

Crawley Borough Council

Report to the Audit Committee

15 March 2022

Risk Management Update

Report of the Head of Corporate Finance – FIN/562

1. Purpose

- 1.1 The Committee is asked to review the action taken by relevant Managers on risk based issues identified by Internal Audit.

2. Recommendations

- 2.1 The Committee is requested to receive and note the report.

3. Reasons for the Recommendations

- 3.1 The Committee has a responsibility to ensure that action has been taken by relevant Managers on risk based issues identified by Internal Audit.

4. Background

- 4.1 The Corporate Management Team regularly review the Strategic Risks of the Council and look at the mitigations of those risks. The updated risks are presented to the Audit Committee at their meetings. The internal audit service will give an annual report and opinion on the organisation's framework of Governance, risk management and contra based on the audit work conducted in the year. The audit plan looks at these Strategic risks.

5. Corporate Risks March 2022

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

a) **New Town Hall**

Despite the challenges of Covid, the construction of the New Town Hall building continues to budget, and working across stakeholders continues to improve as the project nears conclusion. All parties are focused on doing everything possible for this year's Council's AGM to take place in the new building. Staff are schedule to start moving across late summer, and all Council meeting to be hosted in the new building from September. Commercial spaces will be available for occupancy from June. Commercial agents have been appointed and early interest from prospective tenant has been positive, but this remains a key risk given uncertainties in the office sector. London-based agents are also now being engaged as a mitigating action.

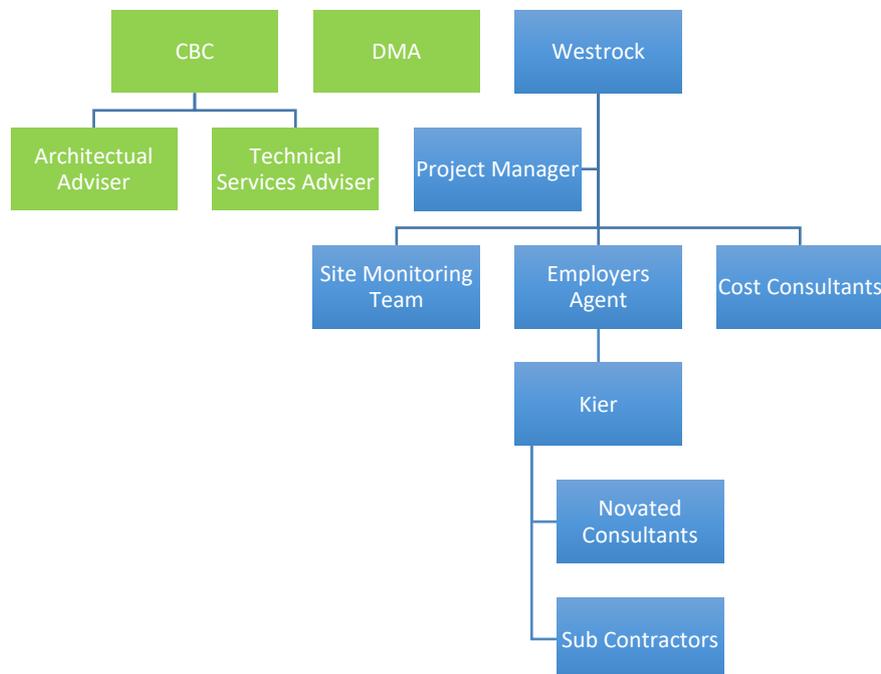
Covid has accelerated new ways of working that increases confidence that the organisation will be ready to move, and allows the Council to occupy a smaller amount of space. Nonetheless there is significant work required to implement all aspects of new ways of working ahead of the move. Decisions on layout and capacity within the new space are progressing to facilitate the Council completing the move into the new Town Hall from the late summer. A programme management approach has been applied to the preparations for the move to manage key interdependencies and the risks within. This is being overseen both by the New Town Hall Board and the Transformation Board.

Significant progress has been made around facilities management approach and this will continue. The wider benefits of the redevelopment is being actively pursued albeit that some skills and educational opportunities have been lost due to Covid. The project board overseeing the development has structured itself around these risk areas, and has developed a programme that identifies and manages interdependencies and is actively managing the identified risk. A detailed risk register has been created to reflect this stage of the development and continues to be updated as this stage of the project embeds itself.

Aspects of the wider site redevelopment are now complete. Geraint Thomas House, providing the first 91 affordable units is occupied. The District Heat Network is effectively complete and partially handed over (see below). Discussions on Phase 2 of the redevelopment providing the remaining residential units have progressed well and a detailed planning application submitted. This will see the provision of a further 18 affordable units and the completion of the new public square.

Governance Structure –

Contractual Arrangements



Internal Governance

Member Oversight

- Updates to Cabinet Briefing & regular liaison with Portfolio Holders
- Reporting as requested to Overview & Scrutiny Committee
- Member Working Group advising with particular interest in Groups 2, 4 and 6

Town Hall Board

Group 1: Design & Build	Group 2: Moving into NTH	Group 3: Commercial Space	Group 4: Facilities Management	Group 5: District Heat Network	Group 6: Benefits Realisation
<ul style="list-style-type: none"> •Construction monitoring •Car Park works •Contractor liaison •Financial monitoring •Communications •Interface with other developments 	<ul style="list-style-type: none"> •Cat C design and procurement •Link Transformation Programme •Layout and accommodation •Decant planning and moving 	<ul style="list-style-type: none"> •Appointment of commercial agent •Marketing of building •Tenancy agreements •Occupancy arrangements •Interface with FM 	<ul style="list-style-type: none"> •Commissioning & training for M&E and plant equipment •Plant maintenance contracts etc •Emergency planning •Risk assessments •Car Parking •Front of house 	<ul style="list-style-type: none"> •Procurement of O&M contractor •Billing & Client arrangements •Test & Commission plant •Switch over A2D & Kilnmead •Phase 2 planning and business case 	<ul style="list-style-type: none"> •Public Square and 4th Plinth moment •Public spaces within town hall •Sustainability benefits •CSR benefits

b) District Heat Network

The final element of Phase 1 of the Town Hall Site Redevelopment is the District Heat Network. Practical completion of the Energy Centre was completed at the beginning of February and full practical completion, handover and operation is programmed for mid-May.

The project team structure has been agreed and this will continue to report into the Town Hall Board and member oversight mechanisms in the same way as above. The final account will be settled prior to PC and it is currently projected that the scheme will report on budget. The mechanisms for identifying and managing risk also mirror the wider approach. The procurement of the O&M Contractor has been completed and the contractor is working with the Council and with Kier on commissioning process.

Work is commencing on the feasibility of extending the network in future including the use of alternative fuel sources.

c) LEP Infrastructure – Crawley Growth Programme

CBC, together with WSCC (the lead body) was successful in securing £14.6 million of Local Growth Fund from the Coast to Capital LEP in autumn 2017, as part of the Crawley Growth Programme – a £60m package of public and private sector funding with an additional scheme and further funds added by WSCC to increase the package to £72m. The principal purpose of the Crawley Growth Programme investment is to help bring forward regeneration sites to achieve new homes, jobs, and commercial space.

The Queensway scheme was completed on time and within budget in October 2019. The Town Centre signage scheme was rolled out and completed last year with an additional phase delivered, providing further signage in and around Memorial Gardens. The Station Gateway scheme has been successfully project managed through its initial stage, with the Borough Council able to broker successfully a way forward between Network Rail, GTR, West Sussex County Council and the Arora group on the development of proposals for a brand new Crawley railway station complex and associated public realm / parking / access improvements on site. These proposals, alongside a residential development at Station Gateway, were granted planning permission by Planning Committee on 26 April 2021.

The following projects will be led by CBC as part of the Crawley Growth Programme over the period to March 2025:

- Station Gateway public realm improvement / Town Centre Bus Station – Station Way and Friday Way – the scheme concept designs are currently being drawn up and will be consulted on publically later in the year ahead of the preparation of a planning application.
- Grade A commercial space development – The detailed designs for the scheme are currently being worked up and a planning application being prepared.
- Three Bridges Station Improvement scheme – Network Rail “Station Change” approval procedure to be implemented / budget review to be undertaken/ Planning application on hold pending completion of the Water Neutrality Strategy.
- Western Boulevard Cycle Scheme – Designs being finalised and contractor appointed. A planning application will be prepared with the scheme due on site in the autumn.
- Manor Royal Cycle Scheme – Options review being undertaken with MR BID.
- Town Centre and Manor Royal ‘super hub’ bus shelters – Pilot scheme proposals being worked up by the Manor Royal BID.

The remaining **risks** associated with the continuing delivery of the Crawley Growth Programme are the following:

- Risk of budget overspend for the future project delivery within the Programme.
Mitigation: regular financial monitoring and audit work carried out. Quarterly LEP audit; Head of Corporate Finance attends six weekly Programme Delivery Team meetings with West Sussex County Council. A “mid-term” programme review to take place in Q2 2022.
- Scheme delivery time overruns – Remaining Crawley Growth Programme schemes must be delivered by the end of March 2025.
Mitigation: Regular project monitoring undertaken by individual Project Boards, the Programme Delivery team with West Sussex County Council and reported to the Crawley Growth Board, chaired by the CBC Chief Executive.
- Discontinuation or withdrawal of support from key partners.
Mitigation: Regular interaction to identify and resolve issues promptly at project Board level with the Manor Royal Business District, Network Rail, GTR, Metrobus etc. A “mid-term” programme review to take place in Q2 2022.
- A sustained period of economic downturn which slows up private sector investment on key regeneration sites in the town centre.
Mitigation: The type of infrastructure investment being delivered by the Crawley Growth Programme in public realm, transport and infrastructure transcends the economic cycle and delivers structural improvements to strengthen Crawley’s economic prospects. The target date for delivery of regeneration site outcomes is actually 2030 to take account of the economic cycle and potential for a sustained

down turn, which has been exacerbated by the impact of the COVID-19 crisis nationally and internationally.

- Ineffective co-ordination of delivery across projects, leading to multiple disruption in the town centre and Manor Royal when this was avoidable.
Mitigation: Careful planning and close cooperation between CBC, WSCC officers and third party partners / contractors. A “mid-term” programme review to take place in Q2 2022.
- Absence of CIL funding receipts in contribution to the delivery of the Crawley Growth Programme.
Mitigation: Officers will defer from seeking Member approval to progress any elements of a scheme requiring CIL funding until such time as the requisite CIL receipts have been received or until a formally agreed CIL payment plan is in place.
- Ineffective co-operation and communication with WSCC.
Mitigation: Where WSCC is the lead partner in the delivery of a Crawley Growth Programme scheme, such as the Eastern Gateway, CBC expects to be kept up to date in a timely and effective fashion well in advance of scheme milestones. This will be channelled through the Crawley Growth Board, chaired by the CBC Chief Executive and the Programme Delivery Team. A “mid-term” programme review to take place in Q2 2022.

d) **Three Bridges Railway Station**

Member approval was granted in June 2016 to reallocate £1.5 million of Borough Council capital programme funding, originally earmarked for the Queens Square regeneration scheme, to the Three Bridges station improvements programme. These funds are combined with £519,000 of S106 resources and £1.1 million of Community Infrastructure Levy, (approved by Cabinet on 7th February 2018), subject to receipt of the CIL funds.

At the Full Council meeting on 26 February 2020, Members debated the recommended design option for the Three Bridges Station Improvement scheme in the context of a petition received with over 1,000 signatories objecting to the removal of the right hand turn for vehicles out of the station and a Council motion requesting that an alternative design option is developed retaining the right hand turn and then being subject to public consultation.

The Full Council voted to request that Cabinet note the petition and consider its contents and then voted to approve a Council Motion which requested that Cabinet refer the matter of retaining the right hand turn to West Sussex County Council, the Highway Authority, requesting that the Highway Authority determine whether an alternative design option retaining the right hand turn is viable. This course of action was approved by Cabinet in March 2020 and a response received in June 2020 confirmed the Highway Authority’s support for the proposed scheme and the preferred design option. Further progress with the scheme was subsequently halted and delayed by the COVID pandemic emergency situation.

A planning application is currently in preparation for the scheme, but this has been held up due to the Natural England position statement requiring water neutrality for major development and pending completion of a Water Neutrality Strategy. Network Rail’s “Station Change” procedure will need to be undertaken working closely with both Network Rail and the train operating company in order to secure formal support from the railway authorities for the scheme. This procedure will include the need for an agreement with private landowners to enable the new “eastern access” to Three Bridges station. A budget review for the scheme will take place as part of the overall Crawley Growth Programme review in Q2 2022. Officers are working actively to

secure the outstanding Community Infrastructure Levy required to finance the scheme.

A comprehensive risk register is overseen by the Project Board of the Crawley Growth programme. The principal strategic risk looking ahead to the next steps is that a way forward is unable to be agreed.

5.2 Delivering the Affordable Housing Programme

The Administration has pledged to build as much affordable housing for local people as possible. Delivery is being programmed through the Strategic Housing Board and scrutinised at Corporate Management Team (CMT) and through the Corporate Projects Assurance Board. Projections for the current 4 year delivery period (2018/19-2021/22) have to date indicated that delivery could be maintained at a similar level to the previous 4 year monitoring period at just under 1,000 new affordable homes. Delivery was expected to remain at a similar level for the following 4 year monitoring period to 2025/26.

There are two significant **risks** to delivery:

- The recent water neutrality position statement issued by Natural England has both immediate and future impacts on the delivery programme. A delay of at least 6 months to schemes due to be starting on site now is expected impacting the delivery of 230 new affordable homes. Additional costs arising from the requirement for schemes to evidence water neutrality through on-site and off-setting measures may impact the viability of schemes and the level of affordable housing that can be delivered.
Mitigation: Officers are engaged in discussions with Natural England and Southern Water as well as with neighbouring local authorities in seeking to minimise impacts on the delivery programme. Work is underway to quantify and maximise headroom to take forward new development through offsetting measures within existing stock. Supported by external consultancy advice officers are working up proposals to evidence water neutrality for key developments caught by the new requirements.
- Beyond the medium term, the majority of larger sites within the Council boundary that can easily be built upon will have been developed. This will leave smaller sites that are more challenging and contentious in nature and therefore more resource intensive to bring forward, or finding other opportunities such as regeneration.
Mitigation: Work has been undertaken to identify these future sites and opportunities, feeding into the Local Plan and developing programmes of work. Planning and Housing teams continue to work proactively to maximise opportunities afforded by development within neighbouring Districts and Boroughs adjoining the Council's boundaries.

5.3 Transformation Programme

The Council had set itself a change agenda to be completed ahead of the move to the new Town Hall and to help us meet future demand, needs and financial pressures. Given excellent progress and recognising the wider financial and community impacts of Covid, a review of the Transformation Programme was undertaken in 2020 and our plans refreshed to refocus our objectives. These are Channel Shift, New Ways of Working, People Strategy, Service Redesign, Commercialisation and Assets. The recent annual report to the Overview and Scrutiny Commission in November 2021 demonstrated that significant progress was being made and that the plan was on track.

At a programme level, the key **risks** are:

- Financial – restricting the scope of work and change arising
- Capacity to deliver the scale of the Transformation Programme given other pressures

- The interdependencies between the areas of work not being recognised.

Mitigations:

- The Transformation Board at CMT level brings together and provides oversight at a high-level plan to ensure coherence, manage interdependencies and change, allocate resources and ensure delivery.
- The Digital and Transformation teams have been reinforced to ensure there is sufficient capacity both to support and deliver the transformation programme.
- Finally significant work is taking place with third and fourth tier managers to ensure to support implementation.
- The Corporate Projects Assurance Group (CPAG) provides an additional layer of oversight.

5.4 **Disaster Recovery and Business Continuity**

a) **Migration of Systems to the Azure Cloud**

Currently, our migration of systems to the Azure Cloud is 95% complete (Feb 22) with the tiny number of remaining systems still at the data centre in Redhill. Bewbush remains as a site for face-to-face services even though it wouldn't be required for access to systems.

There remains a small risk that the Surrey Data Centre could go offline during the remaining time we need to use it, leaving CBC unable to access some of its line of business systems, the key one being the Housing System, which is currently being replaced in a large project that will complete in Oct 22. This has been a key consideration in the development of the Move to Cloud work outline below. Until such time there remains the following **risk**:

- The Surrey Data Centre were to go offline – CBC would retain access to Office 365 (MS Teams, Outlook etc.) and all currently migrated systems (the 95%), but not service specific systems like Housing still hosted at Surrey until the data centre was restored.

Mitigation: The timeline for completing the migration is the end of this financial year (21/22). We continue to work with Surrey County Council to ensure we retain safe services from their data centre.

The move to the Cloud was identified as the optimal strategy in terms of future proofing our IT infrastructure and reducing the associated risks. The Cloud service procured provides Disaster Recovery and work to define this in its entirety is nearly complete and whilst this will de-risk the Council over time, it is recognised that there will be **risks** associated with the change itself and that the DR will only apply to those systems migrated.

- Recruiting and retaining the resources needed to manage systems in the Cloud may prove difficult in the current climate.

Mitigation: We have been growing our own in house team and as we had recruited two additional temporary engineers to support the business whilst the standing team delivered the project.

*There is a detailed RAID log maintained within the project documentation.

b) **Data Breaches**

Data breach risks relates to a range of activities related to how we manage, share and process data in all formats. There are a long list of **risks** associated with this area of work, some of which are specific to local authorities; examples include:

- Inadequate data sharing and data security arrangements, including failure to maintain public services network accreditation (PSN).
- Improper disclosure of confidential information (in any format – digital, paper etc.)
- Failure to comply with GDPR legislation could lead to major reputational damage, loss of public confidence and the inability to operate key business processes.

Mitigations: The Council has made some considerable strides in this area. Most significantly it has re-secured its PSN certification providing assurance that its infrastructure is robust and secure, for which we are current recertifying again. This will continue to be tested on an annual basis.

- In preparation for the move to the new Town Hall, an Information Management project has been set up to audit all information assets and policies.
- The Information Governance Board has been refreshed.
- We recruited an Information Security Officer

c) **Health & Safety Breaches**

If Health & Safety fails it could result in death or serious injury to staff /public and legal action against the Council, with associated reputational damage. The Council may also be subject to an inspection by the Health & Safety Executive (HSE) generally or with regard to a particular issue.

The Council has an approved a Health & Safety Handbook for Employees, a main Health & Safety Policy together with a suite of supporting policies and guidance. There is a legal requirement for Managers to ensure that regular risk assessments are conducted in respect to places, activities and people.

During the COVID-19 pandemic, the focus and priority was on ensuring that the workplace (including all operational sites) was COVID-19 secure and compliant with government guidance. The Council is currently in a transitional phase in which it continues to occupy the old Town Hall and looks ahead to occupying the new Town Hall in 2022.

Officers have commenced a piece of work which will involve evaluating the Council's overall Health & Safety compliance status. This will inform an emerging plan as to how the Council will undertake, manage and monitor risk assessments as well as other statutory compliance requirements in the longer term.

5.5 **A Balanced Budget is Not Achieved in the Medium Term Resulting in an Increased Use of Reserves, which is Not Sustainable.**

The Budget Strategy report to [Cabinet](#) on 24th November 2021 identified future budget gaps and mitigations. The budget report which was presented to Cabinet and the Full Council included the outcome of decisions made on savings, taking into account the results of the resident's survey.

The Budget and Council Tax 2022/23 [FIN/549](#) report to Cabinet on 2nd February 2022 and the Full Council on 23rd February 2022 included the outcome of decisions made on

savings, taking into account the results of the resident's survey. The report identified in Table 6 £1.819m of savings and efficiencies included in the current financial year in order to address the gap and the impact of the pandemic. A further £313,000 of savings are included within the 2022/23 budget. Despite this there is still a budgeted use of reserves of £451,730, this is mainly due to lost income due to the pandemic.

Section 12 of the [Budget and Council Tax report](#) discussed robustness of estimated and adequacy of reserves. There are sufficient reserves to meet future budgets, however the increasing costs of inflation and the slow down of the return to work due to the Omicron variant may result in the projections on the letting of the upper floors of the New Town Hall to be revised, this will be reviewed over the coming months when the updated budget strategy is formed.

A review of Local Government financing has been expected over several years with the fair funding review, business rates retention and levelling up. The Government have announced that this review will take place in 2022.

The impact of COVID-19 is having a significant impact on both the current and future years. The Corporate Management Team will be working on the budget position throughout the new financial year and assessing the impact on the budget due to Covid-19 and will report through regular Quarterly budget monitoring reports to Cabinet and the Overview and Scrutiny Commission. As stated above there are sufficient General Fund reserves to cover the initial years of the New Town Hall until the upper floors are let.

5.6 **Organisational Capacity, Recruitment, Retention and Succession Planning**

There are a number of current and forthcoming workforce challenges facing the Council. As we seek to transform, continuously improve and meet a budget gap, we will be asking more of our staff, potentially with less resource. Some of this will be met through greater productivity, but not all. Having reduced the workforce in recent years from c1000 to c600, the Council is already seeing potential points of failure, for instance single standalone specialists. It is also recognised that there are teams that are potentially already under-resourced and the impact of Covid-19 is adding other pressures on staff.

Recognising these challenges, the Transformation Plan has as one of its objectives the creation of a People Strategy overseen by a People Board. This will bring corporate drive to addressing some of the following challenges. This group was established at the end of 2020 and will more recently expand to include wider representation from staff, managers and Unison as it develops its agenda.

The recruitment and retention of key specialist and professional roles can be challenging. The impact of higher salaries paid in other local authorities and the private sector is evident and as a result has led to problems with recruitment and retention in roles such as Procurement, Finance, IT, Legal and some Planning and Surveying roles. HR are working with managers to ensure that we promote hard to recruit roles effectively and actively encourage managers to have transparent conversations around salary throughout the recruitment process.

We have also seen a number of skills gaps in the market when recruiting, as a result HR has worked with managers to creatively approach their recruitment by either upskilling employees internally or re-evaluating and recruiting to trainee level posts, this has resolved some retention issues, but it has impacted on workload for these business areas as there are greater levels of support and training for staff in these circumstances.

We offer a generous employee benefits package, with a range of discounts, benefits and wellbeing incentives to suit everyone and, by raising the profile of these to prospective and

existing employees with our benefits hub and external webpage, we can address candidate attraction and retention.

We continue to promote and support the creation of apprenticeship opportunities and we are making progress with better promoting ourselves as an employer of choice. The Corporate Management Team are discussing succession planning and putting processes in place to plan for the future.

5.7 **Challenges and Risks: Workforce Capacity, Resilience and Health and Wellbeing**

a) **Workforce Capacity**

The challenges facing the workforce has been unprecedented over the past 20 months as the Coronavirus pandemic has affected everyone in some way or another. We have seen the impact upon Crawley residents with local firms making significant job redundancies and firms using the Coronavirus Job Retention Scheme (CJRS) placing staff on furlough. These measures have significantly increased the amount of people using council services and making financial claims that would otherwise not have made claims to us. As the CJRS has ended, we anticipate further demands on staff in these critical services as clients circumstance again change due to either they are reinstated to their jobs or they are made redundant.

In our response to the demands over the past 20 months staff had, and in some areas continue, to work longer hours which we recognise as not being sustainable in the longer term. When the Council set out to respond to the demand, we could not foresee the levels or duration this would be for. Departments put into place their business continuity plans (BCP) however this has been an unprecedented emergency and although the BCP helped the workforce to respond, these plans were not necessarily designed as long-term solutions. To support colleagues, we have reassigned staff from different work areas to help meet the need. We also draw on government COMF funding to secure some additional short term resources.

b) **Workforce Resilience**

We have seen the workforce respond and apply flexibility to the demand placed upon them. Despite the challenges over the last 20 months the workforce has largely responded well. We have conducted four staff surveys to gauge the impact of the pandemic on our staff, services, productivity and morale. Feedback from these staff surveys have confirmed that staff are coping and performing well although the third lockdown did take its toll on staff, particularly their wellbeing and increasingly in terms of fatigue. Some staff have been financially impacted as their partners/husbands/wives may have been furloughed or made redundant. We have increased the measures to support staff with ongoing support and a comprehensive staff wellbeing programme.

c) **Health and Wellbeing**

Throughout this time the organisation has ensured our workplace have been supported in working from home, we have advised staff how to stay safe and healthy giving them access to health initiatives and links to a variety of support avenues. Staff have gradually returned to the workplace and most are combining both office and home working and this we see for the foreseeable future. We have robust health and safety measures and guidelines in place.

d) **Challenges and Risks We Face**

We face a number of challenges in the forthcoming months, some we are able to anticipate as mentioned earlier and some we may only know about and experience as they happen.

The Coronavirus pandemic is unprecedented and, should a further spike of the virus occur, we could see our workforce health impacted and have a reduced workforce for some time. It is therefore paramount that we continue to establish a core of staff who can be deployed to key critical areas as and when needed.

We may see an increase in staff sickness levels due to Covid cases. We may experience 'burnout' of staff who have worked tirelessly throughout the pandemic and who have not had the usual 'proper holiday', or those who have been supporting a dependant or have caring responsibilities which have increased.

We have experienced, prior to the pandemic, that when some roles become vacant they are hard to fill and we know that nationally there are recruitment challenges which we are seeing in our current campaigns and foresee this will continue.

e) **We have an aging workforce and as some staff members may be able to access their pension, we may see an increase of staff leaving the organisation**

It is known that when people experience a life changing event, which one could liken the pandemic, people often re-evaluate their personal circumstances. If this was to present itself we could see a loss of key officers with significant knowledge and skills leave the organisation. Indeed in recent months the Council is also seeing a higher than previously expected rates of retirement, a trend being seen nationally in the sector.

5.8 **Climate Emergency**

In July 2019 the Council declared a climate emergency and pledged to aim to reduce carbon emissions generated by Crawley Borough Council activities by at least 45% by 2030 and to zero by 2050 as recommended by the Inter-governmental Panel on Climate Change (IPCC). In December 2021 Full Council agreed a motion which pledges a more ambitious target of reducing carbon emissions from Council activities by at least 50% by 2030 and as close to net zero as possible by 2030 and to reach net zero by 2040 at the very latest. The risks here are broadly two-fold, the costs of not acting and the difficult choices involved in acting. A Climate Change Scrutiny Panel was established in autumn 2019 and undertook an assessment of the Council's carbon emissions and a series of meetings to support that assessment. Unfortunately that assessment was significantly delayed due to the pandemic. The Scrutiny Panel presented a report to Cabinet in February last year with recommendations for the Council's Climate Change Emergency Action Plan. Officers draw up the Action Plan and this was approved by Cabinet in November last year. A full funding plan will be drawn up during 2022-23 for subsequent financial years to ensure that delivery of the Council's carbon emissions reductions targets for its activities and services are fully costed. .

5.9 **National Waste Strategy (including Food Waste)**

Final consultation on The National Waste and Resources Strategy concluded in July 2021. DEFRA had indicated the final Strategy would be produced by the end of 2021 however as yet it has not been published and there is no indication of when this will occur. This uncertainty places risk regarding the delivery of the service after the expiry of the current Waste Contract in February 2024. Although yet to be confirmed, it seems likely that the Strategy will mandate changes to refuse and recycling collections including the introduction of a mandatory weekly food waste collection. However, the delay in the

publication of the National Waste Strategy constrains the ability to amend the specification in advance of the contract re-procurement.

5.10 **Public Health**

The COVID-19 pandemic reminds us of the risks associated with public health emergencies. As host borough to Gatwick Airport, the Council has additional responsibilities when such issues emerge, in addition to those faced by other Councils.

5.11 **Local Plan Failure to Adopt**

Crawley's refreshed Local Plan 2021-2037 was published for another round of "Regulation 19" consultation on 6th January 2021 and this consultation period closed on 30th June 2021. The Local Plan document was out to consultation alongside a wide range of supporting evidence and documentation. Officers have been reviewing the written representations received from the consultation from residents, stakeholders, other local authorities, businesses and developers alongside further evidence related to the Plan. That review was interrupted by the Natural England position statement on Water Neutrality, issued on 14th September last year, which requires new development to be "water neutral" (that water consumption volumes post development are at least the same as or less than pre-development). Natural England has required the Crawley Local Planning Authority (alongside the other LPAs in the affected "Sussex North" water supply zone) to have specialist consultants draw up a "Water Neutrality Strategy" in order to define and determine how water neutrality can be achieved to unlock new development. The Crawley Local Plan process is therefore on hold, pending the drawing up and then agreement of the Water Neutrality Strategy with Natural England and other stakeholders. Once the Strategy is in place, consideration will need to be given as to whether there is an impact on the existing submission Local Plan document 2021-2037 and what revisions to the document are required to take account of the new Water Neutrality Strategy. At that point a revised timetable for the Local Plan process will be drawn up once this matter has been considered in full.

This timetable will include the expected submission timing of the refreshed submission Local Plan document to the Planning Inspectorate and its subsequent examination. Subject to process and the outcome of the examination, the Local Plan document would then come back to Cabinet and the Full Council for approval to adopt as policy.

The principal risk associated with adoption at this stage is that the Inspector finds the Local Plan not to be legally compliant, in which case it would not be able to proceed through examination. In addition, there is a risk that the Inspector considers at examination, having taken into account duly made representations, that the Local Plan is not yet "sound" and that it requires significant modification. Only minor modifications can be undertaken by the Council before or during the examination process, unless these are required by the Planning Inspector in order to make the Plan "sound". Adoption could be delayed should the Inspector require a revised draft to be produced to go out to a further period of modifications consultation; the examination to be 'paused' to allow significant time to undertake further work; or the council to withdraw the Plan to make substantial amendments where the modifications would go to the heart of the Plan. The adoption of the Local Plan is a Full Council decision - there is a risk the Council may not agree to adopt the Local Plan. Where this has occurred in other Authorities it has been due to political changes since the approval for publication and submission, or because of Main Modifications required by the Inspector which were not accepted by the Council (there is no allowance to adopt a Plan except in accordance with the Inspector's modifications, the only other option would be to withdraw the Plan and start work on a new Plan). Finally, there is the risk that a third party could ask the Secretary of State to intervene to prevent adoption of the Local Plan, or might subsequently raise a judicial review which could risk the Plan (or a specific part of it) being quashed.

5.12 Brexit

The implications to the supply chain is now being impacted due to leaving the EU. There is now evidence of a rising cost of materials and other building supply together with shortages of key building and supply chain workers. This is impacting on Crawley Homes' repairs, with a shortage of staff / sub-contractors and building materials together with a backlog of works due to lockdown. This is being monitored by Crawley Homes and will be reported to Cabinet later in the year. This is also impacting on the refuse collection contract with a shortage of workers including drivers. Biffa has introduced recruitment and retention bonus payments for refuse vehicle drivers which has helped to mitigate problems experienced in the summer 2021.

- **Port Health (Gatwick Airport)**

The introduction of Sanitary and phytosanitary (SPS) checks for EU goods entering Great Britain has been delayed until either January or July 2022 (different elements affected). SPS, including the import and export of live animals, products of animal origin and some plants and other **agri-food products, are subject to additional checks at the border** to ensure they comply with food safety and biosecurity regulations. This is because these products could pose a risk to public, animal or plant health.

As the majority of the EU food trade is imported through the short straits to Dover and Ashford, this is likely to have minimal impact on our Port Health Team at Gatwick. The majority of food imports we receive are from outside the EU and DEFRA's predictions on EU trade moving through Gatwick are low. However, there is always the risk that should there be delays at these ports, then air freight could be seen as a short-term solution until issues at the port are resolved. Given the extended timetable, these ports should be better prepared and the risk low.

5.13 Covid-19

The impact of the pandemic on the town and the ongoing implications remains significant and there will inevitably be a sustained and growing call on Council resources and services to support residents and businesses. The key implications of the pandemic include likely widening of pre-pandemic health inequalities, pressure on front line health services, increasing unemployment, increasing levels of homelessness and need for housing and reduced viability of some local businesses.

This additional demand comes alongside delivering against our statutory duties around maintaining public health and infectious disease control in an environment where infection rates, increasing personal freedom and impact on acute health care services is still delicately balanced.

We are trying to mitigate this through supporting eligible residents to apply for Council tax reduction and additional hardship reliefs up to £150 on Council tax bills. At a local level Crawley Borough Council has chosen not to enforce eviction for arrears due to the pandemic for our own properties.

The Environmental Health and Licensing team continue to work in partnership with other statutory agencies such as Public Health England and West Sussex Public Health to manage local outbreaks, enforce where appropriate and implement robust prevention programmes. Short term funding to build greater capacity into these teams comes to an end in March 2022, therefore this should be considered a risk for 2022/23 onwards.

The longer term impact on physical and mental health will have long lasting impacts on Councils and delivery of services. Work is underway with the WSCC Director of Public Health, Local Care Network and Crawley CCG to understand the health inequalities impacting Crawley residents and how these can be addressed. The WSCC funded

Crawley Wellbeing hub has been extended for a further five years (to March 2027) and continues to provide generic health and wellbeing support to local residents whilst focusing on our most disadvantaged residents and communities experiencing the greatest health inequalities. This includes providing direct support to our more vulnerable residents identified through the work of the Covid help hub. From early 2022 it is anticipated that this provision will also be offered from a central location as plans are progressing to deliver a community hub from within County Mall shopping centre, creating an opportunity to engage residents that are otherwise hard to reach and / or not engaging via traditional routes. This will also create an accessible space to improve partnership working with both internal and external partners.

The Community Development team continues to work in partnership with local voluntary, community and statutory partners to ensure residents can access the services they need. The Community Ambassadors programme, developed in July 2020 in response to the social, economic and health inequalities which were highlighted through COVID-19, continues to thrive involving over 50 community groups and representatives from a wide range of backgrounds with a significant onward reach into the community. The Community Ambassadors meet regularly and have recently introduced a community newsletter promoting the positive work and achievements of those involved and a Facebook site is currently under construction to facilitate better reach into communities.

The community and voluntary sector small grants programme has recently launched with an additional priority of 'Community Spirit' which aims to connect community groups and residents through the delivery of positive activities whilst also promoting community cohesion and supporting residents out of isolation.

5.14 Council No Overall Control

In May 2021, the Crawley Borough Council Elections resulted in a no overall control. The main risk of no overall control and political stability is that decisions may not be taken or agreement not reached on key matters.

5.15 Water Neutrality

The Water Neutrality Statement issued by Natural England on 14 Sept 2021 requests that in determining planning applications Local Planning Authorities in the affected Sussex North water supply zone must ensure the water neutrality of each and every scheme which involves the potential for additional water consumption. This is having a hugely significant impact on the Council's Planning function and has brought to a halt major new residential and commercial developments in the Borough, including our own council development schemes which are now caught up in the water neutrality work. Applications for approximately 930 residential dwellings are currently stuck in the planning system with decisions on hold pending the completion of the Water Neutrality Strategy and the securing of delivery solutions to ensure these developments can be "water neutral". Such solutions will include programmes to retrofit existing building stock with water efficiency appliances in order to reduce water consumption volumes. Such water savings will be able to "offset" additional water consumption brought about by the new developments and the "offsetting" will therefore help to ensure such new developments can be "water neutral". Intense discussions at Chief Executive Level are taking place between the Local Planning Authorities affected, Natural England, Southern Water, the Environment Agency and government representatives. These discussions are chaired by the Council's Chief Executive and seek long term strategic infrastructure solutions to this situation. There are also detailed technical discussions taking place between planning officers from amongst the Local Planning Authorities affected in order to ensure the correct new procedures are put in place to be able to undertake water neutrality assessments of planning applications

to ensure compliance with Natural England's position statement and the Habitats regulations. In the meantime the Council's planning officers have agreed a new screening proforma with Natural England so that most householder and minor planning applications can proceed to decision without hindrance. The Development Management Team have already brought some major planning applications back to Planning Committee for consideration where those applications demonstrated "on site" water neutrality. Further applications will be referred to Planning Committee where "on site" water neutrality can be demonstrated.

5.16 **Cost of Living**

The cost of living with increased utility bills, inflation, and the cost of fuel is impacting on everyone. Provisions have been included within budgets for additional costs of fuel but only at 10%. All employees nationally will be paying more National Insurance from April of this year. These different factors may impact on people's ability to pay their bills to us which will impact on the levels of arrears to the Council. This will impact on staff morale where it is their job to collect income such as council tax, business rates and rent, especially if they are dealing more and more with people in financial difficulty.

In addition we may see a reduction in the purchase of discretionary services from the council.

There are concerns for both our own housing stock and private housing around the rising numbers of people in fuel poverty which could result in rising numbers of damp and mould issues. The housing ombudsman is pushing for a more proactive response from landlords with regards to mould and damp issues. This could impact on Crawley homes responsive repairs budgets.

The recently announced allocation from the Department of Works and Pensions for discretionary housing payments (DHP's) to help people in need with housing costs has reduced from £321,114 in the current financial year to £222,971 in 2022/2023, this is a reduction of 30.6%. This will mean that the benefits team will have to be more cautious in handing out DHP's to vulnerable customers.

CMT will monitor the impacts of this as part of their quarterly monitoring reports and feedback to Councillors as appropriate.

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