringent approach to financial control and planning and a rigorous approach to reviewing current levels of expenditure and procurement methods.

16.2 It is anticipated that the Budget measures set out in this report will decrease the Council's staffing establishment by 6.76 Full time equivalent (FTE's) posts. All reorganisations are carried out in accordance with the Council's agreed Management of Organisational Change procedure which includes full staff consultation so the exact number may change as detailed proposals are drawn up. The redeployment process is designed to maximise the opportunity for those at risk of redundancy to find alternative employment within the Council.

16.3 The Council is required to produce a Pay Policy Statement for each financial year in accordance with Section 38(1) of the Localism Act 2011 and must have regard to statutory guidance issued under section 40 and this will be updated annually from April each year and must be approved by The Council. The Pay Policy statement for 2020/21 is attached at Appendix 6.

This pay policy statement sets out the Council's policies relating to the pay of its workforce for the financial year 2021/22, in particular

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

Recommendation 2.2(g): to approve the Pay Policy Statement for 2021/2022 as outlined above and Appendix 6 of the report.

16.4 Financial implications are addressed throughout this report.

- 16.5 The Council Tax in England and Wales is provided for and governed by the provisions of the Local Government Finance Act 1992. Within this Act, the Council is designated as a “Billing Authority”, responsible for the billing, collection and enforcement of Council Tax. The Chair of the Cabinet (The Leader of the Council), under delegated powers, has approved the calculation of the Council Tax base for the year 2021/22 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended, made under Section 33(5) of the Local Government Finance Act 1992.
- 16.6 The Non-Domestic Rating (Rates Retention) Regulations 2013 require a billing authority, by 31 January in the preceding year, to:
- (a) Calculate its non-domestic rates income for the relevant year;
 - (b) Calculate the amount of the central share of its non-domestic rating income for the relevant year;
 - (c) Calculate the amount of each relevant precepting authority’s share of its non-domestic rating income for the relevant year; and
 - (d) Notify the Secretary of State and any relevant precepting authorities of the amounts calculated.

The Chair of the Cabinet (The Leader of the Council), has delegated powers to approve the calculation of the Non-Domestic Rating (NNDR1) for the year 2021/22.

17. Other implications

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

18. Background Papers

Cabinet Reports 5 February 2020

[2020/21 Budget and Council Tax FIN/491](#)

[Treasury Management Strategy 2020/21 FIN/493](#)

Cabinet Reports 24 June 2020

[Treasury Management Outturn 2019/20 FIN/502](#)

[Financial Outturn 2019/20 Budget Monitoring – Quarter 4 FIN/500](#)

Cabinet Reports 30 September 2020

[Q1 Budget Monitoring 2020/21 FIN/505](#)

Cabinet Reports 25 November 2020

[Budget Strategy 2021/22 - 2025/26 FIN/508](#)

[2020/2021 Budget Monitoring - Quarter 2 FIN/510](#)

[Appropriation of Garages from the HRA to the General Fund - FIN/511](#)

Elsewhere on this Agenda -

Treasury Management Strategy 2021/22 FIN/517

Q3 Budget Monitoring 2020/21 FIN/516

“Treasury Management in the Public Services - Code of Practice and Cross-Sectoral Guidance Notes”, 2017 Edition - Chartered Institute of Public Finance and Accountancy

“The Prudential Code for Capital Finance in Local Authorities”, 2017 Edition - Chartered Institute of Public Finance and Accountancy

MHCLG Guidance on Local Government Investments (Second Edition)

[Provisional local government finance settlement England 2021 to 2022](#)

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Appendix 1

FUTURE YEARS SAVINGS

Head of Service	2021/22	Posts FTE's
	£	
Corporate Finance		
Head of Finance consultants	3,000	
Casual pay operational properties	12,000	
Sundry debtors misc	10,000	
Print and postage	15,000	
Fraud Vacancy	25,000	1.0
	<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

Appendix 2

GENERAL FUND REVENUE BUDGET 2021/2022 Summary of Service Requirements

2020/21		2021/22	
Original Estimate £		Draft Estimate £	Variation £
1,836,550	Cabinet	1,295,850	(540,700)
1,628,160	Public Protection & Community Engagement	1,493,310	(134,850)
5,125,680	Environmental Services & Sustainability	5,159,160	33,480
2,760,280	Housing Services	2,635,920	(124,360)
9,295,810	Wellbeing	9,281,190	(14,620)
(2,644,730)	Planning & Economic Development	(3,188,730)	(544,000)
(3,409,950)	Depreciation	(3,455,630)	(45,680)
700,000	Contribution to Renewals Fund	633,000	(67,000)
15,291,800	NET COST OF SERVICES	13,854,070	(1,437,730)
(612,950)	Interest on Balances	(280,889)	332,061
14,678,850		13,573,181	(1,105,669)
1,169,550	Transfer to / from () reserves	(155,606)	(1,325,156)
15,848,400	NET EXPENDITURE	13,417,575	(2,430,825)
	External Support		
(60,070)	Revenue Support Grant	(60,402)	(332)
0	Lower Tier Services Grant	(363,272)	(363,272)
0	Local Council Tax Support Grant	(168,916)	(168,916)
(1,830,770)	New Homes Bonus	(1,107,776)	722,994
(81,978)	Levy Account Surplus	0	81,978
	Internal Resources		
(6,343,834)	Total Retained Business Rates	(4,306,163)	2,037,671
(7,480,748)	Council Tax	(7,476,253)	4,495
(51,000)	Collection Fund (Surplus)/Deficit	65,207	116,207
(15,848,400)		(13,417,575)	2,430,825

	2020/21	2021/22
Number of Band D Equivalents	35,811.9	34,961.9
Number of properties	45,649	46,144

Appendix 3

HOUSING REVENUE ACCOUNT

	Original Budget 2020/21	Budget 2021/22	Variation
	£'000s	£'000s	£'000s
<u>Income</u>			
Rental Income	(48,591)	(46,909)	1,682
Other Income	(2,085)	(1,640)	445
Interest	(132)	(150)	(18)
Total Income (a)	(50,808)	(48,669)	2,109
<u>Expenditure</u>			
Employees	3,888	3,743	(145)
Responsive Repairs	8,765	9,090	325
Cyclical and Planned	2,656	2,517	(139)
Other running Costs	1,746	1,794	48
Managed services	331	294	(37)
Support Services	3,096	3,096	0
Interest payable on Self Financing Debt	8,309	8,309	0
Total Expenditure (b)	28,791	28,843	52
Balance available to fund existing and future HRA capital programme (a - b) *	22,017	19,856	(2,161)
Total	0	0	0

*Transferred to Housing capital investment reserve

Appendix 4

COUNCIL TAX 2021/22 PER BAND CRAWLEY ELEMENT					
PROPERTY BAND	BAND RATIO	PROPERTY VALUATION IN 1991	NUMBER OF PROPERTIES IN RANGE	AMOUNTS PER BAND PROPOSED	
				2021/22	2020/21
				£	£
A	6/9	Under £40,000	1,221	142.56	139.26
B	7/9	£40,000 - £52,000	7,405	166.32	162.47
C	8/9	£52,000 - £68,000	22,066	190.08	185.68
D	9/9	£68,000 - £88,000	8,901	213.84	208.89
E	11/9	£88,000 - £120,000	3,800	261.36	255.31
F	13/9	£120,000 - £160,000	2,273	308.88	301.73
G	15/9	£160,000 - £320,000	471	356.40	348.15
H	18/9	above £320,000	7	427.68	417.78
TOTAL			46,144		

Risks

Risk and Potential Impact	How Risk Will Be Managed including Probability of Occurrence
<p>1. Budget Gap future years This report has identified savings and efficiencies of £2.313m long term as shown in Table 6 above. This minimises the gap in future years based on the latest assumptions. The impact of the pandemic on rental income, fees and charges, demands on budgets such as benefits and Council tax reduction is not known at this stage. Reviews of Local Government finance will also impact upon future years.</p>	<p>CMT and Cabinet Members will be determining an approach to dealing with this gap which will continued to be addressed through the transformation programme. There is an adequate General Fund reserve to be able to cover a shortfall in the short term. The impact of the pandemic will be carefully monitored and reported to Councillors in the quarterly budget monitoring reports. Financial risks associated with the New Town Hall are reported separately to the Audit Committee, a procurement exercise is being undertaken for letting Agents for the upper floors for the new Town Hall. Income projections for letting these floors remain cautious.</p>
<p>2. Interest rates (section 9 refers).</p>	<p>Investment rates are monitored daily to ensure that the Council obtains the best returns whilst achieving its objective of maintaining an appropriate balance between security, liquidity and yield and ethical. The investment income budget is reducing due to the capital commitments, it is monitored monthly. If rates rise when we are in a borrowing position this will impact future budget gaps however interest rates are projected to reduce.</p>
<p>3. New Homes Bonus</p>	<p>The Government have announced that they will continue to pay legacy payments if the scheme stops as part of the Fair Funding review. This has been built into future projections.</p>
<p>4. The Business Rates valuation list was updated on 1 April 2017. There is no history of appeals to calculate a provision, so there is a risk that this is over/under provided for causing a volatility in the business rates retained over the lifetime of the valuation list. This is further exacerbated due to the pandemic. Many businesses have lodged appeals on their valuation as they have not been able to trade or their business has been significantly</p>	<p>There is a high probability of occurrence which can be managed through the use of the business rates equalisation reserve. With appeals due to the pandemic there would have to be some support from Central Government to all local authorities.</p>

<p>affected by the pandemic. This is a national issue</p>	
<p>5. Increase in net costs to the Council as a result of changes to demand-led budgets. Provision in the 2021/22 Budget has been based on the latest available information. For example, further economic slowdown, any impact of leaving the EU, changes in housing policy and welfare reform could mean that there are changes in demand. There is also a likelihood of an increase in homelessness applications when the rules around eviction are relaxed.</p>	<p>Provision in the 2021/22 Budget has been based on the latest available information but there could still be a significant change in demand as a result of external factors outside the control of the Council. This could affect either expenditure, especially those related to the pandemic or income budgets; budgets such as Commercial Properties, Housing Benefits, Council Tax Reductions, Homelessness, Car Parking and Planning Fees will be monitored closely. The Covid support reserve as shown in table 10 has been set aside for these purposes. There has also been an allowance as shown in table 2 for the estimated costs of Covid.</p>
<p>6. Reduction in availability of capital resources in future years. This would lead to a reduced capital programme and the likelihood of reduced investment income. Town Hall investment will result in borrowing for future schemes.</p>	<p>There is projected borrowing over the next financial year of £16m. Any future capital schemes would come from borrowing or use of capital receipts received in the financial year. The impact of the loss of interest has been built into the financial strategy.</p>
<p>7. Failure to collect income. The Council is responsible for collecting annual income totalling over £300 million. The economic climate could result in a reduction in collection rates, as could any delay in the Council approving the Budget and Council Tax levels.</p>	<p>There will be regular monitoring of debts and performance levels. The projected shortfalls due to the pandemic have been factored into the collection fund estimates together with the Council tax base as part of this report. Crawley Homes have not seen a significant change in arrears levels due to the pandemic.</p>
<p>8. Failure to maintain budgetary and financial control.</p>	<p>Variances between Quarter 3 and final outturn should be kept to a minimum. There will be regular monitoring and reporting by budget holders and reports to CMT, the Cabinet and through the Councillors' Information Bulletin. It is inevitable that variances will occur but it is important that any projected variances are reported promptly to the Cabinet. The current year has been exceptionally difficult to maintain financial control but early intervention by officers and Members identified £1.775m of savings and efficiencies to mitigate the impacts.</p>
<p>9. The initiatives to mitigate the impact of high demand on the homelessness service may not be sufficient to avoid overspending the budget. The impact of the Homelessness Reduction Act 2018 is not known.</p>	<p>The initiatives are being well researched, and their success will be regularly monitored. This budget will be regularly monitored during 2021/22 with future budgets adjusted to mitigate the impact. The proposed increase in the capital programme to purchase properties for the homeless service will help reduce ongoing</p>

	<p>revenue costs, however there will be increased future demand due to the severe impact that the pandemic has had on Crawley. There are adequate General Fund reserves to be able to cover a shortfall in the short term. The housebuilding programme is assisting in mitigating this risk.</p>
<p>10. The Impact of leaving the EU; there are lots of unknowns around demands on services and income budgets especially the supply of goods such as building materials such as fencing; also Government priorities beyond 2020 with the new comprehensive spending review.</p>	<p>The impact of the implications of the decision will be closely monitored and changes will be made to forecasts which will be reported to CMT and to Members through Cabinet and the Councillors Information Bulletin.</p>
<p>11. Fair Funding Review</p>	<p>The outcome of the consultation has been deferred on the approach to measuring the relative needs of local authorities with a view to amend how resources are allocated between them. A provision for reduced funding has been included in future budgets.</p>
<p>12. Retained business rates review</p>	<p>The aim with this is to make local authorities self-sufficient, but there would be passing of risk from central government to local authorities. A provision has been included in future budgets for reduced business rates income.</p>
<p>13. Roll out of Universal Credit</p>	<p>Universal credit has commenced roll out in Crawley and there is evidence that this is impacting on arrears. We are working with tenants to assist them in managing their rent account and signpost them to funds and advice available. With regards to increased Council tax arrears, where there may be universal credit involved (we are not informed if they are a new claimant and not an existing Housing Benefit claimant) we are writing to the customer and inviting them to apply for Council tax reduction. We are also working with the DWP to identify customers that are eligible for Council tax reduction.</p>

Crawley Borough Council Pay Policy Statement for 2021/2022

Introduction and Purpose

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

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

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

Key Aims

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

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

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

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

Publication

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

It will be published on the Council's website as soon as reasonably practicable following approval. For the 2021/2022 approval will be at Full Council meeting on 24th February 2021. Also the policy is available annually on the Website under the [Freedom of information publication scheme](#)

Key Elements of the Pay Package

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

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

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

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

In the latest national round of pay negotiations carried out by the National Joint Council for Local Government Services which was negotiated in conjunction with Unison and GMB, an agreement was made for a one year pay deal covering 2020-2021. The 2020 pay agreement was implemented on 1 April 2020. The pay agreement for 2020 included an increase of Annual leave from 21 to 22 days for Employees with less than 5 years' service and this was implemented on 1 April 2020.

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

All salary scales and the Local Pay Agreement are attached.

- Chief Officers salary
- Staff Salary Scale
- Local Pay Agreement
- Apprenticeship salary scale.

Other Financial Benefits

- Discretionary reimbursement of a proportion of relocation expenses (including contribution to professional and removal fees, disturbance allowance and interim arrangements up to a maximum of £8,000.)
- Recruitment Incentive Scheme for hard to recruit posts
- Payment of professional fees where they are an essential requirement of the job
- Essential and casual car user allowances at NJC rates but subject to local criteria (scheme currently under review)
- Loans for car purchase and public transport season tickets

- Free parking at the Town Hall for essential car users (scheme currently under review)
- Salary sacrifice schemes for child care vouchers and bike to work available
- Voluntary Benefits scheme allowing access to a range of retail discounts for staff
- Access to the Local Government Pension Scheme including local discretions
- Redundancy compensation at the rate of 2 weeks actual salary for each year of service up to a maximum of 104 weeks plus access to pension for staff over the age of 55. This will be reviewed in order to comply with the Government's proposed further reforms to exit payments when these are introduced.
- In exceptional circumstances other severance arrangements may be agreed. Any such payments will be subject to the agreement of the Chief Executive, Leader, and Head of Legal, Democracy and HR Services and will be subject to the delegated powers and processes set out in the council's constitution. The payment will take into account the Council's contractual and legal obligations, value for money, reputation of the Council and goodwill towards the employee. In the event of the Chief Executive being the subject of the payment then the Section 151 Officer would replace the Chief Executive in the authorisation process.
- All exit payments will be subject to compliance with the proposed Public Sector Exit Payment Regulations when these are introduced. The Regulations were introduced in 2016 remain as draft statutory instruments.

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

Definition and remuneration of lowest paid staff.

All staff are paid within relevant nationally negotiated salary scales and the lowest paid staff will be on spinal column point 1 for which the annual salary inclusive of Crawley Allowance is £20,643. There is a pay ratio of 1:6 between these posts and the current top point of the scale for the Chief Executive. The Council feels that this is acceptable and is well within the Government's recommended pay ratio which is 1:20. There are a small number of apprentices who spend a significant amount of their time in training and are employed on a training contract at a locally agreed rate of 60% of Scale B.

The Council recognises the importance of the living wage and is accredited by the Living Wage Foundation. All staff, apart from apprentices, are paid above the living wage rate of £9.50 per hour

Relationship between remuneration of the Chief Executive and other employees

The Council's highest paid employee is the Chief Executive salary £122,516
The mean average of employees is £27,292 the pay ratio between this and the Chief Executive is 1:4.5.

Use of additional or one off payments

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

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

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

Payments on termination

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

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

Reemployment/re-engagement of former employees

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

Benefits schemes

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

Gender Pay Gap

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

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

Natalie Brahma-Pearl
Chief Executive
January 2021

**CMT Pay scales
W.E.F 01/04/2021**

CATERGORY	TOTAL
CHIEF EXECUTIVE	£122,516.00
	£119,804.00
	£117,095.00
	£114,380.00
	£111,662.00
DEPUTY CHIEF EXECUTIVE	£106,593.00
	£104,243.00
	£101,895.00
	£99,540.00
	£97,184.00
HEAD OF SERVICE B	£75,589.00
	£73,932.00
	£72,278.00
	£70,620.00
	£68,969.00

STATUTORY RESPONSIBILITY ALLOWANCE

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

NJC LG SERVICES SALARY SCALES FROM 1ST APR 2021

Scale	Spinal point	Annual salary
B	1	£20,643.00
	2	£20,999.00
C	3	£21,363.00
	4	£21,734.00
D	5	£22,113.00
	6	£22,653.00
E	7	£22,893.00
	8	£23,459.00
	9	£23,859.00
F	10	£24,123.00
	11	£24,612.00
	12	£24,984.00
	13	£25,428.00
	14	£25,881.00
G	15	£26,342.00
	16	£26,813.00
	17	£27,292.00
	18	£27,783.00
	19	£28,282.00
H	20	£28,792.00
	21	£29,312.00
	22	£29,842.00
	23	£30,542.00
I	24	£31,473.00
	25	£32,378.00
	26	£33,252.00
	27	£34,147.00
J	28	£35,035.00
	29	£35,711.00
	30	£36,583.00
	31	£37,529.00
K	32	£38,546.00
	33	£39,723.00
	34	£40,691.00
	35	£41,691.00
L	36	£42,681.00
	37	£43,677.00
	38	£44,682.00
	39	£45,622.00
M	40	£46,658.00
	41	£47,664.00
	42	£48,660.00
	43	£49,646.00
N	44	£50,642.00
	45	£51,651.00
	46	£52,662.00
	47	£53,682.00
	48	£54,700.00
	49	£55,737.00
	50	£56,796.00
	51	£57,876.00

Apprenticeship scheme salary W.E.F. 1.04.2021

Percentage of spinal point 1	Annual Salary
60%	£12,385.80
65%	£13,417.95
70%	£14,450.10
75%	£15,482.25
NMW	£15,820.13
National Living wage	£16,823.35

CBC Pricing Strategy

Introduction

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

Statutory charges

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

For Example: Local Land Charges

Discretionary charges

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

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

Purpose of the Pricing Strategy

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

Key principles

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

- The full cost of providing the service must be understood and will be determined by the following factors:
 - Establishing whether they are statutory or discretionary fees
 - Total expenditure including direct staff costs (delivering the service), indirect staff costs (involved in the process i.e. admin / payment) and equipment or vehicles used.
 - Current fees and charges
 - Current income
 - Current demand for the service
 - Market test costs with other LA's / service providers
- Fees and charges should be kept simple.
- Fees and charges will be set at a level that maximises income generation and recovers costs. At a minimum the service should break even and never run at a loss. If it is a

discretionary service and running at a loss, then consideration should be given to whether we should provide the service directly.

- When considering discounts, the financial implications should be understood and thought should be given to how discounts will be funded i.e. other users from the same service pay for it, the council tax payer's generally or from other funding sources.
- The amount of discount applied should be no more than 25% of the total cost to provide the service.
- Discounts, where applied, will be on the basis of:
 - Crawley Resident discount
 - Customers in receipt of a means tested Benefit - Universal Credit, covers Job Seekers Allowance, Income Support, Housing Benefit, Council Tax Reduction Scheme (CTRS), Pension Credit Guarantee Credit and Employment Support Allowance (ESA).
 - Age (children, under 16 and seniors, over 67)
 - Support to those with a Disability or carers (Compass card)
- There should be flexibility to alter our pricing at any time in consultation with the relevant Head of Service and Cabinet Member, where appropriate. Especially when we have the market share in service delivery. Secondary spend may be delegated to the Service Manager in consultation with the relevant Head of Service.
- Our fees and charges will take into account the ability of our customers to pay and any relevant socio-economic factors.
- Where the Council develops new activities or revenue streams these may initially be offered as a "loss leader" to attract and build a customer base before reverting to a price that covers costs.
- The fees applied are rounded up, removing odd numbers.
- Payment for services should be collected in the most efficient and economical way possible, through direct debit or online payment methods, and accepted in advance of service delivery.
- Payments should be set up with the correct service budget codes and clear reference information to prevent any error or delay in payments being made.
- To support our channel shift agenda, automated and online payment methods will be incentivised by:
 - Easier access
 - Priority availability
 - Additional information and access to our marketing / mailing list
- Similarly, high cost payment methods such as cheques, will be disincentivised by the addition of a £12 admin fee.
 - Cheque payments for services will not be accepted after the 31 March 2021.