

Crawley Borough Council

Report to Overview and Scrutiny Commission 31 January 2022

Report to Cabinet 2 February 2022

2022/2023 Budget and Council Tax

Report of the Head of Corporate Finance, **FIN/549**

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 2021 the Council continued to review its spending plans and considered options to amend spending to meet new priorities. This report presents the Revenue, Capital and Housing Revenue Account (The Budget) and sets the level of Council Tax for the Financial Year 2022/2023 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 2022/23 Budget:

- (a) to approve the proposed 2022/23 General Fund Budget including savings rolled forward from the current financial year as set out in paragraph 6.4, this includes a transfer from reserves to cover the additional costs of Covid-19 of £451,730,**
- (b) to approve the proposed 2022/23 Housing Revenue Account Budget as set out above and Appendix 3(ii) of the report which includes the growth items as set out in Table 9,**
- (c) to agree to ringfence £1,055,000 of capital reserves for investment in the Towns Fund as a result of using an advance of 5% Government funding of the £21.1m in year. The requirement is to use this sum in year and set aside an equal sum of our own resources,**
- (d) to agree to increase the capital budget for Tilgate Park lake erosion by £150,000 funded from the capital programme reserve, this will be repaid over a period by the park,**

- (e) to approve the 2021/22 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 2022/23 be increased by 2.31% (£4.95) from £213.84 to £218.79 for a band D property as set out in paragraph 13.1,
- (g) to approve the Pay Policy Statement for 2022/2023 as outlined in paragraph 16.3 and Appendix 6 of the report noting that the pay award has yet to be agreed in the current financial year.

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 2022/23 General Fund and Housing Revenue Account Budgets and the overall Capital Programme will be recommended for approval by Full Council on 23rd February 2022.
- 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, followed by the impact of the pandemic and the move away from the European Union. In common with all authorities there have been significant reductions in Government funding, which are highly likely to continue in the coming years. 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 including the leisure contract, fees and charges and income from investment properties. The comprehensive spending review (CSR) was for one year only so gives little assurance for future settlements. The settlement which was announced on 16th December 2021 was for one year only, however there was mention within the settlement of addressing Local Government finance reforms.

Local Government Finance Reforms

The settlement did mention that the Government would be re looking at the 'fair funding review': and 'business rates retention reform' in the next financial year.

New Homes Bonus – earlier announcements made were that that New Homes Bonus would be phased out, however a welcome one off payment was made as part of the Local Government Finance Settlement (see below).

Again, with the onset of the Pandemic, there has not yet been any consultation on a new method of incentivising housing growth. The CSR and budget announcement was silent on the future of New Homes Bonus, again making it very difficult to make accurate projections.

- 4.4 The Council's approach in the past has been to maintain or enhance levels of service whilst keeping council tax increases to a minimum. This has been achieved in a number of ways, including redesigning services, delivering efficiency savings, a budget challenge process and generating new sources of income. However in 2021/22 as a result of the pandemic there was the need to make cuts to services for the first time in 6 years. This was because fewer people are 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.
- 4.5 The [Budget Strategy 2022/23 - 2026/27 FIN/537](#) was considered by the Cabinet on 24th November 2021 and recommended for approval. The Strategy was approved by Full Council on 15th December 2021. 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 2022/23.
 - Work to keep Council Tax increases low without compromising local services.
 - Lower tier services grant being paid by the Government.
 - An average investment rate of 0.40% for 2022/23 increasing to 0.50% for future years. 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.
 - A 2% pay award for all future financial years, and 2% for 2021/22, an offer of 1.75% has been turned down by the unions, the outcome of this is unknown at the time of writing this report, any increase over the 2% will have to be met from underspends, increased income, efficiencies or reserves in 2022/23.
 - An inflation provision of 4.9% for contract expenditure in 2022/23, 2.7% in 2023/24, and future years with no inflation allowance for general running expenses.
 - An overall increase in fees and charges of 3.1% (CPI).
- 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 £139,000 was identified in the Budget Strategy, this assumed a £4.95 increase (2.31%) in a Band D Council tax for 2021/22. The Budget Strategy made it clear that there were a lot of unknowns and there would be variances identified when the budget was set.

- 4.7 There have been some significant changes since the Budget Strategy was approved in December 2021 including:
- The Local Government Finance Settlement on 16th December brought some welcome additional funding. The 2022/23 Services Grants was welcome, this is in part to fund the additional cost of employers National Insurance. In

addition there was a further year of New Homes Bonus with higher grant than anticipated.

- The Lower Tier Services Grant was less than anticipated, however the Services Grant did offset this.
- Inflation figures are higher than anticipated with respect to utilities and the cost of fuel.
- The Omicron variant has resulted in delays in expected recovery around fees and charges but specifically around the Leisure Management contract, here there is continued uncertainty around market conditions.

4.8 Table 2 below summarises the changes between the approved Budget Strategy and the proposed 2022/23 Budget. Further details are provided in section 5 of the report.

Table 2

	£000's	Paragraph
November Cabinet deficit per Budget Strategy	139	4.6
New Homes Bonus	-343	5.5.1
Lower Tier Services Grant	164	5.5.2
Service Grant	-251	5.5.3
National Insurance (Employers contribution)	137	5.5.4
Contract costs (inflation)	60	5.5.5
Members allowance / Mayors car	-25	5.5.6
Inflation on utility costs	19	5.5.7
Council tax base/surplus	-71	5.5.8
Water Neutrality (lost income)	120	5.5.9
Additional provision for cost of Covid-19 on 2022/23 budgets	692	5.5.10
Increased interest	-194	5.5.11
Other – various minor	5	
Transfer from reserves	452	

The approved Budget Strategy seeks to balance the budget over a four year period, including putting funds back into reserves when the Budget is in surplus. There are sufficient reserves to cover this transfer. Plans have been to use reserves in 2022/23 where the New Town Hall was still being built but the upper floors yet to be let, the general fund reserve had been built up to cover a budget shortfall.

5. Analysis

- 5.1 The Government announced its Spending Review in October 2021 with the Autumn budget. In this autumn budget, £4.8bn of funding for all Councils was announced to address pressures that Councils are facing, this £4.8bn was to cover a three year period. This was to be front loaded so almost all the increase in grant will be in 2022/23 and little in the two following years. The Comprehensive Spending review was a three-year setting of Departmental Spending Limits. However [Provisional Local Government Finance Settlement England, 2022 to 2023](#) was released on 16th December 2021 by the Department of Levelling Up, Housing and Communities (DLUHC) was for one year only. This saw a roll forward of the Revenue Support Grant for another year and business rates retention and fair funding review to be relaunched during 2022.

The settlement included –

- **A one-year settlement** for 2022/23
- Priority in the settlement is ‘stability in the immediate term’ with a more fundamental review of Local Government Funding starting in 2022. An announcement on 13th January by a Local Government minister Kemi Badnoch at the Local Government Association’s annual finance conference was made. Included was that consultation on proposed reforms would take place in the spring, this would be following the Governments update of its data on council’s needs and resources.
- The roll forward of many aspects of the current year’s settlement.
- Council tax referendum principles of a 2% increase in a Band D council tax or £5 whichever is the higher.

In 2022/23 the Council will receive £61,613 in Revenue Support Grant.

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

5.2 Retained Business Rates

Although the Council will collect in excess of £115 million in business rates the amount it retains is much smaller. One of the main reasons for this is that the Government retain 50% of the rates collected and West Sussex County Council retain 10%. The second main reason is that the Council also has to pay a significant tariff to the Government. There are further complications in that the Council’s retained share can be added to by a safety net payment or suffer a further levy. This is where the Government say that need is less than business rates collected. These are applied if a Council’s retained share is more than 7.5% below Government set figure (safety net) or above it (a levy of 50%).

- 5.3 The Tables below show that we are estimating to collect £115.0m but will keep significantly less.

Projected non-domestic rates income	£115,044,070
Government share (50%)	£-57,522,035
West Sussex County Council share (10%)	£-11,504,407
Crawley Borough Council share (before tariff & safety net)	£46,017,628

The projected retained rates amount for 2022/23 is set out below.

	£
Council's share of non-domestic rates income	46,017,628
Tariff	-42,592,432
Levy	-974,769
Additional rates due to renewable energy at K2 Crawley	5,120
S31 Grants	2,840,525
Total retained for the year	5,296,072
Deficit in 2020/21 financial year	-1,153,746
Transfer from the Business Rates Equalisation Reserve	1,093,968
Total	5,236,294

There is budgeted income of £2,840,525 in respect of Section 31 Grants. This is to reimburse the Council for business rate reliefs, including retail, hospitality and leisure relief given by the Government which have reduced the retained rates that the Council would otherwise have received. Section 31 of the Local Government Act 2003 allows a Minister of the Crown to pay a grant to a local authority of England towards expenditure that it has incurred.

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

As a result of the pandemic, reliefs were offered in the Chancellor's budget on 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 2020/21, the General Fund received the budgeted business rates income before the £34m discounts were introduced. In addition the general fund received s31 Grant in respect of these discounts given.

The net effect is that there was a substantial surplus on the General Fund in respect of business rates at 31 March 2021 and a loss of the Collection Fund (£45.9m) which is shared with West Sussex County Council and central Government.

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

On 2 July 2020, the Government who are aware of this issue announced that repayments of collection fund deficits arising in 2020/21 would be spread over three

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 £21.821m, but there is a budget transfer of £16,912,968 in 2021/22. The resulting projected balance of £4,908,142 is considered adequate and will cover the deficit due in 2022/23 and 2023/24.

As part of the budget settlement there was another bid to DLUHC to have another West Sussex business rates pool. Crawley does not form part of this pool but all West Sussex councils share any gain, the split of the pool is done to ensure the highest retention for the county as a whole.

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

5.5.1 **New Homes Bonus**

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

The Council receives direct payment from the DLUHC for the number of new properties it reports to the Valuation Office. For each dwelling the total payment is £1,898.48 (of which West Sussex County (WSCC) receives £379.70 and Crawley Borough Council £1,518.78) 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 and 2021/22 New Homes Bonus was paid for one year only, with no legacy payments going forward. Again in 2022/23 a one year payment of New Homes Bonus will be received via grant. The amount payable in 2022/23 is £343,000 higher than anticipated in the Budget Strategy as it was expected that legacy payments only would be payable.

5.5.2 **Lower Tier Services Grant**

This grant, first introduced in 2021/22, is based on the Settlement Fund Assessment but it also ensures that 'no authority has a total Core Spending Power less than in the previous year'. Originally a one-off grant, it has been carried forward into 2022/23. The grant of £272,299 is £163,736 lower than projected in the budget strategy, there was a reduction of 33% on the current year budget.

5.5.3 **Services Grant**

A new one-off grant to support all services delivered by councils. It is distributed using the Settlement Funding Assessment. This was not expected and is a one-off payment

of £251,134. This grant includes funding for local government costs for the increase in employer National Insurance Contributions (see 5.5.4 below).

5.5.4 National Insurance (Employers' contribution)

The Government is increasing National Insurance Contributions by 1.25% from April 2022 onwards to fund the NHS and social care reform. This increase is referred to as the Health and Social Care Levy. In the proposals in September 2021, the Treasury confirmed that authorities will receive compensation for the additional contributions in respect of their direct employees. As a result, no provision for the increase was made in the Budget Strategy. Now that the compensation has been incorporated into the budget (see 5.5.3 above), the additional costs of National Insurance Contributions of £137,000 have been added to the general fund.

5.5.5 Contract costs

Re letting of contracts has resulted in additional costs to those contracts. The additional costs in the main are due to costs associated to fuel and additional pay costs.

5.5.6 Members' allowance / Mayor's car

The agreement to freeze member's allowances and the Mayor to use their own vehicle with the retirement of the chauffeur has resulted in total of savings of £25,000. This was omitted from the budget strategy in error.

5.5.7 Inflation on utility costs

The increased costs of utilities has been widely publicised, the anticipated additional cost in 2022/23 over and above what was included within the budget strategy is £19,000.

5.5.8 Council tax base/surplus

An exercise on single persons discount will result in an anticipated increase in the Council taxbase. In addition there is a small reduction in Council Tax Reduction claimants compared to previously estimated.

5.5.9 Water Neutrality

The anticipated costs and lost income in respect of Water Neutrality on the planning team is £120,000. The Development Management Team succeeded in recommencing the decision making process for householder and minor planning applications in early December and they managed to secure very positive feedback from Natural England to do so using a new water neutrality proforma screening process which accords with the Habitats Regulations. This has allowed the Team to address the back log of applications that had built up since Natural England issued their water neutrality position statement on 14th September. The Team have also appointed specialist water consultants to provide an independent assessment of five water neutrality statements produced by major site applicants who believe they are able to demonstrate water consumption neutrality "on site".

Following a positive outcome to their assessments - three such major commercial logistics applications have gone back to January Planning Committee seeking confirmation of the original resolution to permit on the basis that they can demonstrate water neutrality. This stands to unlock tens of millions of pounds of business investment and hundreds of new jobs for Crawley.

Other existing major site applications and new major applications will need to rely on water efficiency offsetting measures undertaken elsewhere before they can progress since they are unlikely to be able to demonstrate "on site" water neutrality.

The Natural England position statement is currently acting as a major barrier to economic investment in Crawley which is reflected in the fact that we have not received any major applications since 14th September 2021, when the Natural England position statement was issued. Natural England require a Water Neutrality Strategy to be drawn up and agreed and this is being progressed as part of the Local Plan work by the Strategic Planning Team with other affected Local Planning Authorities.

Unless Southern Water are able to come up with an alternative water supply solution, major planning applications will continue to be delayed or put on hold - and this is the primary reason for the forecast significant reduction in planning fees and loss of income to the Council.

5.5.10 **Costs of Covid-19**

The Budget Strategy FIN/537 allowed for £400,000 for costs and lost income as a result of the pandemic. The Omicron variant has resulted in delays in recovery. The Quarter 3 monitoring report elsewhere on this agenda identifies costs of £1,668m, offset in part from support from the Government for the first quarter of £0.316m. There is estimated cost/lost income of £1,092,000 included within the 2022/23 budget. This is in respect of the Leisure contract, car parking income, community centre income, cost of PPE and licencing income. There is however an assumption that the Leisure contractor will in part begin paying the council again in 2022/23 and be back to the full contract payment in future years with a small allowance in 2023/24 for a reduced contractor payment.

5.5.11 **Interest**

More capital receipts than originally budgeted for has reduced the borrowing requirement by £4m from that included in the Budget Strategy. The reduced borrowing and the changes to the forecast interest rates as laid out in Section 9 and the Treasury Management Strategy, has resulted in the interest projections improving by £194,000.

6. **2022/23 General Fund Budget**

- 6.1 Details of the proposed 2022/23 Budget are set out in Appendix 2 and is summarised in the Table 3 below:

Table 3

2022/23 General Fund Budget	£'000s
Net Cost of Services (see table below Table 4)	14,435
Investment Interest receivable	-606
Interest (payable)	942
Transfer from General Fund Reserve (see Table 2)	-452
Net Expenditure	14,319
Funded by	
New Homes Bonus	606
Revenue Support Grant	63
Lower Tier Services Grant	272
Service Grant	251

Council Tax	7,824
Collection Fund deficit – Council Tax	67
Total Retained Business Rates (5.2)	5,236
Total	14,319

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

Table 4

2022/23 Budget – Service Expenditure	
Portfolio	£'000s
Cabinet	49
Public Protection and Community Engagement	1,319
Environmental Services & Sustainability	4,816
Housing Services	2,783
Wellbeing	10,278
Planning & Economic Development	-2,742
Resources	458
Depreciation	-3,226
Contribution to Renewals Funds	700
Net Cost of Services	14,435

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 the current and future years. In addition the transfer of garages to the General Fund resulted in further income of £808,000.

6.4 With the need to find further long term savings of over £2m as identified during the pandemic 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](#).

The savings already identified as shown in Appendix 1 together with the savings and efficiencies in Table 6 below give a total of £2.132m included in the 2022/23 budget as shown in Table 5 below, this is an additional £313,000 above the current year.

Table 5

Saving	2021/22 £	From 2022/23 £	Additional saving included in 2022/23 budgets £
Already approved as per Appendix 1	506,450	506,450	0
Identified in Table 6 below	506,000	819,000	313,000
Appropriation of garages from HRA to General Fund (FIN/511)	807,000	807,000	0
Total savings identified to meet future budget gaps	1,819,450	2,132,450	313,000

Both Cabinet and Shadow Cabinet discussed the consultation results (in consultation with their own political groups during 2020) 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.

As shown in Table 5 above some of the savings were not achievable immediately from 1st April in the current financial year due to lead in transition times. Table 6 below shows the savings and the impact on 2021/22. The £313,000 has now been included within the 2022/23 budgets.

Table 6

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.
Superloos	52,000	26,000	26,000	There is a cost of making good where the Superloo has been removed such as reinstating pavements.
Adventure play	210,000	61,000	149,000	Extended in part to the end of October half term with full saving in future financial years.
Pitch and Putt / fine turf pitches	28,000	22,000	6,000	Lead in times
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	

- 6.5 The difficult decisions taken on the savings identified above has resulted in there not being a need to identify further savings in 2022/23. However due to the impacts of the pandemic, budgets and projections will be reviewed over the coming months,

especially around the investment property lease renewals and the leisure management contract uncertainty around return to pre Covid-19 market conditions.

Recommendation 2.2 (a) to approve the proposed 2022/23 General Fund Budget including savings rolled forward from the current financial year as set out in paragraph 6.4.

7. 2023/2024 Budget Projections

7.1 The Budget Strategy for 2023/24 to 2027/28 is scheduled to be considered by the Cabinet in September 2022. 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. 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 2.26% increase in Council Tax £4.95 on a Band D property, the amount that Crawley keep is less than 11p in every £1 billed.
- Average investment rate of 0.3%
- An inflation provision of 2.7% 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

	2023/24 £'000s
Base Budget	13,717
Investment interest	400
Net Budget	14,117
Funded by:	
Council Tax	-8,168
Retained Business Rates	-5,276
Revenue Support Grant	-63
Services Grant	-188
Lower Tier Services Grant	-204
Indicative Budget Gap	218

The main changes between years are itemised in Table 8 below

Table 8

	Change £000's
Deficit in 2022/23 Table 2 paragraph 4.8	452
New Homes Bonus – only legacy payments made (fall out of previous four year payments)	606
Inflation provision	440
Increased Council tax income	-277
Decreased investment income	102
Increased retained business rates income	-39
Lower tier service grant / Service Grant reduction	68

Covid-19 reduction in provision	-820
Cost of borrowing	63
Rental income Town Hall	-619
Provision for void investment properties	500
Reduced provision to renewals	-200
Local election	-56
Other – various	-2
Projected Gap 2023/24	218

Reserves were built up to manage shortfalls in the short term while we are letting the upper floors of the Town Hall.

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. The progress on letting the upper floors of the New Town Hall will be monitored during 2022/23 together with the leisure contract and other fees and charge income to update projections.

8. Fees & Charges

- 8.1 The Budget Strategy for 2022/23 to 2025/26 assumes a general increase in fees and charges of CPI (3.1%) 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 3.1%. This has not been possible in some cases due to having to set commercially attractive prices. A schedule of most of the council's fees and charges is available on the website. Where the council is in competition with other service providers or where there is discretion in providing some services, some of these charges may not be made public in future as it allows the council to compete more flexibly with other providers in securing business going forwards. As these fees are reviewed the charges will be updated accordingly. The pricing strategy which was approved in the budget report last year is attached at Appendix 7. The commercialisation group are looking at fees and charges with the main emphasis at the moment on reviewing garage income, bulky waste, allotments, Tilgate Park initiatives, Pest control and Car parks but at the same time being aware of outside factors.

9. Treasury Management

- 9.1 Treasury management includes the investment interest on the Council's deposits, notional interest on deferred capital receipts, debt interest, minimum revenue provision (MRP), debt interest, and costs associated with treasury management. The following paragraphs provide details of the key factors and assumptions that affect the calculation of this Budget.
- 9.2 The average yield from investments in 2022/23 is projected at 0.6%. Most of the longer term investments at higher interest rates have now matured, so the projection now more closely matches the interest rates available in the market.

9.3 The 2022/23 Budget is based on the following assumptions:

- Average yield of 0.60% for new investments.
- Average rate of 0.75% for new borrowing.
- Cash flows have been calculated from the revenue and capital budgets reported in this report.
- Cash flows relating to the capital programme are spread evenly through the year.
- Cash flows relating to revenue are based on the timings of previous year's income and expenditure.

9.4 Notional interest on deferred capital receipts are based on a discount rate of 3.5%. The deferred capital receipts that relate to shared equity properties are also re-indexed so that they reflect current market values. It is assumed that the market value of these properties will increase by 3.5%.

9.4 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 2022/23 and any projected variances will be highlighted in quarterly budget monitoring reports.

9.5 Further information on the investments, borrowing and MRP policy can be found in the Treasury Management Strategy 2022/23 (FIN/557) 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 2022/23 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 2021/22 budget and 2022/23 budget are as follows.

10.2 Growth Bids

The All Member Seminar on 5th January 2022 saw some growth bids in respect of Crawley Homes (HRA). They are listed on the table 9 below and in Appendix 3 (i)

Table 9 Growth Bids

	Cost £000's
Social Housing White Paper – policy engagement and compliancy demands	50
Energy Efficiency officer (working towards net zero)	33
Repairs surveyors x 2 – increased demand and more disrepair claims	65
General cleaner (salary plus cost of materials/vehicle)	24
Clearance operative	27
Total Additional costs	199

Further information is outlined in Appendix 3 (i)

10.3 **Rental income**

Current rent standards guidance 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 for Housing has therefore proposed a CPI+1% increase (4.1%). This uplift coupled with anticipated new build income equates to an increased revenue budget of over £1,831,000. This increase is required due to additional regulatory demands on the service, growth of blocks to be managed, the increased costs of repairs and materials in addition to an RPI increase of 4.9%, which in total will increase costs by £1.86m.

During the current financial year the issue regarding the rents and the 48 to 52 weeks change back in 2014 was identified. This was outlined in report [DCE/11](#) to Cabinet on 24 November 2021. The full year impact of this is £738,000 and has been included within the rental income projections. Together with the rent increase outlined above in 10.3 the total rent increase is £1,093,000.

10.4 **Other income**

Additional income of £981,000 will be received in respect of major works on leasehold properties completed during 2021/22. Corresponding costs can be seen in programmed repairs within the capital programme shown in the Quarter 3 budget monitoring report shown elsewhere on this Agenda [FIN/554](#).

10.5 **Interest**

The HRA has a share of the interest that is credited to the General Fund based on the average level of reserves. As such, the same assumptions apply that are described in section 9.

Expenditure

10.6 **Pay award**

A provision for both the current financial year, where the Government advice was that there would be no pay award with the exception of the lower grades receiving £250, and 2022/23. An offer of 1.75% has been rejected, therefore a provision of 2% and an additional 2% for the financial year 2022/23 has been included within the budget.

10.7 **Repairs & Maintenance**

Elsewhere on this agenda the Budget monitoring report Quarter 3 [FIN/554](#) outlines additional costs of supply together with increased demand for repairs. The estimated cost of this in the current financial year is £1.37m. The estimated cost in the financial year 2022/23 £1.77m, this is an increase due to additional costs of Employers National Insurance for the contract staff together with the rising costs of inflation whilst reflecting the increased costs within the wider sector. The Head of Crawley Homes will be looking for mitigations to offset these additional costs in the coming financial year.

10.8 **Cyclical & planned**

Includes an allowance for the additional cost of inflation.

10.9 Elsewhere on this Agenda is the Treasury Management Strategy ([FIN/557](#)), this shows that the £265m loan that was taken out in [2012 \(report \[FIN/257\]\(#\)\)](#) will begin to become repayable in March 2023 with corresponding savings on interest payments from future financial years. This will help mitigate some of the additional costs and reduced income as outlined above.

10.10 The Crawley Homes (HRA) capital programme as outlined in paragraph 11 below is funded from HRA resources, HRA capital reserves and 1-4-1 Right to Buy receipts and borrowing in future.

Recommendation 2.2 (b) to approve the proposed 2022/23 Housing Revenue Account Budget as set out above and Appendix 3(ii) of the report which includes the growth items as set out above in Table 9.

11. Capital Programme

11.1 The November 2021 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 2021/22 to 2024/25 and future years Capital Programme

The Table below sets out the proposed capital programme and funding for 2021/22 to 2024/25 and future years based on the existing approved programme amended for items identified in the Quarter 3 Budget Monitoring report (FIN/554) and other changes.

Table 10

	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	Future years £'000s	Total £'000s
Capital programme reported to Cabinet 24th November 2021 <u>FIN/535</u>	51,221	54,133	41,669	7,518	8,429	162,970
Further approvals						
Items approved at Cabinet 24 th November 2021 Budget Strategy <u>FIN/537</u>						
Section 9.2 -						
Replacement Chiller unit K2		155				155
Park Tennis – Phase 1		160				160
Little Trees Cemetery – Muslim burial ground		333				333
Kingsgate Car Park	300					300
Section 9.3						
Gigabit adjustment		-1,350				-1,350
Section 10.5 -						
HRA Improvements		2,769	-395	10,500		12,874
Garages			-139	339		200
Unsupervised Play Investment Programme <u>HCS/33</u>		218				218
District Heat Network Phase 2 <u>HPS/29</u>	70					70
Slippage / underspend identified in Q3 elsewhere on the Agenda	-5,017	-2,663	-620	3,907	4,393	0
TOTAL Agrees with Q3	46,574	53,755	40,515	22,264	12,822	175,930

- 11.4 In the current financial year the Council received a £1.055m grant from the Government for the Towns Fund. This was a 5% contribution of the £21.1m that has been committed to the Crawley Towns Fund. The Towns Fund team requests that any unused sum is used for the Council's existing capital programme and that an equal sum of capital reserves is ringfenced for future investment in the Towns Fund projects. This was to avoid repaying part of the grant.

Recommendation 2.2 (c): to agree to ringfence £1.055m of capital reserves for the Towns Fund projects as a result of using Government Grant for the Town Hall project.

- 11.5 At the All Member Seminar on 5th January 2022 there was a presentation on a capital investment on Tilgate Park Lake erosion. This was for £150,000 and is to be repaid back to capital reserves by the park over a three year period. Previous onset of erosion damage to the lake embankment at Tilgate was exacerbated by a flood event around 2013; this in combination with surface water erosion, visitor footfall and also the resident wildfowl has led to progressive erosion, undercutting and loss of land in vulnerable areas of the lake embankment. To do the work in the next financial year will mitigate more costly work in future. Therefore £150,000 has been added to the capital programme, funded from the capital programme reserve. With Tilgate park repaying this £150,000 from surpluses that they make over the coming years.

Recommendation 2.2 (d): to agree to increase the capital budget for Tilgate Park Lake Erosion by £150,000 funded from the capital programme reserve.

- 11.6 Phases of the Forge Wood development have been added to the capital programme as the scheme progresses. Phase 1b with an additional cost of £1,904,632 will be added to 2024/25 in the capital programme funded by Crawley Homes reserves and 1-4-1 receipts. The full allocation of £49.4 as outlined in report DTH/045 (part B) to Cabinet on 4th December 2013 is now included within the capital programme for the Forge Wood development.

Table 11 below gives the amended capital programme after the adjustments for the recommendations above and recommendations elsewhere on this Agenda.

Table 11

	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	Future years £'000s	Total £'000s
TOTAL Agrees with Q3	46,574	53,755	40,515	22,264	12,822	175,930
Tilgate Park Lake Erosion	0	150	0	0	0	150
Forge Wood Phase 1b	0	0	0	1,905	0	1,905
Total Capital Programme for approval	46,574	53,905	40,515	24,169	12,822	177,985

Funded by -						
Capital Receipts	20,028	2,305	6,770	980	109	30,192
Capital Reserve	1	1,102	0	0	0	1,103
1-4-1 Receipts	3,094	4,485	6,742	3,488	2,872	20,681
HRA revenue contribution	15,927	31,075	24,224	18,642	6,700	96,568
Section 106 contributions	319	1,543	0	720	65	2,647

External funding	558	5,193	2,779	0	3,076	11,606
Revenue incl. replacement fund	1,147	1,834	0	339	0	3,320
Borrowing (General Fund)	4,500	5,500	0	0	0	10,000
Better care fund (formally DFG's)	1,000	868	0	0	0	1,868
TOTAL	46,574	53,905	40,515	24,169	12,822	177,985

Recommendation 2.2 (e): to approve the 2021/22 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](#) was considered by the Cabinet on 24th November 2021 and recommended for approval. Full Council approval was given on 15th December 2021. Key objectives of the Strategy are:
- Work towards a balanced Budget over a four year period including putting back to reserves when the Budget is in surplus.
 - Aim to keep Council Tax low without compromising local services.
 - Instruct Corporate Management Team to take action to address the long term budget gap and to identify policy options for consideration by Cabinet. In the past two years all Member seminars have taken place with options for savings and capital bids.
 - That items for the Capital Programme are driven by the need for the upkeep of council assets and environmental obligations, and schemes will be also considered that are spend to save and spend to earn but that such prioritisation should not preclude the initial consideration of capital projects that could deliver social value.
- 12.3 These objectives have been met. To date the Council has responded well to the financial challenges of recent years and maintained front-line services with only the year 2020, with the challenge of the pandemic, where savings were required to be sought as shown above in section 6.4. 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, this has become more evident with the new Omicron variant impacting on budget projections.

Despite the healthy level of reserves, it is less likely that the Council will be able to continue to achieve a balanced Budget and maintain current service levels and will need to use reserves before the upper floors of the New Town Hall development are commercially let and resources have been spent on the building project. There are additional challenges around the Leisure contract which due to a change in law has resulted in the management fee not being paid by the contactor. There are also concerns around the investment properties that the council holds that are office buildings. Two of these are due for lease renewal in 2024. The General Fund reserve has been increased to £5.457m as a result to help absorb the impact.

- 12.4 In compiling the 2022/23 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 carried over to 2022/23 and additional income as identified in paragraph 6.4 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 (exacerbated by the water neutrality issue) and Council Tax Reduction payments; in addition the impact on Crawley Borough Council budgets of other public sector decisions for example West Sussex County Council and the NHS. There is also volatility in income streams that are affected by external factors such as investment and business rates income. Inflation is at its highest for several years, the impact on interest rates will be impacted. In addition there is additional cost of supply of materials which is impacting on the HRA repairs contracts. Contracts are also seeing higher costs due to wage inflation and the additional costs of employers National Insurance. For such budgets, the latest information has been used to calculate the Budget.
- 12.6 There is a 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 which we are beginning to see. Budgets are monitored by officers on a monthly basis and the Corporate Management Team receives an update on key issues, while a Quarterly Revenue and Capital Budget monitoring report is considered by the Cabinet and the Overview and Scrutiny Commission. This should ensure that any projected variances are identified at an early stage.
- 12.7 A review of reserves has been undertaken as part of the 2022/23 Budget preparation by the Corporate Management Team. Table 12 below summarises the estimated level of reserves available for 2022/23:

Table 12

	Estimated Available Balance at 31/3/22 £'000s	Paragraph
General Fund Reserves		
General Fund Reserve / Balance	5,457	12.7.2
Business Rates Equalisation	4,908	12.7.2
For the Capital Programme		
Usable Capital Receipts	6,711	12.7.3
Capital Reserve	1,303	12.7.4
1-4-1 Receipts	6,760	12.7.4
Affordable Housing Receipts	664	12.7.4
Vehicles & Plant	1,470	12.7.5
ICT Replacement	103	12.7.5
Specialist Equipment – Hawth & K2 Crawley	116	12.7.5
Homelessness Acquisition	672	12.7.6
Total available for the Capital programme	17,799	
Earmarked General Fund Reserves		
Restructuring Impact	400	12.7.7
Local Development Framework	280	12.7.8
Town Centre Regeneration	125	12.7.9
EU Exit	113	12.7.10
Queens Square – future maintenance	381	12.7.11
Insurance Funds	378	12.7.12
Covid-19 Support Reserve	645	12.7.13
Welfare Reform	280	12.7.14
Other *	1,180	12.7.15
Total General Fund	31,946	
HRA Reserves		
Housing Revenue Account	3,198	12.7.16
Housing Capital Investment reserve (committed)	22,257	12.7.17
Total HRA	25,455	
Total	57,401	

* Within 'other' there is £23,561.98 for voluntary sector transition funding. Should this not be required it will be ringfenced for the 75th year of the New Town and Emerald Jubilee celebrations.

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 £5.457m at 31 March 2022. 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 balance of £4.9m 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.

12.7.3 The projected balance of usable capital receipts at the end of March 2022 is £6.711m. 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 £1.303m, this reserve is committed in future years, however this was created from revenue sums and could be used for revenue purposes if approved for that by full Council. In addition to this there is a reserve and an estimated £6.760m of 1-4-1 receipts from right to buy. There are restrictions on these 1-4-1 receipts, including that they can only make a 40% contribution towards the capital expenditure of affordable housing and shared ownership dwellings. There is also an earmarked affordable housing reserve with a balance of £664,000.

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. Also the cost of alternative fuel supply vehicles are more expensive.

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. Two reports have been agreed during the financial year that has committed the majority of this reserve; however there is a lead in time to make the purchases.

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 £112,934 at 31st March 2022; some of this has been committed in the next financial year at Gatwick airport for environmental/port health

staffing and lost income together with investigating a second fuel tank after the fuel crisis in September and October of 2021.

- 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](#) to Cabinet in November 2020 FIN/508 report recommended setting up a Covid-19 Support Reserve of £644,679.62 to help with future impacts of the pandemic. Use of this reserve will be reported through the quarterly reports to Cabinet going forward. This will be monitored and may be required in the coming financial years with the Leisure management contract.
- 12.7.14 The Welfare reform reserve increased at the end of the last financial year as we received new burdens monies to fund the work on business grants and isolation payments. The teams involved in this have a large backlog of work and as a result temporary fixed term staff are being funded from this reserve.
- 12.7.15 Other reserves are several earmarked reserves of lower value, including wellbeing, Heritage Strategy and committed general fund housing reserves.
- 12.7.16 The Housing Revenue account balance is estimated to be just over £3 million at the end of the current financial year (31st March 2022); this is an acceptable balance.
- 12.7.17 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 2022/23 – 2026/27 Budget Strategy aimed to keep any increase in Council Tax low without compromising services. In discussion with the two all Member seminars it is proposed to increase the Council tax by **£4.95** per annum for a Band D property which is an increase of 2.31%, this is an increase of 9.5p per week.

The Department for Levelling Up, Housing and Communities (DLUCH) 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 2.31% 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 13 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 13

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	1,292	+71	£ 145.86	£ 3.30	£ 0.06
B	7,499	+94	170.17	3.85	0.07
C	22,217	+151	194.48	4.40	0.08
D	9,014	+113	218.79	4.95	0.09
E	3,806	+6	267.41	6.05	0.12
F	2,301	+28	316.03	7.15	0.14
G	473	+2	364.65	8.25	0.16
H	7	0	437.58	9.90	0.19
		465			

- 13.2 It is assumed that West Sussex County Council will increase their share of the Council Tax for 2022/23 by 2.99%, this will equate to an estimated increase of £45.17 per band D property. This includes an increase of 1% 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 4.7% which is an increase of £10.00 per annum. This will be confirmed at the Council meeting on 23rd February 2022. 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 3.1% which is £60.12 on a band D property as shown below (£53.44 for a Band C).

Authority	Increase £
Crawley Borough Council	4.95
West Sussex County Council	45.17
Police and Crime Commissioner	10.00
Total	60.12

Recommendation 2.2(f): to agree that the Council's share of Council Tax for 2022/23 be increased by 2.31% to £218.79 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 £543,680 of which £59,949 is the Council's share. Due to the significant impact on Councils due to the pandemic, the Government spread 2020/21 deficits due to non-collection over three financial years (2021/22 to 2023/24). For 2022/23, the adjustment for the Council is £33,634. The adjusted surplus for distribution in 2022/23 is therefore £26,315.

14.2 Business Rates

Section 5.4 above explains the Business Rates collection fund. Due to the business rates discounts given in the Chancellor's budget in March 2020 there was a significant deficit in the collection which was offset by the surplus in the General Fund due to the Section 31 grant being paid for these discounts together with the original amount collectable for business rates. There are corresponding repayments over the following three years (2021/22 to 2023/24).

15. **National Non Domestic Rates (NNDR)**

15.1 The Department for Levelling Up, Housing and Communities (DLUHC) has advised the provisional business rate multiplier for 2022/23 is as follows (see paragraph 5.2 above):-

- i) Standard Multiplier – 51.2p per £ (51.2p in 2021/22)
- ii) Small Business Multiplier – 49.9p per £ (49.9p in 2021/22)

As set out in the Spending Review published on 27 October 2021, the Government has decided to freeze the business rates multiplier in 2022/23. Local Authorities will be fully compensated for this decision.

16. **Implications**

16.1 The high level risks to the 2022/23 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 together with the strategic risks, some of which have financial implications. Risks are highlighted throughout the report including the impacts of the pandemic, water neutrality and future Local Government finance reforms. The current and unknown impacts of this on future years for both service costs and income but especially business rates, interest rates, the impact of the economic climate, and the availability of capital resources in future years and the need to take out borrowing. In some cases these can be mitigated by a stringent approach to financial control and planning and a rigorous approach to reviewing current levels of expenditure and procurement methods.

16.2 It is anticipated that the Budget measures set out in this report will increase the Council's staffing establishment by 1.4 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 2022/23 is attached at Appendix 6. The pay award is yet to be approved and as a result the salary scales will change once an agreement has been made.

This pay policy statement sets out the Council's policies relating to the pay of its workforce for the financial year 2022/23, 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 2022/2023 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 2022/23 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 2022/23.

17. Other implications

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 25 November 2020

Budget Strategy 2021/22 - 2025/26 FIN/508

Appropriation of Garages from the HRA to the General Fund - FIN/511

Unsupervised Play Investment Programme HCS/33

Cabinet reports 3 February 2021

[2021/2022 Budget and Council Tax FIN/514](#)

[Treasury Management Strategy 2021/22 FIN/517](#)

Cabinet reports 30 June 2021

[Treasury Management Outturn for 2020/21 FIN/527](#)

[Financial Outturn 2020/2021: Budget Monitoring – Quarter 4 FIN/526](#)

Cabinet Reports 8 September 2021

[2021/2022 Budget Monitoring – Quarter 1 FIN/531](#)

Cabinet 24 November 2021

[Budget Strategy 2022/23 - 2026/27 FIN/537](#)

Crawley Homes rent overcharge [DCE/11](#)

Treasury Management Mid-Year Review 2021/2022 [FIN/538](#)

Budget Monitoring Quarter 2 2021/2022 [FIN/535](#)

Unsupervised Play Investment Programme [HCS/33](#)

Town Centre District Heat Network (DHN) Phase 2 [HPS/29](#)

Climate Emergency Action Plan [PES/390](#)

Cabinet 8 February 2012

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

Elsewhere on this Agenda -

Treasury Management Strategy 2022/23 [FIN/557](#)

Q3 Budget Monitoring 2021/22 [FIN/554](#)

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

[Provisional Local Government Finance Settlement England, 2022 to 2023](#) was released on 16th December 2021 by the Department of Levelling Up, Housing and Communities (DLUHC).

Contact Officer: - Karen Hayes, Head of Corporate Finance
Direct Line: - 01293 438263, karen.hayes@crawley.gov.uk

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 2022/2023 Summary of Service Requirements

2021/22		2022/23	
Revised Estimate £		Original Estimate £	Variation £
1,138,160	Cabinet	49,290	(1,088,870)
1,493,310	Public Protection & Community Engagement	1,318,570	(174,740)
4,984,460	Environmental Services & Sustainability	4,815,540	(168,920)
2,635,920	Housing Services	2,782,880	146,960
9,319,260	Wellbeing	10,278,310	959,050
(3,250,360)	Planning & Economic Development	(2,741,890)	508,470
355,950	Resources	457,450	101,500
(3,455,630)	Depreciation	(3,225,600)	230,030
633,000	Contribution to Renewals Fund	700,000	67,000
13,854,070	NET COST OF SERVICES	14,434,550	580,480
(280,889)	Interest Receivable	(605,924)	(325,035)
0	Interest Payable	941,800	941,800
13,573,181		14,770,426	1,197,245
(155,606)	Transfer to / from () reserves	(451,730)	(296,124)
13,417,575	NET EXPENDITURE	14,318,696	901,121
	External Support		
(60,402)	Revenue Support Grant	(62,808)	(2,406)
(363,272)	Lower Tier Services Grant	(272,299)	90,973
(168,916)	Local Council Tax Support Grant	0	168,916
(1,107,776)	New Homes Bonus Services Grant	(605,604)	502,172
0		(251,134)	(251,134)
	Internal Resources		
(4,306,163)	Total Retained Business Rates	(5,236,294)	(930,131)
(7,476,253)	Council Tax	(7,823,537)	(347,284)
65,207	Collection Fund (Surplus)/Deficit	(67,020)	(132,227)
(13,417,575)		(14,318,696)	(901,121)

	2021/22	2022/23
Number of Band D Equivalents	34,961.9	35,758.2
Number of properties	46,144	46,609

Crawley Homes Growth Bids

	Cost £000's
<p>Social Housing White Paper (new requirements for social landlords) The Social Housing White Paper brings forth several new requirements for social landlords including ensuring compliance with the consumer standards (set by the Regulator of Social Housing), a stronger emphasis on resident engagement and a new regulatory regime which will include routine inspections. A Policy & Engagement Manager previously existed in Crawley Homes but was removed from the establishment in 2018 as at that time local authorities did not sit within the realm of the Regulator for Social Housing. This changed in April 2020 when local authorities were again included within the financial if not the governance remit of the regulator. An additional resource is now required to ensure Crawley Homes can meet the requirements of recent Social Housing White Paper and provide a strong focus on housing policy compliance and service development.</p>	50
<p>Energy Efficiency officer (working towards net zero) In July 2019 the Council declared a climate emergency. This commits us to cut our carbon emissions for our activities and workings by at least 45% by 2030 and to net zero by 2050 (subsequently brought forward to net zero 2040). The biggest direct contribution to that pledge the Council can make is through its Housing stock. We are ahead of the game in understanding how we can achieve this but in order to translate plans into actual change will require additional capacity over and above the existing resource. An additional resource is therefore required to support the existing planned maintenance team in delivering the carbon efficiency/net-zero programme.</p>	33
<p>Repairs surveyors x 2 (increased demand and disrepair claims) Two additional area surveyors are needed due to the increased demands of maintaining the existing housing stock. Whilst overall CH properties has remained broadly the same over the past 10 or so years, the number of buildings we manage has increased. A number of our older and more problematic properties are approaching an age where major works are required. Disrepairs claims has become the new PPI and is a significant area of new workload for the area surveyors and whilst Crawley has to date not been a particular target, this is now changing and is becoming an increasing area of work. Demand for repairs post Covid lockdown has also increased by 35%.</p>	65
<p>General cleaner The team is seeing increased demand on a number of fronts. This includes the taking on of new blocks with communal areas (for an increase of approximately 250 units since 2019), taking on cleaning of our sheltered schemes, the demand for additional cleaning post-Covid, and the higher specification of cleaning for new properties (for carpets rather than vinyl floors for instance). This demand, along with an increase in void properties, has seen the increased use of external contractors (primarily to address voids). Traditionally the annual cost of external contractors been around £3,000. In 21/22 this is anticipated to cost £50k a year.</p>	24
<p>Clearance operative The increased demands of the new 'fire safety order' has increased the work around clearance of stored, dumped, unwanted goods within communal areas in our general needs blocks of flats. We are now actively engaging with our 'zero tolerance' clearance of all items stored within communal areas (part of our fire safety risk assessment procedures) and again seen a recent increase in the demand on the service within this area of work. The additional clearance operative is appointed to assist the clearance team to ensure we maintain the fire safety within the communal area.</p>	27
Total Additional costs	199

Appendix 3 (ii)

HOUSING REVENUE ACCOUNT

	Original Budget 2021/22	Budget 2022/23	Variation
	£'000s	£'000s	£'000s
<u>Income</u>			
Rental Income	(46,909)	(48,002)	(1,093)
Other Income	(1,640)	(2,635)	(995)
Interest	(150)	(305)	(155)
Total Income (a)	(48,699)	(50,942)	(2,243)
<u>Expenditure</u>			
Employees	3,743	4,165	422
Responsive Repairs	9,090	10,857	1,767
Cyclical and Planned	2,517	2,610	93
Other running Costs	1,794	1,773	(21)
Managed services	294	288	(6)
Support Services	3,096	3,096	0
Interest payable on Self Financing Debt	8,309	8,309	0
Total Expenditure (b)	28,843	31,098	2255
Balance available to fund existing and future HRA capital programme (a - b) *	19,856	19,844	(12)
Total	0	0	0

*Transferred to Housing capital investment reserve

Appendix 4

COUNCIL TAX 2022/23 PER BAND CRAWLEY ELEMENT					
PROPERTY BAND	BAND RATIO	PROPERTY VALUATION IN 1991	NUMBER OF PROPERTIES IN RANGE	AMOUNTS PER BAND	
				PROPOSED 2022/23	2021/22
				£	£
A	6/9	Under £40,000	1,292	145.86	142.56
B	7/9	£40,000 - £52,000	7,499	170.17	166.32
C	8/9	£52,000 - £68,000	22,217	194.48	190.08
D	9/9	£68,000 - £88,000	9,014	218.79	213.84
E	11/9	£88,000 - £120,000	3,806	267.41	261.36
F	13/9	£120,000 - £160,000	2,301	316.03	308.88
G	15/9	£160,000 - £320,000	473	364.65	356.40
H	18/9	above £320,000	7	437.58	427.68
TOTAL			46,609		

Risks

Risk and Potential Impact	How Risk Will Be Managed including Probability of Occurrence
<p>1. Budget Gap future years 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 future gaps which will continued to be addressed through the transformation programme. There is an adequate General Fund reserve to be able to cover a shortfall in the short term. 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, income projections for letting these floors remain cautious and will be closely monitored. Regular meetings are taking place due to the uncertainty around returning to pre Covid market conditions with the Leisure management contractor and the aim is to get back to the pre pandemic position with the contract payment back to the council being reinstated.</p>
<p>2. Interest rates (section 9 refers).</p>	<p>Investment rates are monitored daily to ensure that the Council obtains the best returns whilst achieving its objective of maintaining an appropriate balance between security, liquidity and yield and ethical. The investment income budget is reducing due to the capital commitments, it is monitored monthly</p>
<p>3. Government funding</p>	<p>The Government is to reintroduce the Fair Funding review and business rates reforms. Assumptions around these have been built into future projections however there is a high likelihood that these assumptions are not correct. There is a healthy business rates equalisation reserve to cushion impacts in the short term.</p>
<p>4. The Business Rates valuation list was updated on 1 April 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.</p>	<p>There is a high probability of occurrence which can be managed through the use of the business rates equalisation reserve.</p>

<p>5. Increase in net costs to the Council as a result of changes to demand-led budgets. Provision in the 2022/23 Budget has been based on the latest available information. For example, further economic slowdown, any further impact of leaving the EU, changes in housing policy and welfare reform could mean that there are changes in demand. Also the impact on water neutrality on house building may impact future plans and budgets.</p>	<p>Provision in the 2022/23 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 the Leisure contract Investment/Commercial Properties, Housing Benefits, Council Tax Reductions, Homelessness, Car Parking and Planning Fees (which are affected by the water neutrality issue) will be monitored closely. The Covid-19 support reserve has been set aside for these purposes. There has also been an allowance as shown in table 2 for the estimated costs of Covid-19.</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 £12m. 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. However staff involved in debt collection across the council have been involved in supporting residents and businesses and as a result additional temporary resources have been added to these teams to assist managing debt.</p>
<p>8. Failure to maintain budgetary and financial control.</p>	<p>Variations between Quarter 3 and final outturn should be kept to a minimum. There will be regular monitoring and reporting by budget holders and reports to CMT, OSC and Cabinet. All Member seminars have also been taking place to keep Members up to date on financial projections. It is inevitable that variances will occur but it is important that any projected variances are reported promptly to the Cabinet.</p>
<p>9. The initiatives to mitigate the impact of high demand on the homelessness service may not be</p>	<p>The initiatives are being well researched, and their success will be regularly monitored. This budget will be</p>

<p>sufficient to avoid overspending the budget. The everyone in and the impact of the pandemic has seen significant spending on homelessness despite increased Government support.</p>	<p>regularly monitored during 2022/23 with future budgets adjusted to mitigate the impact. The proposed increase in the capital programme to purchase properties (for which two schemes have been approved) for the homeless service will help reduce ongoing 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, however this may slow due to the water neutrality issue.</p>
<p>10. The Impact of leaving the EU; with demands on services and income budgets especially the supply of goods such as building materials including fencing.</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 OSC and Cabinet. There is also an EU Exit reserve which can be called upon.</p>
<p>11. Climate Emergency Action Plan. Resources available to fund the plan.</p>	<p>Report PES/390 to Cabinet on 24 November 2021 has an ambitious action plan to meet net zero. Several actions will have significant costs to the council. Some will result in applying for support such as the Towns Fund, however all phases of the plan will need to be fully costed during feasibility and future savings may need to be sought to fund the costs associated with the plan.</p>

Crawley Borough Council Pay Policy Statement for 2022/2023

Introduction and Purpose

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

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

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

Key Aims

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

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

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

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

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 2022/2023 financial year approval will be at the Full Council meeting on 23rd February 2022. Also the policy is available annually on the website under the [Freedom of information publication scheme](#).

Key Elements of the Pay Package

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

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

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

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

In the latest national round of pay negotiations carried out by the National Joint Council for Local Government Services, which was negotiated in conjunction with Unison and GMB, no agreement has been reached on the 2021/2022 pay rise.

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

All salary scales and the Local Pay Agreement are attached, and these include:

- Chief Officers' Salary Scale
- Staff Salary Scale
- Local Pay Agreement
- Apprenticeship Salary Scale.

Other Financial Benefits

- Discretionary reimbursement of a proportion of relocation expenses (including contribution to professional and removal fees, disturbance allowance and interim arrangements up to a maximum of £8,000)
- Recruitment Incentive Scheme for hard to recruit posts
- Payment of professional fees where they are an essential requirement of the job
- Essential and casual car user allowances at NJC rates but subject to local criteria (scheme currently under review)
- Loans for car purchase and public transport season tickets
- Free parking at the Town Hall for essential car users (scheme currently under review)
- Salary sacrifice schemes for Shared cost AVC's , child care vouchers and bike to work available
- Voluntary Benefits Scheme allowing access to a range of retail discounts for staff
- Access to the Local Government Pension Scheme including local discretions

- Redundancy compensation at the rate of 2 weeks actual salary for each year of service up to a maximum of 104 weeks plus access to pension for staff over the age of 55. This will be reviewed in order to comply with the Government's proposed further reforms to exit payments when these are introduced.
- In exceptional circumstances other severance arrangements may be agreed. Any such payments will be subject to the agreement of the Chief Executive, Leader, and Head of 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, which 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 £20,780. 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 £9.90 per hour.

Relationship between remuneration of the Chief Executive and other employees

The Council's highest paid employee is the Chief Executive (salary £122,653). The mean average pay of employees is £27,429, so 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 duties at a higher level e.g. cover for a higher graded colleague whilst they are away from the workplace.

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

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

Payments on termination

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

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

Reemployment/re-engagement of former employees

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

Benefits Schemes

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

Gender Pay Gap

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

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

Natalie Brahma-Pearl
Chief Executive
February 2022

**CMT Pay scales (subject to pay award)
W.E.F 01/04/2022**

CATERGORY	TOTAL
CHIEF EXECUTIVE	£122,653.00
	£119,941.00
	£117,232.00
	£114,517.00
	£111,799.00
DEPUTY CHIEF EXECUTIVE	£106,730.00
	£104,380.00
	£102,032.00
	£99,677.00
	£97,321.00
HEAD OF SERVICE	£75,726.00
	£73,069.00
	£72,415.00
	£70,757.00
	£69,106.00

STATUTORY RESPONSIBILITY ALLOWANCE

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

NJC LG SERVICES SALARY SCALES FROM 1ST APR 2022 (subject to pay award)

Scale	Spinal point	Annual salary
B	1	£20,780.00
	2	£21,136.00
C	3	£21,500.00
	4	£21,871.00
D	5	£22,250.00
	6	£22,790.00
E	7	£23,030.00
	8	£23,596.00
	9	£23,996.00
	10	£24,260.00
	11	£24,749.00
	12	£25,121.00
F	13	£25,565.00
	14	£26,018.00
	15	£26,479.00
	16	£26,950.00
	17	£27,429.00
	18	£27,920.00
	19	£28,419.00
G	20	£28,929.00
	21	£29,449.00
	22	£29,979.00
	23	£30,679.00
	24	£31,610.00
H	25	£32,515.00
	26	£33,389.00
	27	£34,284.00
	28	£35,172.00
	29	£35,848.00
I	30	£36,720.00
	31	£37,666.00
J	32	£38,683.00
	33	£39,860.00
	34	£40,828.00
	35	£41,828.00
	36	£42,818.00
K	37	£43,814.00
	38	£44,819.00
	39	£45,759.00
	40	£46,795.00
L	41	£47,801.00
	42	£48,797.00
	43	£49,783.00
	44	£50,779.00
	45	£51,788.00
M	46	£52,799.00
	47	£53,819.00
N	48	£54,837.00
	49	£55,874.00
	50	£56,933.00
	51	£58,013.00

Apprenticeship scheme salary W.E.F. 1.04.2022 (subject to pay award)

Percentage of spinal point 1	Annual Salary
60%	£12,468.00
65%	£13,507.00
70%	£14,546.00
75%	£15,585.00
NMW	£17,710.82
National Living wage	£18,328.19

CBC Pricing Strategy (Implemented 1st April 2021)

Introduction

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

Statutory charges

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

For Example: Local Land Charges

Discretionary charges

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

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

Purpose of the Pricing Strategy

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

Key principles

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

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

- 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.