# Narrative Report

# 2019 – 2020

## 1. An Introduction to Crawley Borough Council

Crawley Borough covers just under 18 sq miles and has a population of approximately 112,500 residents, which is growing and forecast to reach 122,000 by 2034. It is situated in the north eastern part of the county of West Sussex.

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

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

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

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

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

We have an ambitious programme of regeneration in the town centre, which is building on the strengths of the town's economy to help develop retail, employment, business and residential opportunities.

## 2. Council Structure-the council is made up of Portfolios -

### Cabinet (Leader)

Leadership of the Council including:

- overall policy direction
- financial strategy
- representing the Council in the community
- negotiating with national organisations
- emergency planning
- democratic renewal
- concessionary travel
- regional governance and development
- human resources and staffing issues
- customer services and complaints
- procurement
- performance issues across the whole council
- democratic services
- fostering interest in local government

### Planning and Economic Development

Responsibility for:

- local development framework
- transport issues
- economic development
- liaison on highways issues
- Gatwick strategy
- ICT and e-government
- the council's Contact Centre

### Public Protection and Community Engagement

Responsibility for driving up the performance of council services.

Responsibility for:

- community strategy and planning
- community and neighbourhood development
- community safety
- equal opportunities
- grants to voluntary bodies
- issues relation to travellers
- health

### Housing

Responsibility for:

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

### Environmental Services and Sustainability

Responsibility for:

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

### Wellbeing

Responsibility for:

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

## 3. Council's Performance

- The council launched a new Employment and Skills Programme, setting out plans to further develop and support the business and employment landscape as well as improving social mobility across the town

- Crawley Borough Council's Cabinet approved the council's continued participation in the Local Authority Energy Buying Group (LASER) saving the council £100,000

- Crawley's Tilgate Park was awarded TripAdvisor's Certificate of Excellent for the fifth year running, earning it a place in TripAdvisor's Hall of Fame

- Crawley Borough Council's Employ Crawley, was celebrated by the Employment Related Service Association (ERSA) at their annual National Employability Awards ceremony in London

- Crawley's most successful ever Disability Fun Day saw more than 225 children, young people and their families enjoy a day of fun and exciting activities in Tilgate Park

- Work has begun on regenerating Memorial Gardens play area after a new design was chosen by residents

- The council launched a brand new website, enabling residents, businesses and developers to find out more about developments in Crawley. Investcrawley.co.uk is the new website showcasing the best of what Crawley has to offer, communicating the town's successes and diverse retail, leisure, development and investment opportunities

- The team at K2 Crawley celebrated a successful first year of management. Everyone Active has been managing the centre in partnership with Crawley Borough Council since 14 November 2018. Since then, they have invested £500,000 into the facilities, seen an impressive 1.4 million visits to the centre and held 114 events

- Crawley Borough Council proudly supported the fourth year of Be the Change, an exciting programme aimed at motivating students to be the best version of themselves

- The council released two new strategies to support local housing need: The Tenancy Strategy and The Homeless and Rough Sleeping Strategy

- Crawley Borough Council and property investment and development firm Westrock began work on a major mixed-use scheme that will help regenerate the town centre and provide much-needed new housing and office space

- Part two of the regeneration of the town centre was completed on time and on budget. Crawley Borough Council's contractor's Blakedown, completed the regeneration of Queensway, The Pavement and Kingsgate in November 2019

- The council began work on its new transport strategy – New Directions, to create a pathway to enabling healthier and more sustainable transport options, working with West Sussex County Council and other partners to help to tackle traffic congestion and make our streets safer and more attractive

- New homes are on the way in Crawley as Crawley Borough Council works to meet the demand for housing in the area. The council and developer partners are currently working on delivering a number of new homes in the town centre

- Crawley Borough Council has appointed two new contractors to manage the maintenance of council homes around the town. Cabinet agreed recommendations to appoint Mears Group and Wates Property Services at their meeting in November

- The council has teamed up with non-profit organisation, Greater Change, to trial a new way of giving in Crawley. Enabling residents and visitors to support those experiencing homelessness in just a quick tap, with new contactless terminals around the town

- Crawley Borough Council's Community Wardens have successfully retained their Sussex Police accreditation. The Community Warden Team was granted accreditation status again in December 2019 by the Chief Constable of Sussex Police, Giles York. This lasts for three years. Crawley Borough Council's wardens have been accredited since 2008

- Employ Crawley successfully hosted their third jobs fair at Crawley Library in March.
- The council launched a Help Hub for residents during the COVID-19 pandemic, supporting thousands of residents with food parcels, medicine deliveries, wellbeing checks and more
- The council has supported more than 800 businesses in Crawley with more than £11.7 million in grant funding
- The council has formed an Economic Recovery Taskforce alongside local businesses, community and stakeholder representatives to evaluate the true impact of the crisis on the local economy and develop a coherent Economic Recovery Plan for the town, including how the forthcoming Crawley Towns Fund programme should be spent to aid recovery.

Some statistical information on our achievements

**580 people assisted by the Health and Wellbeing team, this included:**

- 93 people who completed a 12 week weight loss programme
- 117 people who reduced their alcohol intake
- 91 people who attended a falls prevention programme
- 1449 people who accessed a physical activity programme
- 31 people who were helped to cook healthy food.
- 20 workplaces who we supported with providing health and wellbeing to their employees
- over 50 outreach events including talks and presentations to local community groups, information stands and also held community events.
- 128,405 visits to Tilgate Park Nature Centre
- 163,360 attendances at the Hawth Theatre
- 1,095,465 attendances at our Leisure Centres
- 5,601 residents in receipt of Housing Benefits
- 7,149 residents in receipt of Council Tax Reduction (formally Council Tax Benefit)
- 169 Households were prevented from becoming Homeless
- 116 Households who Homelessness was relieved
- 1,815 Households on the Housing Register
- 207 Affordable Homes delivered in year with 382 Homes that are on site and due to be completed over the next two years.
- 68 People were helped to work through ‘Employ Crawley’
- 1,130 Residents assisted on their journey towards or into employment
- 748 Freedom of Information requests processed
- 24,880 myCrawley transactions
- 7,737 twitter followers and 6,687 Facebook
- 933 Planning Applications processed, 418 Pre-Application enquiries, 38 appeals, 183 Planning Enforcement Investigations.
- 106,743 calls into the Contact Centre
- 3,732,687 scheduled refuse collections
- 8,084 Green Garden Waste Bin customers
- Collected 30,878 tonnes of refuse, recycling and garden waste

- £131,040,546 collected in Business Rates - the majority of this is passed to the Government and West Sussex County Council
- £63,248,523 of Council Tax collected, Crawley Borough Council kept 11.5p in each £1 collected with the balance transferred to West Sussex County Council and the Sussex Police and Crime Commissioner.

## Corporate Priorities in 2019/20

### 1. Delivering resources

We will:

- Continue to balance the budget (over a three year period), by improving our efficiency, increasing income and investing ethically and wisely.
- Work to keep council tax low without compromising local services and put money back into local reserves where possible, to finance future investments.
- Deliver the Transformation Plan.
- Develop digital service delivery enabling customers to engage with council services at their convenience, via an updated website and a new online self-service application.
- Delivering a new town hall development that will deliver modern efficient ways of working, 250 new homes, improved public space and a combined heat and power plant for the town centre.

### 2. Delivering on Housing

We will:

- Continue to deliver as affordable housing as possible, particularly Council housing, through our own-build and enabling programmes for people with a local connection to Crawley including Passivhaus standards and installing solar/PV panels where possible
- Drive down homelessness across the borough and support partner agencies to help those most in need.
- Ensure high quality housing for all by licensing HMO's correctly to drive up standards.
- We will continue working with neighbouring councils to ensure that they provide housing for Crawley residents through their 'duty to co-operate' arrangements.

### 3. Improving job opportunities and developing the local Economy

We will:

- Develop an Economic Development vision and plan.
- Deliver the Crawley Growth Programme to provide major improvements to the town's infrastructure, including more sustainable transport and better community facilities.
- Deliver pathways to better job opportunities for local residents, through the ongoing development and delivery of Crawley's Employment and Skills Plan.

- Continue to work closely with our Local Economic Partnerships to deliver economic growth and jobs in the town.
- Utilise our place making responsibilities and powers to drive business growth and create new employment opportunities.

**4. Creating stronger communities**

We will:

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

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

We will:

- Continue to provide first class leisure and sports facilities.
- Work with partners and other key stakeholders to enhance our resident's health and wellbeing and reduce health inequalities across our town.

**6. Protecting the environment and sustainability**

We will:

- Protect and enhance our environment by reducing the Council's and the town's Carbon footprint.
- Deliver a number of energy efficient schemes including, a District Heat Network for the Town Centre, Combined Heat and Power at K2 Crawley.
- Continue to reduce, reuse and recycle our waste, providing the mechanisms to encourage residents to do more to recycle their waste.
- Continue to seek measures to improve the air quality across the Borough.
- Implement Crawley 2030, Local Plan and ensure that it remains up to date and reflects the key issues and growth challenges facing the town.
- Reduce single use plastics by creating sustainable procurement policy and use recycled plastics wherever possible.
- Continue to provide a safe, clean and well maintained town, through the use of area focussed multi skilled teams.

## 4. Financial Performance

### Revenue Expenditure and Income in 2019/20

In February 2019 the Council set a net expenditure budget for 2019/20 of £14.2million. This resulted in a Band D Council Tax for Crawley of £203.94 and a total Band D Council Tax including the precepts from West Sussex County Council and Sussex Police and Crime Commissioner of £1,777.42.

The 2019/2020 budget provided for a transfer to reserves of £0, at outturn this was higher due to the successes of the Council's transformation plan, budget efficiencies and sound financial management which brought forward efficiencies and savings and additional income and resulted in a contribution to revenue reserves of £244,951. In addition, £1,191,620 was transferred to the Business Rate Equalisation Reserve.

| | Latest Estimate £000's | Outturn £000's | Variance £000's |
|---|---|---|---|
| Cabinet | 3,889 | 3,673 | (216) |
| Public Protection & Community Engagement | 2,510 | 2,479 | (31) |
| Environmental Services & Sustainability | 8,938 | 8,861 | (77) |
| Housing | 10,017 | 9,988 | (29) |
| Wellbeing | 10,551 | 10,717 | 166 |
| Planning & Economic Development | 1,916 | 2,141 | 225 |
| | 37,821 | 37,859 | 38 |
| Depreciation | (3,840) | (3,840) | 0 |
| Renewals Fund | 9 | 9 | 0 |
| NET COST OF SERVICES | 33,990 | 34,028 | 38 |
| Investment Interest | (917) | (1,164) | (247) |
| Council Tax | (7,197) | (7,197) | 0 |
| RSG | 0 | 0 | 0 |
| NNDR | (6,725) | (6,725) | 0 |
| New Homes Bonus | (1,473) | (1,473) | 0 |
| Tilgate Park Reserve | 0 | (24) | (24) |
| Grant for Business Rates Levy Surplus | 0 | (12) | (12) |
| Year End Financing | (17,678) | (17,678) | 0 |
| | (33,990) | (34,273) | (283) |
| **Net contribution from / (-to) Reserves** | **0** | **(245)** | **(245)** |

### Summary of the Housing Revenue Account

The Council continues to be the provider of rental accommodation within the borough with a stock of 8,099 dwellings at 31 March 2020. The Council is required to maintain a separate ring-fenced account to record all the financial transactions relating to those dwellings.

The change in stock can be summarised as follows:

| | | 31 March 2019 | 31 March 2020 |
|---|---|---|---|
| Stock at 1 April | | 7,921 | 7,956 |
| Less | Sales | (41) | (31) |
| | Demolitions/Disposals | (1) | (0) |
| Add | New Build | 75 | 165 |
| | Acquisitions | 1 | 9 |
| | Transfer to/from GF | 1 | 0 |
| **Stock at 31 March** | | 7,956 | 8,099 |

The income from tenants in council property was £45.9m in the year with other income to the HRA of £2.2m. The council took out loans on 28th March 2012 for £260.325m, borrowed from the Public Works Loan Board (PWLB). Interest on these loans amounted to £8.309m. This payment replaces the negative housing subsidy. As a result there is more certainty within the Housing Revenue Account as interest on the loans has been fixed over 26 years and a robust business plan to invest additional resources in place.

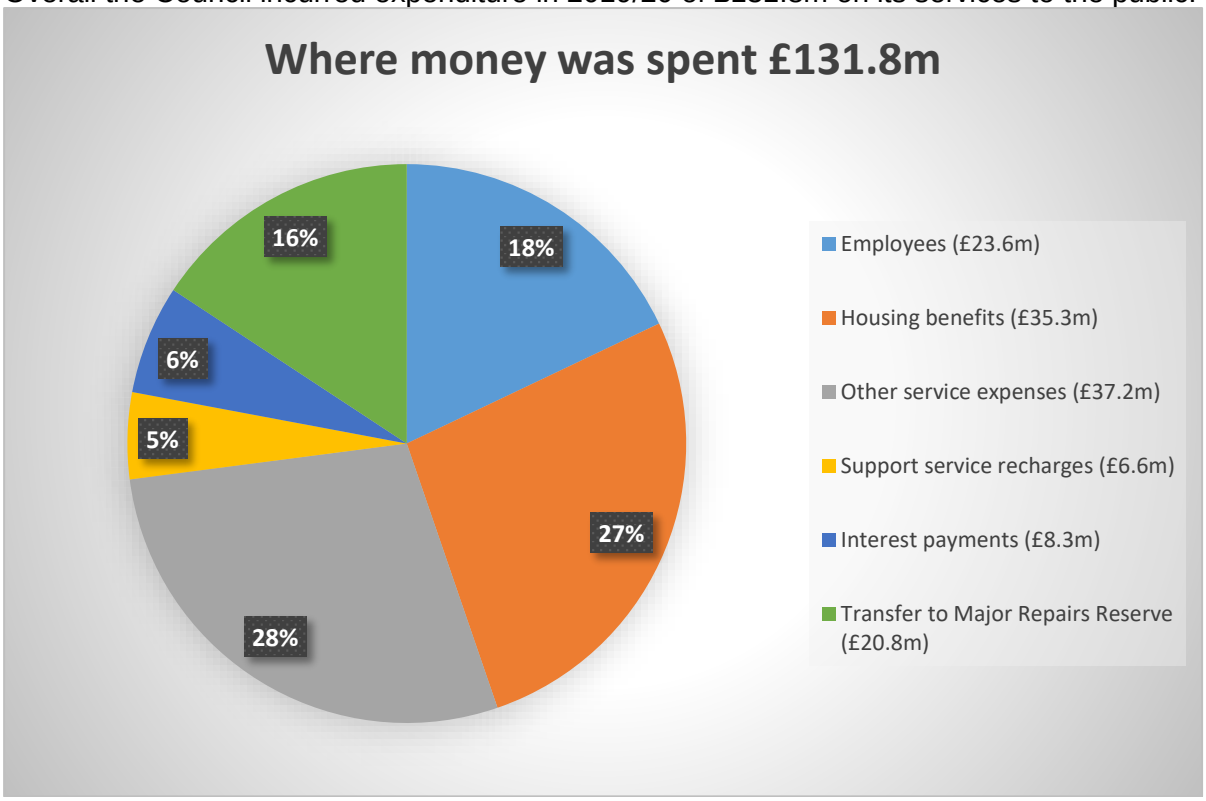
The balance was invested in the provision of council housing including management and maintenance of over 7,900 dwellings, 4,600 garages and 1,585 leasehold properties. There was a transfer to the Major Repairs reserve in the year of £20.751m for future investment in housing stock.

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

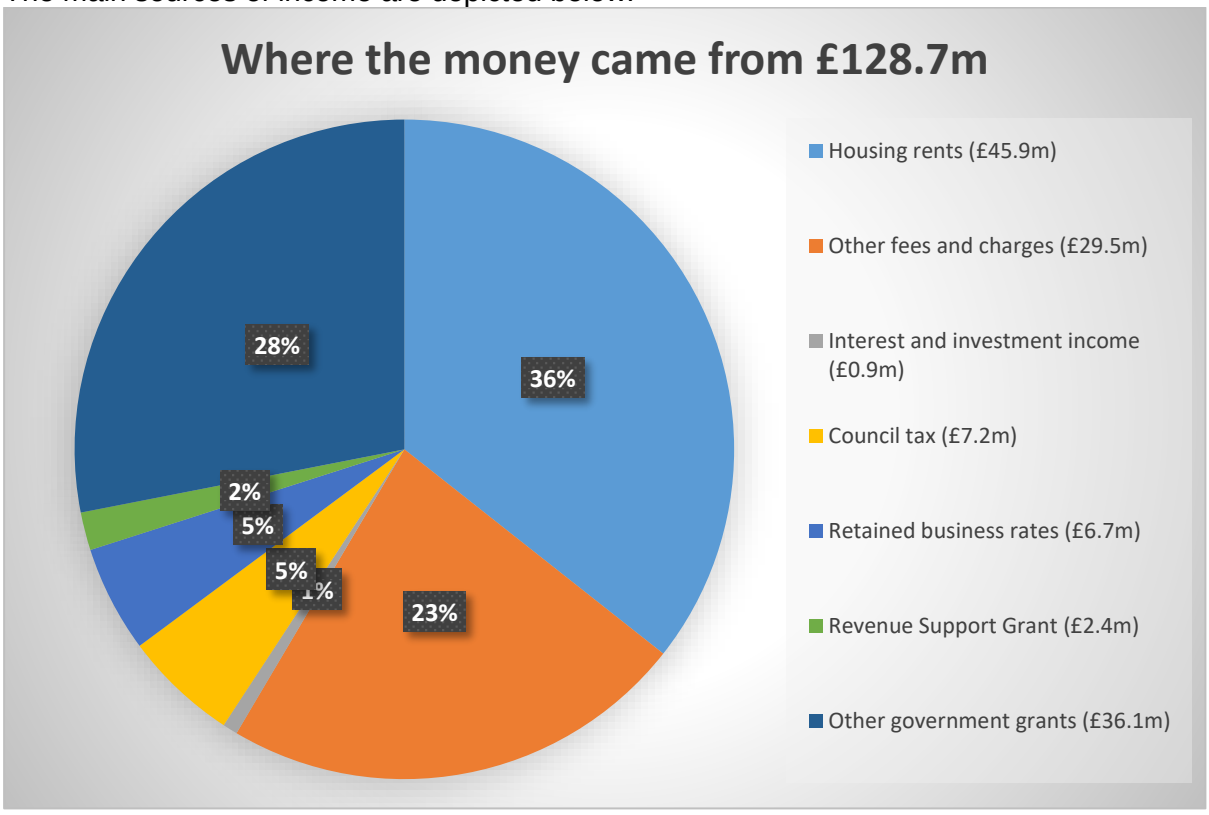
| HOUSING REVENUE ACCOUNT | | | |
|---|---|---|---|
| **Expenditure Description** | **Latest Estimate** | **Outturn** | **Variation** |
| | £'000s | £'000s | £'000s |
| **Income** | | | |
| Rental Income | (46,384) | (45,879) | 505 |
| Other Income | (2,036) | (2,135) | (99) |
| Interest received on balances | (125) | (167) | (42) |
| Total income | **(48,545)** | **(48,181)** | **364** |
| **Expenditure** | | | |
| Employees | 3,678 | 3,683 | 5 |
| Repairs & Maintenance | 10,447 | 10,319 | (128) |
| Other running costs | 2,054 | 2,180 | 126 |
| Support services | 2,673 | 2,673 | 0 |
| | **18,852** | **18,855** | **3** |
| **Net (Surplus) / Deficit** | **(29,693)** | **(29,326)** | **367** |
| Use of Reserves: | | | |
| Debt Interest Payments | 8,309 | 8,309 | 0 |
| Depreciation, Revaluation & Impairment | 6,342 | 6,342 | 0 |
| Financing of Capital Programme & Transfer to Housing Reserve for Future Investment | 15,042 | 14,675 | (367) |
| **Total** | **29,693** | **29,326** | **(367)** |

## Total Revenue Expenditure

Overall the Council incurred expenditure in 2019/20 of £131.8m on its services to the public.




The main sources of income are depicted below:



The tables above are different from the figures reported in the statement of accounts because they have been adjusted from an accounting basis to a funding basis. The net expenditure of £3.1m agrees to the deficit on General Fund and HRA Balance in year as reported in the Expenditure and Funding Analysis and the Movement in Reserves Statement.

### Capital Programme

The Council is embarking on an ambitious capital programme of £194m from 2019/20. This includes £95m within Crawley Homes for investment in new and existing housing stock.

In 2019/20 the Council spent £53.257 million on capital assets, which was funded from the sale of assets, capital grants, external funding and revenue resources

| Portfolio Description | Outturn 2019/20 £000's | 2020/21 Latest Budget £000's | 2021/22 Latest Budget £000's | 2022/23 Latest Budget £000's |
|---|---|---|---|---|
| New Town Hall Redevelopment – Joint responsibility | 3,845 | 31,529 | 13,000 | - |
| Environmental Services & Sustainability | 487 | 544 | 120 | 141 |
| Planning & Economic Development | 9,926 | 11,684 | 7,574 | 317,408 |
| Housing Services | 6,005 | 5,921 | 3,183 | 2,000 |
| Wellbeing | 915 | 1,572 | 245 | - |
| **Total General Fund** | **21,178** | **51,250** | **24,122** | **-** |
| **Housing Revenue Account** | **32,079** | **27,003** | **18,486** | **17,802** |
| **Total Capital** | **53,257** | **78,253** | **42,608** | **20,261** |

The table below summarises the approved resources available to fund the capital programme to 2022/23.

| | | | | |
|---|---|---|---|---|
| **Funded By** | | | | |
| Capital Receipts | 14,280 | 27,128 | 2,500 | 921 |
| Capital Reserve | 47 | 5,069 | - | - |
| Better Care Fund | 657 | 1,424 | - | - |
| Lottery & External Funding | 1,257 | 6,977 | 6,725 | 217 |
| 1-4-1 Receipts | 8,144 | 6,243 | 3,798 | 1,861 |
| Replacement Fund/Revenue Financing | 692 | 348 | - | - |
| Section 106 | 931 | 1,604 | 141 | 1,320 |
| **TOTAL FUNDING** | **53,257** | **78,253** | **42,608** | **20,261** |

Financial outturn

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

| | General Fund £'000 | HRA £'000 | Combined £'000 |
|---|---|---|---|
| **Total Portfolio (General Fund) and HRA Surplus** | **37,859** | **(29,326)** | **8,533** |
| Revaluation losses | (9,133) | - | (9,133) |
| Movement in investment properties | (1,941) | - | (1,941) |
| Capital grants | 2,474 | - | 2,474 |
| Revenue expenditure funded from capital | (7,819) | - | (7,819) |
| Pensions | (3,080) | - | (3,040) |
| Accumulated absences | (8) | - | (8) |
| **Net Cost of Services in the Expenditure and Funding Analysis** | **18,352** | **(29,326)** | **(10,974)** |

## 5. Corporate Risks

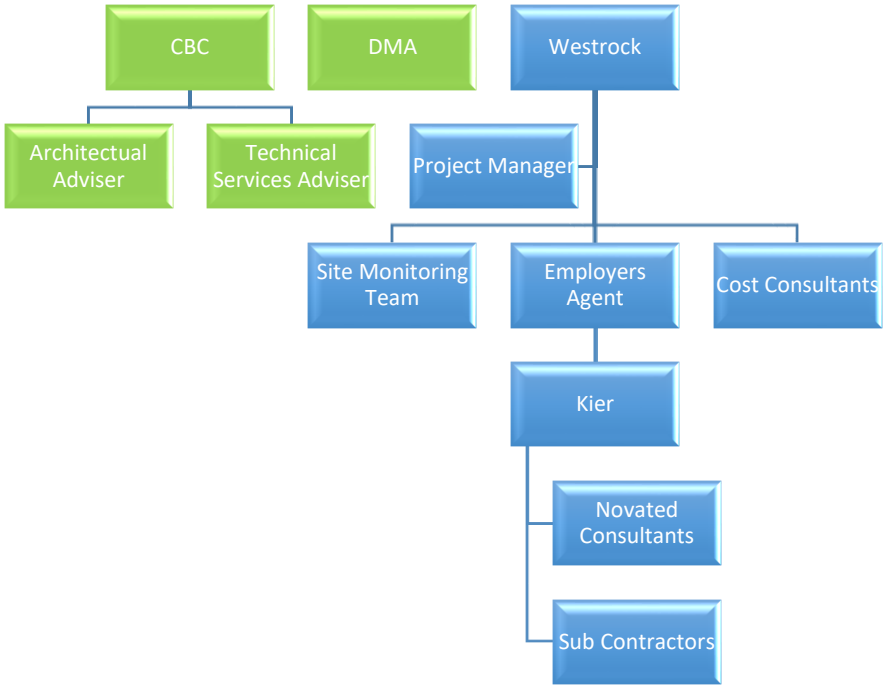
The risks listed below were produced for the Audit Committee in March 2020. These risks are being updated on a regular basis during 2020/21 with the impacts of Covid-19

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

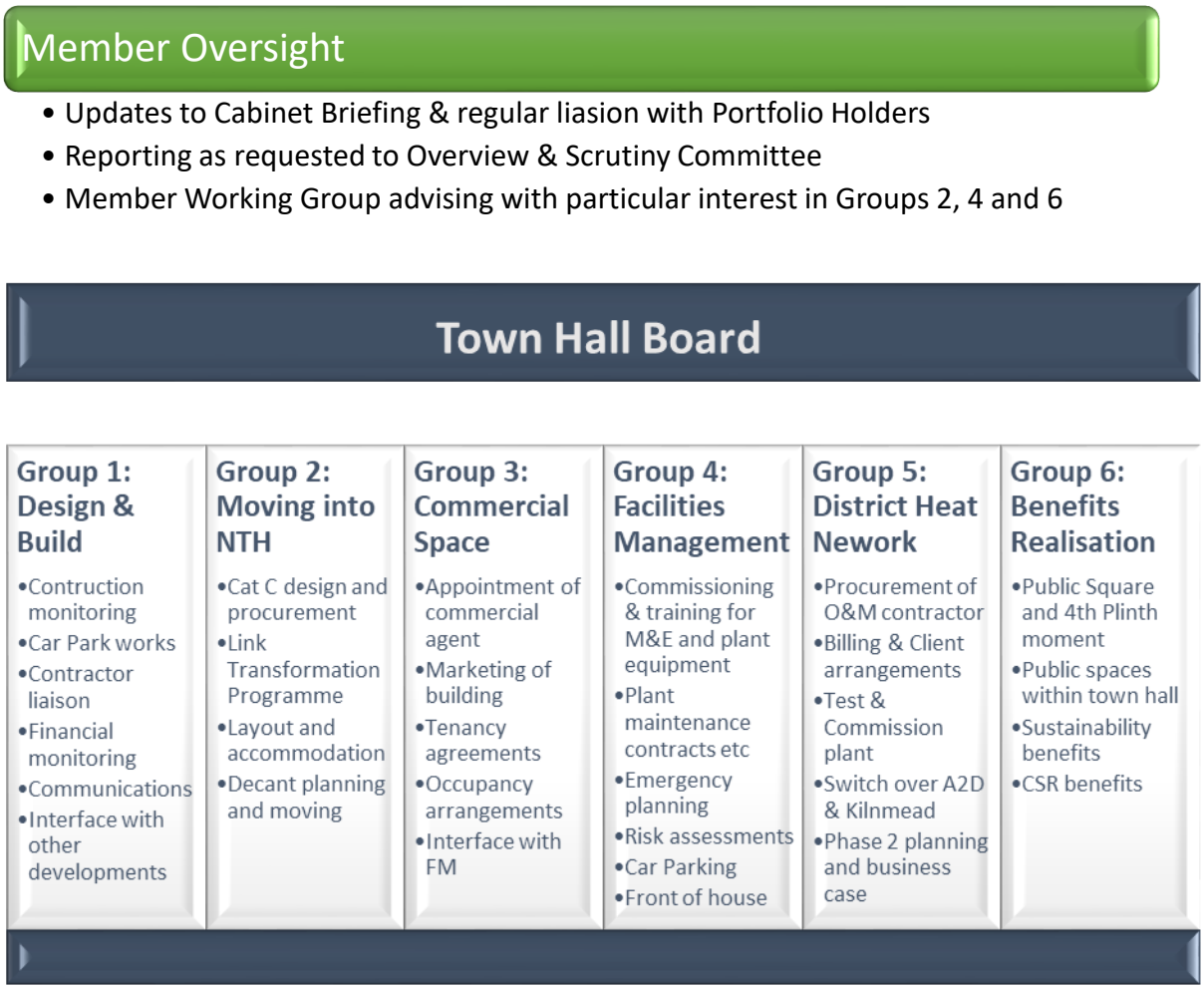
- **New Town Hall**
  With the contract in place, including contingencies, cash flow and other protections, the main risk factors are around the process of construction, ensuring the Council is ready to move to the new building, ensuring that we secure commercial tenants, that we are able to properly manage the new building, and that we realise the full benefits of the development. The project board overseeing the development has structured itself around these risk areas, has developed a programme that identifies and manages interdependencies and is actively managing the identified risk.

Governance Structure –

**Contractual Arrangements**



**Internal Governance**




- **District Heat Network**
  Whilst part of the Town Hall Site Redevelopment and overseen by the same project board overseeing the new Town Hall, the District Heat Network nonetheless is at a different stage of development where the contract has yet to be finalised, and so is treated separately here. Nonetheless the mechanisms for identifying and managing risk are as above.

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

The Queensway scheme was completed on time and within budget in October last year. The Town Centre signage scheme has been rolled out and completed. 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.

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
- Grade A commercial space development
- Three Bridges Station Improvement scheme
- Town Centre and Manor Royal Cycle Schemes
- Town Centre and Manor Royal SMART bus shelters

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 will be attending six weekly Programme Delivery Team meetings with West Sussex County Council;

- 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 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.

- 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.

- 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.

- 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.

- **Three Bridges Railway Station**

On 11th February 2015 SHAP/43, Cabinet approved the allocation of £430,000 of S106 funding towards the delivery of improvement works to the Station Forecourt. Network Rail have formally agreed to extend the S106 funding spend deadline to end March 2021. This funding remains on track to be spent by the deadline.

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 being combined with the above S106 resources, in addition to a further £89,000 of S106 funds along with over £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 this year, 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.

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. At the time of writing, this course of action is subject to Cabinet approval.

Comprehensive traffic modelling work was completed last year and has informed the development of the detailed designs for the scheme and the identification of the recommended design option. This was presented during a third a public consultation exercise, which was carried out from 7th October through to 30th October. In advance

of the above Full Council debate, the answers to the most fundamental questions arising from the consultation exercise were published on the "Invest Crawley" web site on a "Frequently Asked Questions" page.

Three consultation exercises have provided almost eleven weeks of public consultation on the scheme with a total of 779 responses received from residents and stakeholders

A further 3 weeks of public consultation would also take place, should a planning application for the scheme be submitted. This would bring the total amount of public consultation on the scheme to almost 14 weeks.

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.

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

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

- **Transformation Programme**
  The Council has 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. The pillars (in additional to the New Town Hall) within the plan are Digital Transformation, New Ways of Working, Values and Behaviours, Redesigning Services, Commercial Approach and Reducing Bureaucracy. At a programme level, the key risks are:

  - The interdependencies between the areas of work not being recognised
  - Capacity to deliver the Transformation Programme
  - Ensure focus on the Transformation Programme does not impact on core delivery which could impact on performance, finance and reputation
  - Services and staff are not prepared for the move to the new town hall impacting on motivation, performance, retention and costs
  - Technology does not support the desired ways of working impact on performance, finance and morale

To manage these risks, a Transformation Board at CMT level has been created. It brings together and oversees a high level plan to ensure coherence, manage

interdependencies and change, allocate resources and ensure delivery. Furthermore the Digital, Transformation and Corporate Support 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 that key aspects around values and behaviours and new ways of working fully embed themselves within the organisation.

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

- **Move to Cloud**
  The Council is undertaking substantial work to modernise its IT Digital Infrastructure to support our Transformation Programme, and ensure its IT estate is fit for purpose ahead of the move to the new Town Hall. The optimal strategy, in terms of future proofing our IT infrastructure and reducing the risks associated with that infrastructure, has identified moving our estate to the cloud. Whilst this will de-risk the Council over time, it is recognised that there will be risks associated with the change itself. Financially it requires a shift from a capital to a revenue model of funding IT. Structurally it will require short term investment and medium term shifts in human resources as elements of the Digital Team shifts into new roles. From a data security point of view it will require careful consideration of the implications to ensure the Council is compliant.

- **Telephony & Unified Communications**
  One of the key transformation projects in the coming year will be the provision of the Council's key communication infrastructure including telephony, mobile phones and applications within O365 that supports messaging, video messaging, and other ways of enabling communications within and across teams. Existing contracts come to an end in September and October and so this is a critical window of opportunity that is a critical enabler for new ways of working within the Transformation Programme. It also has the potential to significantly reduce expenditure on related contracts. This project is being overseen by the IT Board, and its interdependencies with transformation monitored through the Transformation Board. The business case will be signed off by CPAG.

- **Data Breaches**
  Inadequate data sharing and data security arrangements including failure to maintain public services network accreditation (PSN). Improper disclosure of confidential information, failure to comply with GDPR requirement could lead to major reputational damage, loss of public confidence and the inability to operate kay business processes.

  - Agreements and processes are in place for interagency referrals and data sharing in safeguarding matters.

- Annual IT Health Checks including penetration testing.
- Data Protection guidance and training for staff.
- IT Security Policies in place. Plans in place to meet Government standards (PSN/GDPR)
- Information Asset Register and processes for its management is a current corporate project.

- **A balanced budget is not achieved in the medium term resulting in an increased use of reserves, which is not sustainable**.
  The Budget and Council Tax 2020/21FIN/491report to Cabinet on 5th February 2020 it identified future budget gaps. The proposed Fair Funding Review has now been delayed for a year together with a review of business rates retention and the future of Local Government financial settlements are unknown.

  The impact of CV-19 needs to be worked through projections but assumptions will be difficult to make due to the changes that are occurring and the impact on services and income.

  Options for future savings will be reviewed over the coming months and shared with both Members and the public.

  The Chief Executive together with the Head of Corporate Finance have undertaken a 'Budgets Challenge' exercise with all Heads of Service – this has resulted in savings and efficiencies which will assist in meeting future budget gaps. The transformation programme includes an increased focus on achieving new sources of income by applying a commercial lens by looking at Productivity, Income, Profit, Efficiencies and Savings. In 2020/21 this exercise will be accelerated due to the impacts of Covid-19

- **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.

  The recruitment and retention of key specialist and professional roles can be challenging. The impact of higher salaries in the private sector is evident and as a result has led to problems with recruitment and retention in roles such as Procurement, IT, and some Planning and Surveying role. 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 support with candidate attraction and retention.
We now also have a 'Working for Crawley Borough Council' webpage on the HR pages of the website which is an interactive webpage which includes a welcome video from our Chief Executive, along with a number of employee experience videos for recruitment attraction purposes, where employees share their experiences of working for the council.

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

- **Climate Emergency**
  In July 2019 the Council declares 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). The risks here are broadly two-fold, the costs of not acting and the difficult choices involved in acting. A Scrutiny Panel has been established with a view to making recommendations as to how best to meet this target and this will be the basis for the risk analysis that emerges.

- **National Waste Strategy (incl Food Waste)**
  The National Waste and Resources Strategy is scheduled for publication in 2020. Although yet to be confirmed, it seems likely that the Strategy will mandate changes to collection recycling and potentially residual waste collection frequencies which could place additional resource burdens on waste collection authorities. The Draft Consultation Strategy indicated introduction of a mandatory weekly food waste collection which could then impact upon residual waste and dry mixed recycling collection frequencies. The Council's contract for Waste and Recycling has been extended to allow sufficient time to understand this impact and undertake the planning required to take account of the changes to come.

- **Public Health**
  The current Covid-19 alert 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.

- **Local Plan Failure to Adopt**
  Crawley's refreshed Local Plan 2020-2035 has been drawn up and the final draft submission document has been out to "Regulation 19" consultation for a six week period. Officers are reviewing the written representations from residents, stakeholders, other local authorities, businesses and developers and the next stage will be to prepare the Local Plan for submission to the government to be examined publically by the Planning Inspectorate later in the year. Further supporting evidence work is being completed and further legal advice may be sought. This work will determine whether any further rounds of consultation are required prior to submission, in which case there is a potential risk of delay in the process should this be needed.

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 that the Local Plan is not yet "sound" and that it requires significant modification. This may mean a requirement for a revised draft to be produced to go out to a further period of modifications consultation. The Inspector will take into account written representations received when undertaking the examination. Only minor modifications can be undertaken before or during the examination process. Finally there is the risk that the Local Plan might subsequently be subject to judicial review from a third party which would delay its adoption.

- **Possible 'no deal' Brexit**
  A separate draft working document has been prepared looking at the implications of a no-deal Brexit to the council. This is a substantive assessment that includes all the areas listed above, but one that by the very nature of Brexit is constantly changing and being updated. Whilst the UK left the EU at the end of January, this is a transition period that maintains the former mechanisms until December, the deadline for the new relationships. It is therefore possible that the UK could still emerge with a 'no-deal' scenario and therefore the planning previously undertake will be revisited from the autumn.

**Crawley Borough Council's Response to COVID-19 to 31st March 2020**

The Council overall has responded swiftly and decisively to the COVID-19 crisis as follows:

- Regular, and daily Covid-19 meetings convened from 20th March 2020 – in attendance:
  - Corporate Management Team
  - Communications representative
  - HR Manager
  - Facilities Manager
  - Service Improvement and Development Manager
  - Leader of the Council

- The Leader of the Council hosts weekly Facebook Live question and answer sessions

- All Service areas engaged in the response; examples are:
  - Creation of a support network
  - Mapping of vulnerable people
  - Implementation of a Help Hub by 27th March 2020 to provide virtual and physical support
  - Creation of Crawley Borough Council Helpline
  - Staff redeployment
  - Additional mobile phones obtained and laptops ready for Councillors
  - MS Teams available throughout the Council, including Council meetings
  - Wellbeing Team redeployed to support work of the Council
  - Working closely with West Sussex County Council, Gatwick Airport and Manor Royal Business District
  - Business Ratepayers written to with information on grant claim process by 26th March 2020
  - Benefits Team additional support to deal with increase in claims
  - Infrastructure in place by 24th March 2020 to process small business grants - redeployment of Corporate Finance staff in Council Tax, Business Rates and Benefits team
  - Rough sleepers provided with temporary accommodation by 25th March 2020

Examples of the how good governance was maintained during the Council's response to COVID-19 – to 31st March 2020

- All COVID-19 meetings, held daily or as required were formally convened, had an Agenda, and a record of actions to be undertaken, with outcomes reported at the next, or future meetings. These meetings were minuted. This demonstrates strong governance and transparency.
- Decision Logs maintained for all Service areas – these are sent to all Members of the Council via Member Bulletins.
- Governance arrangements were confirmed where the Chief Executive can make Urgency Decisions in liaison with Leaders and the Mayor.
- Future committee meeting dates were agreed and scheduled for the year, by 26th March 2020.
- Legislative changes were considered in respect of holding public meetings and decision making and one virtual Council was held. This will continue for the foreseeable future.

## 6. Summary Position

It is clear that the Council's financial and non-financial performance in 2019/20 continues to be good. The efficiency savings and additional income earned in the year were in most cases in line with expectations, capital outturn has been managed to minimise the level of re-profiling required at the year end and the Council has sufficient reserves and balances to provide financial resilience for 2020/21 and future years.

In 2019/20, the Council has faced and dealt successfully with significant change. This trend will continue and indeed accelerate but the Council is well placed to adapt to the challenges and to take advantage of the opportunities offered. There are risks as highlighted above, but there are well established and robust risk management processes in place and, together with robust financial management and reporting, the Council faced a strong position as it moved into 2020/21 before the impacts of Covid-19. These will be assessed during 2020/21 and appropriate steps will be taken to manage council finances going forward.

## 7. Explanation of the Financial Statement

The Statement of Accounts for 2019/20 have been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) and show the financial performance of Crawley Borough Council for the year, together with its overall financial position as at 31 March 2020. The purpose of the published statement of accounts is to give local taxpayers, Council Members, stakeholders and other interested parties clear information about the Council's finances. It therefore aims to provide information so that these stakeholders can:

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

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

The accounts provide the reader with information on the cost of services provided by the Council in the year 2019/20, how these services were paid for and a statement of the Council's assets and liabilities at the year end.

The Council's financial report consists of three reports:

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

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

The Statement of Accounts are presented in the following order:

- Statement of Responsibilities for the Statement of Accounts

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

- Main Financial Statements

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

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

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

  **Balance Sheet**
  This statement shows the balances and reserves at the Council's disposal as well as the liabilities as at 31 March 2020. It also summarises the fixed and current assets used to carry out the Council's functions.

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

- Notes to the Main Financial Statements

  The explanatory notes in this section are largely prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) issued by the CIPFA/LASAAC Local Authority Code Board. Additional notes have been provided wherever possible to assist understanding of the financial statements.

- Supplementary Financial Statements

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

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

- Glossary of Terms

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

## 8. Covid-19

Since December 2019, the spread of Covid-19 has taken its toll on not just human life but businesses and financial markets around the globe, the extent of which is currently unknown. In March, the World Health Organisation (WHO) announced Covid-19 outbreak to be a global pandemic.

Many countries and organisations are being forced to cease or limit operations for long or indefinite periods of time to contain the spread of the virus. This includes travel bans, quarantines, social distancing, and closures of non-essential services which has triggered significant disruptions to organisations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have and continue to respond with monetary and fiscal interventions to stabilise economic conditions. The UK was put into lockdown on 23 March by central government in an unprecedented step to attempt to limit the spread of coronavirus.

Impact on financial year 2019/20

For the financial year 2019/20, this has had marginal impact on Council's expenditure from additional costs in response to the pandemic and loss of income for the last few days of the financial year. In addition to this, the negative economic outlook and cash flow difficulties experienced by customers as a result of Covid-19 has been factored into the forecasts of future conditions, which has resulted in increased impairment provisions on outstanding debts.

Impacts on future years

The disruption caused by Covid-19 on the economy, businesses and individuals is currently unknown. The majority of the impact will be in financial year 2020/21 and 2021/22 which are unknown and yet to be quantified. Some of the main areas of risk are summarised below:

1. Income – on revenue such as business rates, Council Tax, fees and charges, rent yields from investment properties and investment returns.

2. Expenditure – additional costs in response to Covid-19, particularly in the areas of rough sleeping and sport, leisure and community.

3. Working Capital – Impacts on cash flow due to reductions in income and increase in expenditure.

4. Asset Valuations – There may be some impact on the fair value of investment properties where these were being negotiated during the year.

5. Liability Valuations (IAS 19) – The fall in financial markets and recession in the horizon is going to have an impact on the assumptions used in estimating the post-employment benefit liabilities.

The latest projections for 2020/21 forecast additional expenditure of £1.508m and lost income of £3.322m relating to Covid-19. The Council has received £2.038m in government grants towards the impact of Covid-19. In year savings and mitigations of £1.775m have also been identified. Overall, the forecast variance to budget at Quarter 2 Budget Monitoring was £0.881m for the year ended 31 March 2021 and this is being funded from existing reserves.

The Budget Strategy has identified a budget gap of £2.250m in 2021/22, though there is much uncertainty over future funding. To address this, future savings of £0.506m have been identified by Officers. Other savings are currently being consulted on and will be addressed in the Budget Report in February 2021. It is recognised that some of the savings will not be realisable from 1 April 2021, and so reserves will be used to fund the gap in the short term.

## 9. Change in accounting policies

There were no changes to accounting policies in the year.

## 10. Further Information

Further information about the 2019/20 Statement of Accounts is available from:

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