



Narrative Report to the Statement of Accounts

2021 – 2022

Narrative Report (Continued)

1. An Introduction to Crawley Borough Council

Crawley Borough covers just under 18 sq miles and has a population of approximately 118,500 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, for many years, has been the major economic force in West Sussex as well as the Gatwick Diamond area, with over 3,000 active businesses.

Despite having just two per cent of the West Sussex land mass, Crawley contributes 26 per cent of its annual economic wealth output. Since 2013, Crawley's economy grew by 23%, one of the fastest growing in the south east, and in 2018, was worth £5.94bn in Gross Value Added with over 101,000 jobs; the second highest job density in the country outside London.

Gatwick Airport is located within the borough and, over the past 60 years, has grown to become the world's busiest single runway airport with over 46 million passengers in 2019. Crawley is also home to Manor Royal, the South East's premier business park, employing over 30,000 people and accommodating 600 businesses across 240 hectares. The land between Manor Royal and the airport is required to be safeguarded for a potential second runway.

The town is divided into fourteen 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'. Recent public sector investment in the public realm at Queens Square, Queensway and The Pavement has further enhanced the town centre, creating an attractive, vibrant and enjoyable space for residents and visitors.

Since March 2020, the global COVID-19 pandemic has had a devastating impact on the local economy, largely as a result of the contraction in the aviation industry with Gatwick Airport passenger numbers falling to just 10 million in 2020 and only a fraction of flights operating. In April 2020, a Centre for Cities report predicted that 57% of Crawley's employment base was at risk of redundancy or furlough as a result of the crisis – the highest proportion of any urban area in the country. This is in view of the large number of jobs benefitting residents working in aviation, transportation, retail, hospitality and leisure.

At the height of the pandemic, Crawley's unemployment claimant count trebled to 8.3% with over 6,000 unemployed local residents claiming universal credit. Youth unemployment (18-24yrs) rose to almost 13% and, with major redundancies realised across many sectors, 25,800 Crawley residents (1 in 3) were furloughed.

The Council was swift to respond to the economic crisis, publishing its 'One Town' Economic Recovery Plan in December 2021; an overarching strategic plan for all our existing delivery programmes including the Crawley Growth Programme, Towns Fund, Town Centre Regeneration Programme and Employment & Skills Programme.

Working in partnership, the Council is continuing to pro-actively lead and facilitate the development of major programmes of new infrastructure, amenity, residential development and economic regeneration and unlock further investment to boost recovery. The combined value of this public and private sector investment in the town is set to reach over £400m including £21.1m from the Towns Fund, £31.4m through the Crawley Growth Programme, £70m at Crawley Station Gateway, £23m investment in digital infrastructure from City Fibre and £46.5m in the New Town Hall regeneration scheme. These plans will build on Crawley's previous economic

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success to achieve the sustainable economic recovery needed to bring about benefits to local residents and businesses.

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

Cabinet (Leader)

Leadership of the Council including:

- development of policy and strategy
- staffing of the Council
- governance
- communications
- finance and procurement
- Councillors' services
- Council owned commercial properties
- Council owned garages
- civil contingencies

Planning and Economic Development

Responsibility for:

- town and country planning (including local planning policy)
- transport planning
- economic development and regeneration
- asset management

Public Protection and Community Engagement

Responsibility for driving up the performance of council services.

Responsibility for:

- community safety and anti-social behaviour
- community and neighbourhood development
- community engagement
- grants to voluntary bodies
- community cohesion and social inclusion and mobility
- town twinning
- issues relation to travellers
- children and young people
- armed forces covenant

Housing

Responsibility for:

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- Crawley Homes (landlord role)
- strategic housing
- council tax reduction and housing benefit

Environmental Services and Sustainability

Responsibility for:

- Gatwick Airport Port Health
- public health and safety
- environmental health service
- waste management, refuse and recycling
- streetscene
- licensing
- public conveniences
- community wardens
- car parking and civil enforcement
- climate change and sustainability
- cemeteries and burials
- flood prevention and land drainage

Resources

Responsibility for:

- legal, governance and HR
- audit
- current building management/office accommodation
- customer complaints, Freedom of Information and data protection
- Contact Centre
- shared service provision
- ICT
- transformation programme
- mayoralty

Wellbeing

Responsibility for:

- health and wellbeing
- arts (including The Hawth and Crawley Museum)
- sport and fitness (including K2 Crawley)
- parks, gardens and open spaces
- allotments
- play service
- community centres

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3. Council's Performance

- Official opening of Geraint Thomas House, a housing development in partnership with A2Dominion, providing 33 shared ownership and 58 apartments at affordable rent.
- Awarded a total of £18,245 from the Council's small grants fund to 12 voluntary and community organisations.
- Awarded grants totalling £229,931 to fifteen not-for-profit organisations for a range of new and existing activities that will benefit Crawley residents and visitors.
- Acquired an office building to be converted into the Crawley Innovation Centre to help create more than 200 new jobs and benefit directly up to 40 businesses. This project was grant funded by Coast to Capital Local Enterprise Partnership (LEP) and the Government's Towns Fund.
- Bid to host a leg of the Commonwealth Games' Queen's Baton Relay in July 2022.
- Crawley New Town turned 75 and celebrated its diamond anniversary in January.
- Councillors unanimously voted to bring forward the Council's target to reach net zero from 2050 to 2040. The Climate Emergency Action Plan 'Action to Zero' was approved to accelerate its response to the climate and ecological emergency facing the planet.
- Crawley bid for city status as part of the Queen's Platinum Jubilee celebrations.
- Councillors approved the 'One Town' Economic Recovery Plan 2022-2037 to provide a clear vision for Crawley's future socio-economic prosperity, a clear path for recovery from the pandemic and a marker to Crawley's formidable reputation for economic productivity.
- Five Council parks achieved Green Flag Awards: Memorial Gardens, Worth Park, Ifield Mill Pond, Goffs Park and Tilgate Park were among the winners.
- A Council housing development, which consists of six maisonettes and three flats, has been named Scott Summers Court. The affordable rent housing development is named after Royal Marine Scott Summers from Crawley, who died in action in Afghanistan in 2007 aged just 23.
- Crawley has been given the go ahead to move to the next stage in developing 10 projects worth £21.1m funded from the Governments Towns Fund. The projects will help boost job creation, business growth and economic recovery; develop skills, innovation and sustainability; and enhance art and culture amenities for businesses and residents.
- Tilgate Park has been named in the top 10 per cent of attractions worldwide by TripAdvisor. The travel review website and app has awarded Tilgate Park with a 2021 Travellers' Choice Award.
- Ten businesses have been awarded a total of £32,380 funding from the Council's Small Business Grant Scheme.
- Paid £1,947,425 Additional Restrictions Grants on behalf of the Government.

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- Paid £662,686 Omicron hospitality and leisure grants on behalf of the Government.
- Paid £475,500 Test and Trace Support Payment grants on behalf of the Government.
- Completion of town centre signage and wayfinding project including new High Street Conservation Area sign.
- Employ Crawley continues to deliver free, bespoke employment support and advice to local residents, including a Jobs Fair in March 2022 attended by around 500 people.
- New Town Hall and District Heat Network construction.
- Sponsored the Love Local Jobs 'Dare to Dream' programme, helping over 1,000 students from six Crawley schools by supporting self-awareness, resilience and employability skills and wellbeing.
- Regular updates on the CBC Website and targeted e-newsletters providing updates, information and guidance for businesses and residents.
- New festival lighting scheme delivered in partnership with the Town Centre BID, bringing a 'wow' factor to the town centre through innovative and creative design.
- Delivered improvements in the Historic High Street to help create a vibrant café culture and reduce anti-social behaviour. Using the EU's Welcome Back Funding, three large planters were removed, railings repaired, and repainted and new planting schemes installed to bring colour and vibrancy to the area, welcoming back visitors to the town centre.
- More than 3,000 people attended STEM in the Park in Memorial Gardens in May 2022. Delivered in partnership with The STEM Hub and Crawley College, the event showcased a diverse range of STEM activities from local employers and businesses.
- Sponsored Gatwick Diamond Business Awards 'Professional Services category' in March 2022.

Some statistical information on our achievements

Over 1200 people assisted by the Health and Wellbeing team, this included:

- 578 face-to-face appointments with a Wellbeing Advisor, and over 300 telephone appointments held
- 302 weight management enquires received
- 28 people who completed a virtual 12 week weight loss programme
- 22 people who reduced their alcohol intake
- 158 people who accessed a physical activity programme, over 90% of completers increased their physical activity levels.
- 177 people who received falls prevention support
- 14 workplaces who we supported with providing health and wellbeing to their employees
- Over 50 outreach events including virtual talks and presentations to local community groups.
- 95 people engaged with an emotional wellbeing course

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- 14 NHS Health Checks carried out by a Wellbeing Advisor (launched February 2022)
- 139 clients supported to help stop smoking, 64 successful quits (46%). This is almost double the national average of 26% quit rate.

Other statistics:

- Over 1600 people engaged through outreach and workplace provision, and signposted on to appropriate services.
- 103,037 visits to Tilgate Park Zoo
- 99,866 attendances at the Hawth Theatre (5,076 last year)
- 1,186,927 attendances at our Leisure Centres (182,661 last year)
- 7,239 residents in receipt of Council Tax Reduction (formally Council Tax Benefit) – a decrease of 5.7% on the previous year.
- 176 Households were prevented from becoming Homeless (143 last year).
- 147 Households whose Homelessness was relieved (140 last year)
- 1,936 Households on the Housing Register (1,895 last year)
- 203 Affordable Homes delivered in year with 74 Homes that are on site and due to be completed over the next two years.
- 255 people were helped into work through 'Employ Crawley'
- 632 Freedom of Information requests processed (659 last year)
- 45,407 myCrawley transactions (39,808 last year)
- 8,495 Twitter followers and 9,824 Facebook (8,206 and 8,654 last year)
- 915 Planning Applications, 348 Pre-Application enquiries, 35 appeals, 238 Planning Enforcement Investigations.
- 117,343 calls into the Contact Centre (124,228 last year)
- 2,436,148 scheduled refuse collections
- 10,674 Green Garden Waste Bin customers (9,984 last year)
- Collected 33,350 tonnes of refuse, recycling and garden waste
- Issued 375 FPNs for littering (113 last year)
- £119,714,249 collected in Business Rates - the majority of this is passed to the Government and West Sussex County Council
- £69,303,607 of Council Tax collected, Crawley Borough Council kept 11.0p in each £1 collected with the balance transferred to West Sussex County Council and the Sussex Police and Crime Commissioner.

Corporate Priorities in 2021/22

1. Delivering resources

We will:

- Continue to balance the budget (over a four 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.

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- 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 much 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.

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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 2021/22

In February 2021 the Council set a net expenditure budget for 2021/22 of £13.4million. This resulted in a Band D Council Tax for Crawley of £213.84 and a total Band D Council Tax including the precepts from West Sussex County Council and Sussex Police and Crime Commissioner of £1,939.31.

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| | Latest Budget £000's | Outturn £000's | Variance £000's |
|---|-------------------------|-------------------|--------------------|
| Cabinet | 951 | 1,218 | 267 |
| Public Protection & Community Engagement | 1,534 | 1,449 | (85) |
| Environmental Services & Sustainability | 5,282 | 5,303 | 21 |
| Housing | 5,967 | 6,129 | 162 |
| Wellbeing | 10,973 | 11,768 | 795 |
| Planning & Economic Development | 2,385 | 2,423 | 38 |
| Resources | 642 | 558 | (84) |
| | 27,734 | 28,848 | 1,114 |
| Depreciation | (4,046) | (4,046) | 0 |
| Renewals Fund | 807 | 807 | 0 |
| NET COST OF SERVICES | 24,495 | 25,609 | 1,114 |
| Investment Interest | (400) | (756) | (357) |
| Minimum Revenue Provision | 922 | 922 | 0 |
| Interest Paid | 117 | (39) | (156) |
| Council Tax | (7,411) | (7,411) | 0 |
| RSG | (60) | (60) | 0 |
| NNDR | 9,553 | 9,553 | 0 |
| New Homes Bonus | (1,108) | (1,109) | (1) |
| Local Council Tax Support Grant | (363) | (363) | 0 |
| Lower Tier Services Grant | (169) | (169) | 0 |
| Sales, Fees & Charges Grant Q1 | 0 | (316) | (316) |
| Use of Approved Coronavirus Budgets | 0 | (941) | (941) |
| Year End Financing | (10,781) | (10,781) | 0 |
| Net contribution from / (-to) Reserves | 14,795 | 14,139 | (656) |
| Net contribution from / (-to) CBC Reserves | | (1,366) | |
| Net contribution from / (-to) Other Reserves | | 15,505 | |

The 2021/2022 budget provided for a transfer from the General Fund Reserve of £155,606. At outturn, there was a transfer to reserves of £503,000: this comprised of a contribution of £300,000 to the Transformation Reserve and a contribution of £203,000 to the Capital Programme Reserve, which will result in lower borrowing for the Town Hall Project. A summary of all the movements in reserves is shown in the following table:

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| Reserves | Transfer To | Use of |
|--|--------------------|-----------------|
| | £000's | £000's |
| Capital Programme | 203 | (152) |
| HMO Licenses | 25 | 0 |
| Welfare Reform | 0 | (33) |
| Museum | 0 | (1) |
| Parks Investment Reserve | 344 | (76) |
| Business rates pool cycling | 0 | (13) |
| Covid 19 Expenses Reserve | 172 | 0 |
| Town centre & regeneration reserve | 161 | (31) |
| Vol. Sector Transition Funding | 34 | 0 |
| Health & Wellbeing | 59 | (6) |
| LDF | 127 | (147) |
| Risk Management | 90 | 0 |
| Transparency | 8 | (16) |
| EU Exit Funding | 0 | (247) |
| Town Funds | 1,055 | (1,144) |
| Transformation and Project Delivery | 500 | 0 |
| Garage Maintenance | 169 | 0 |
| Biodiversity Net Gain Grant | 10 | 0 |
| DEFRA Env. Health | 17 | 0 |
| Climate Emergency | 7 | 0 |
| Town Centre 75th Anniversary | 5 | 0 |
| Woodland Trust Forestry Work | 27 | 0 |
| Town Hall Equalisation | 150 | 0 |
| Licensing New Burdens | 14 | 0 |
| Learning and Development | 55 | 0 |
| Total Transfer to/(from) CBC Reserves | | 1,366 |
| Business Rates equalisation reserve* | 0 | (13,859) |
| Business grants & isolation payments* | 167 | (1,813) |
| Total Transfer to/(from) Other Reserves | | (15,505) |
| Total Transfer to/(from) Reserves | | (14,139) |

* The Business Grants & Isolation Payments Reserve is from grants that were received by the Council in 2020/21, but is for supporting businesses and individuals through 2021/22 due to Covid. The Business Rate Equalisation Reserve is made up of grants received from the government to offset losses on the Collection Fund. The legislation that governs Collection Fund accounting means that the deficit as a result of the loss of Business Rate income in 2020/21 will not be charged to the Council's General Fund until 2021/22 and 2022/23. This reserve will be used to offset losses on the Collection Fund already incurred.

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Summary of the Housing Revenue Account

The Council continues to be the provider of rental accommodation within the borough with a stock of 8,246 dwellings at 31 March 2022. 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 2021 | 31 March 2022 |
|--------------------------|---------------|---------------|
| Stock at 1 April | 8,099 | 8,242 |
| Less Sales | (43) | (52) |
| Demolitions/Disposals | - | (2) |
| Add New Build | 180 | 57 |
| Acquisitions | 6 | 1 |
| Transfer to/from GF | - | - |
| Stock at 31 March | 8,242 | 8,246 |

The income from tenants in council property was £43.4m in the year with other income to the HRA of £1.8m. 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 8,000 dwellings and 1,618 leasehold properties. There was a transfer to the Major Repairs reserve in the year of £16.338m for future investment in housing stock.

The Housing Revenue account saw an overspend in year due to the repayment of overcharged rents (see section 9 below).

| HOUSING REVENUE ACCOUNT | | | |
|--------------------------------|------------------------|-----------------|------------------|
| Expenditure Description | Latest Estimate | Outturn | Variation |
| | £'000s | £'000s | £'000s |
| Income | | | |
| Rental Income | (46,906) | (43,448) | 3,458 |
| Other Income | (1,802) | (1,826) | (24) |
| Interest received on balances | (150) | (370) | (220) |
| Total income | (48,858) | (45,644) | 3,214 |
| Expenditure | | | |
| Employees | 3,850 | 3,904 | 54 |
| Repairs & Maintenance | 11,606 | 11,955 | 349 |
| Other running costs | 2,143 | 2,042 | (101) |
| Support services | 3,096 | 3,096 | 0 |
| | 20,695 | 20,997 | 302 |

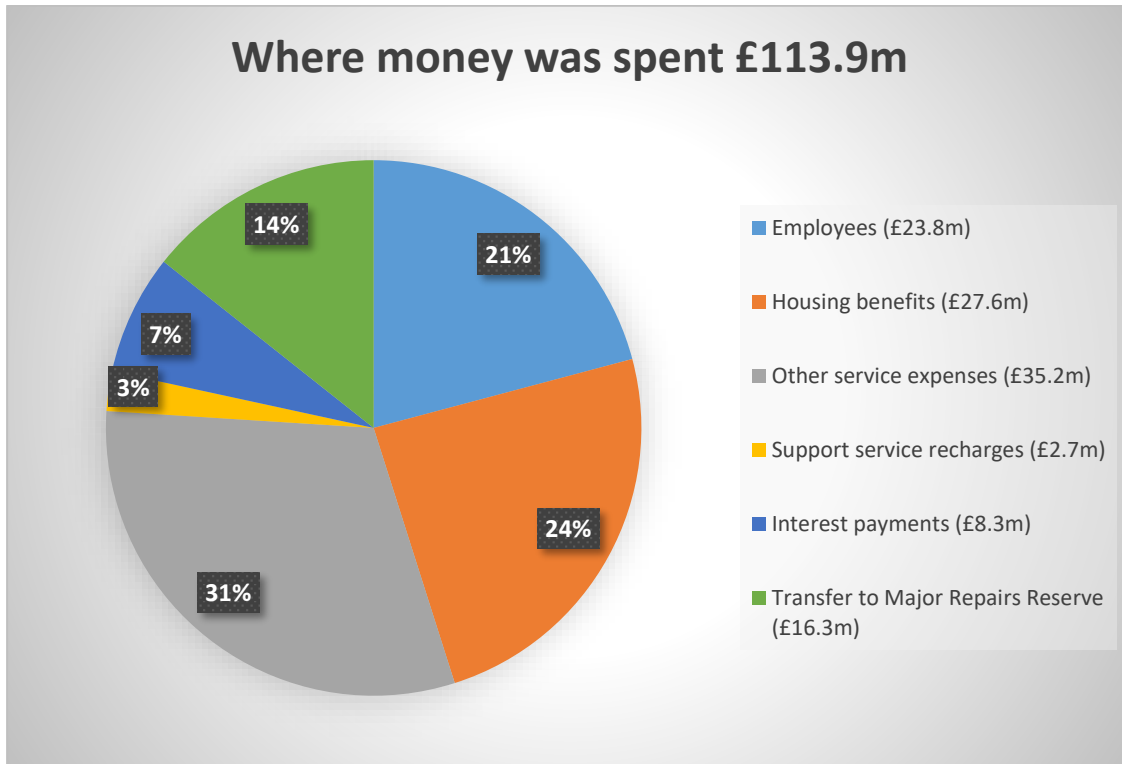
Narrative Report (Continued)

| | | | |
|---|-----------------|-----------------|----------------|
| Net (Surplus) / Deficit | (28,163) | (24,647) | 3,516 |
| Use of Reserves: | | | |
| Debt Interest Payments | 8,309 | 8,309 | 0 |
| Depreciation transferred to Major Repairs Reserve | 7,336 | 7,336 | 0 |
| Surplus Transfer to Housing Reserve for Future Investment | 12,518 | 9,002 | (3,516) |
| Total | 28,163 | 24,647 | (3,516) |

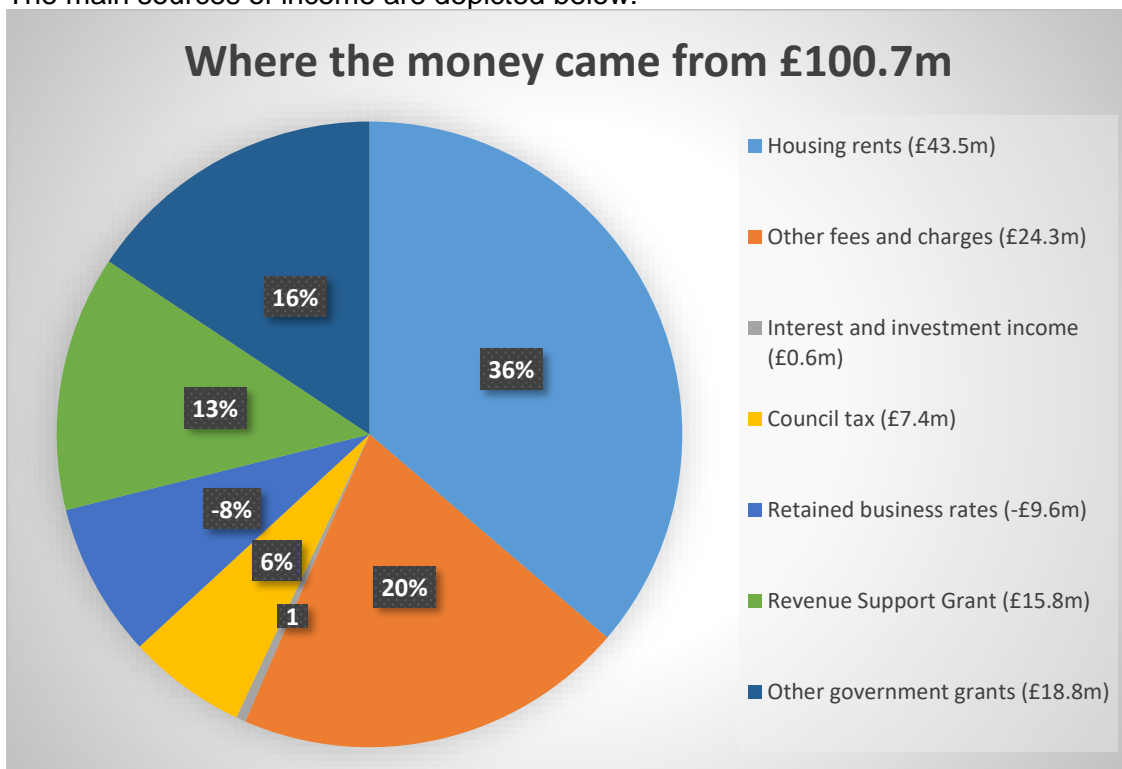
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Total Revenue Expenditure

Overall the Council incurred expenditure in 2021/22 of £113.9m on its services to the public.



The main sources of income are depicted below:



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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 £13.3m agrees to the surplus on General Fund and HRA Balance in year as reported in the Expenditure and Funding Analysis and the Movement in Reserves Statement. Note that Retained Business Rates is shown as negative for 2021/22 because of the large adjustment made due to the covid reliefs provided.

Capital Programme

The Council is embarking on an ambitious capital programme of £194m from 2021/22. This includes £113m within Crawley Homes for investment in new and existing housing stock.

In 2021/22 the Council spent £45.343 million on capital assets, which was funded from the sale of assets, capital grants, external funding and revenue resources.

| Portfolio Description | Outturn 2021/22 £000's | 2022/23 Latest Budget £000's | 2023/24 Latest Budget £000's | 2024/25 Latest Budget £000's | Future Years £000's |
|--|------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------|
| New Town Hall Redevelopment – Joint responsibility | 21,336 | 6,240 | 1,154 | - | - |
| Cabinet | 181 | 511 | 200 | 339 | - |
| Environmental Services & Sustainability | 432 | 824 | 117 | - | - |
| Planning & Economic Development | 5,176 | 7,523 | 8,776 | - | 3,251 |
| Housing Services | 3,134 | 5,385 | 8,693 | 1,200 | 1,700 |
| Resources | 216 | 2,279 | 20 | - | - |
| Wellbeing | 941 | 1,401 | 91 | - | - |
| Total General Fund | 31,416 | 24,163 | 19,051 | 1,539 | 4,951 |
| Housing Revenue Account | 13,927 | 23,842 | 30,860 | 29,362 | 15,375 |
| Total Capital | 45,343 | 48,005 | 49,911 | 30,901 | 20,326 |

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

| Funded By | | | | | |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Capital Receipts | 17,628 | 5,716 | 8,110 | - | 1,223 |
| Capital Reserve | 152 | 153 | 744 | 314 | 586 |
| Better Care Fund | 955 | 1,000 | 910 | - | - |
| Lottery & External Funding | 9,918 | 7,139 | 2,779 | - | 3,076 |
| 1-4-1 Receipts | 3,659 | 2,650 | 8,624 | 6,899 | 6,150 |
| HRA Revenue Contribution | 12,427 | 21,002 | 23,963 | 22,463 | 9,226 |
| Replacement Fund/Revenue Financing | 408 | 2,863 | 200 | 339 | - |
| Section 106 | 196 | 1,016 | 481 | 886 | 65 |
| Borrowing | - | 6,466 | 4,100 | - | - |
| TOTAL FUNDING | 45,343 | 48,005 | 49,911 | 30,901 | 20,326 |

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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 | 28,848 | (24,647) | 4,201 |
| Revaluation losses | (389) | - | (389) |
| Movement in investment properties | (3,926) | - | (3,926) |
| Capital grants | 1,100 | - | 1,100 |
| Revenue expenditure funded from capital | (4,041) | - | (4,041) |
| Pensions | (4,211) | - | (4,211) |
| Accumulated absences | (4) | - | (4) |
| Movement in Shared Equity Valuations | - | (39) | (39) |
| Depreciation for infrastructure assets | 98 | 0 | 0 |
| Net Cost of Services in the Expenditure and Funding Analysis | 17,475 | (24,686) | (7,211) |

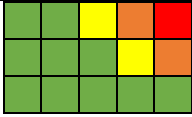
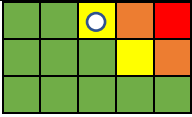
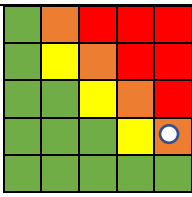
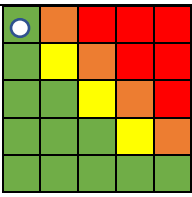
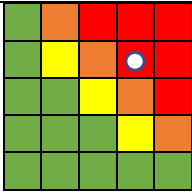
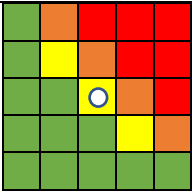
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5. Corporate Risks

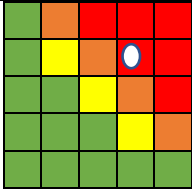
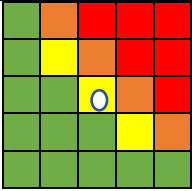
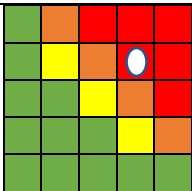
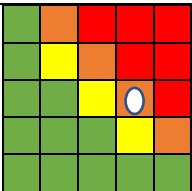
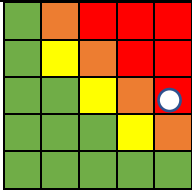
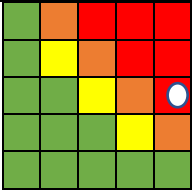
The risks listed below were produced for the Audit Committee in July 2022.

| Risk Title | Risk Description | Risk score (no controls) | Mitigations | Risk score (post mitigation) | Risk Appetite |
|-----------------------|---|--------------------------|--|------------------------------|---------------|
| New Town Hall | PC date has been delayed and is now due in August 22. This date has been assessed as achievable and any further delay should be minimal at this stage. Risk of delay relate to reputation, cost, and the state of the current building. Reputationally there has been little reaction to missing the AGM date and so is considered minor. Cost, if exceeding the budget is considered a significant risk, mainly politically as any overspend at this stage would be a small % of the total budget. The current building is in no real fit state for a further winter, but whilst significant (in terms of service disruption) the likelihood is small. | | Mechanisms within the contract are being used to address delay and cost concerns. Significant effort was taken to ensure these were robust before entering the contract. Professional advice being taken throughout, and communication with key stakeholders being maintained. No further mitigation possible at this juncture. | | Mindful |
| District Heat Network | The District Heat Network Phase 1 has reached practical completion and has been handed over. The key risks moving forward therefore relate to the ongoing operation, maintenance and billing. The inflationary context in particular creates a pricing risk, attempting to ensure value for residents whilst achieving the required return. There is significant reputational risk in getting this balance wrong, especially in the context of potential expansion. | | The operation, maintenance and billing has already been contracted out to a specialist, and the onboarding went very well. Two rounds of price setting have been undertaken, which seems to demonstrate that the DHN is able to balance value with return. However, the score remains consistent given that fuel prices are likely to increase again in October. | | Mindful |
| LEP Infrastructure - | Risk of budget overspend for the future project delivery within the Programme and scheme delivery time overruns. | | Regular financial monitoring and audit work carried out, including quarterly updates to CPAG. The Head of Corporate Finance | | Mindful |

Narrative Report (Continued)

| | | | | | |
|--|---|---|--|--|----------------|
| <p>Crawley Growth Programme</p> | <p>The remaining Crawley Growth Programme schemes must be delivered by the end of March 2025.</p> |  | <p>attends six weekly Programme Delivery Team meetings with West Sussex County Council. A mid-term programme review is to take place in Q3 2022.</p> <p>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.</p> |  | |
| <p>LEP Infrastructure - Crawley Growth Programme</p> | <p>Discontinuation or withdrawal of support from key partners.</p> |  | <p>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 Q3 2022.</p> |  | <p>Mindful</p> |
| <p>LEP Infrastructure - Crawley Growth Programme</p> | <p>A sustained period of economic downturn which slows up private sector investment on key regeneration sites in the town centre.</p> |  | <p>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.</p> |  | <p>Mindful</p> |

Narrative Report (Continued)

| | | | | | |
|--|--|--|--|---|-------------------|
| <p>LEP Infrastructure - Crawley Growth Programme</p> | <p>Ineffective co-ordination of delivery across projects, leading to multiple disruption in the town centre and Manor Royal when this was avoidable.</p> |  | <p>Careful planning and close cooperation between CBC, WSCC officers and third party partners / contractors. A mid-term programme review to take place in Q3 2022.</p> |  | <p>Mindful</p> |
| <p>Delivering the Affordable Housing Programme</p> | <p>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.</p> |  | <p>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.</p> <p>Pilot project underway in Crawley Homes looking to explore water savings through use of a flow regulator, plans to extend to 1000 homes after the pilot with water savings to enable development at two key sites.</p> |  | <p>Mindful</p> |
| <p>Delivering the Affordable Housing Programme</p> | <p>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.</p> |  | <p>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.</p> |  | <p>Minimalist</p> |

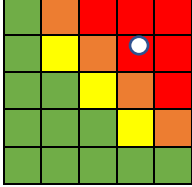
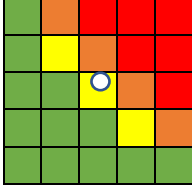
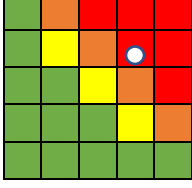
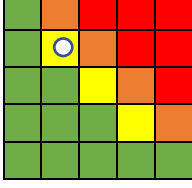
Narrative Report (Continued)

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|---|--|--|---|--|------------|
| Homelessness | <p>Following increased demand for temporary accommodation during the pandemic, levels of homelessness continue to rise. The on-going economic impacts from the pandemic, cost of living rises and increased additional demand arising from asylum and refugee resettlement programmes are placing an unprecedented burden on the Council in meeting temporary accommodation duties. Demand for TA significantly outstrips supply necessitating heavy reliance on expensive nightly paid accommodation with significant budgetary implications. The full TA budget allocation for 2022/23 has been fully spent during Q1.</p> | | <p>Efforts to relieve and prevent homelessness using all available options continue. 5 additional units of TA have been secured with a further 27 units anticipated in November. All potential acquisition opportunities are being explored. Three potential sites have been identified for modular housing and design work is in progress. Options with potential immediate impact are under consideration but must be balanced against impact on other duties to applicants with high level need on the Council's Housing Register. Homelessness grant reserves will offset impacts for the current financial year.</p> | | Mindful |
| Three Bridges Station | <p>A way forward for the scheme is unable to be agreed.</p> | | <p>A budget review for the scheme will take place as part of the overall Crawley Growth Programme review in Q3 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.</p> | | Cautious |
| Disaster Recovery and Business Continuity - Data Breaches (Technical issue) | <p>Inadequate data sharing and data security arrangements, including failure to maintain public services network accreditation (PSN). Failure to maintain technical security safeguards – e.g. that firewalls are up to date or that the latest advice from NCSC has not been assessed and followed where appropriate.</p> | | <p>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. This will continue to be tested on an annual basis.</p> <p>The migration to the Azure Cloud provides an extremely high level of confidence as it has the weight of Microsoft's technology and finance to support it and is used globally.</p> <p>MFA (multi-factor authentication) has been rolled out to all staff with network accounts – this was done face to face for complete assurance.</p> | | Minimalist |

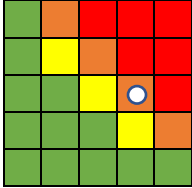
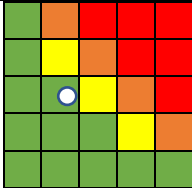
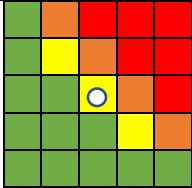
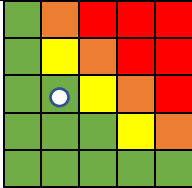
Narrative Report (Continued)

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|---|--|--|---|--|------------|
| | | | <p>Immutable back ups are being secured for all of CBC's systems, as recommended by NCSC.</p> <p>The council recruited an Information Security Officer.</p> | | |
| <p>Disaster Recovery and Business Continuity - Data Breaches (Human error)</p> | <p>Improper disclosure of confidential information (in any format i.e. digital, paper etc.) could bring both financial loss (ICO fines, or worse, a ransomware attack) as well as reputational damage to the organisation.</p> <p>Failure to comply with GDPR legislation could lead to major reputational damage, loss of public confidence and the inability to operate key business processes</p> | | <p>A recent audit report identified a few areas of weakness, all of which are being addressed through a comprehensive plan. This is already being implemented.</p> <p>Training and awareness are key, as well as clear procedures for staff on what to do in the event of suspicious activity or possible breach.</p> <p>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 and the Information Governance Board has been refreshed.</p> <p>The council recruited an Information Security Officer</p> | | Minimalist |
| <p>Disaster Recovery and Business Continuity - Health & Safety Breaches</p> | <p>Failure to comply with the requirements set out by Health & Safety legislation which covers the functions of the Council.</p> <p>Lack of clarity and / or understanding regarding the legal duties of Managers to ensure that risk assessments in respect of places, activities and people are regularly undertaken.</p> | | <p>Review the council's Health & Safety Handbook for Employees and Health & Safety Policy. Provide training where appropriate. Evaluate the Council's Health & Safety compliance status. Implement a H&S Action Plan for compliance</p> | | Minimalist |

Narrative Report (Continued)

| | | | | | |
|---|---|--|--|---|----------------|
| <p>Maintaining a balanced budget</p> | <p>A balanced budget is not achieved in the Medium Term, resulting in an increased use of reserves, which is not sustainable.</p> |  | <p>CMT are working on the budget position throughout the new financial year, including assessing the impact of Covid-19. Quarterly budget monitoring reports are submitted to Cabinet and Overview & Scrutiny Commission. A challenge of budgets exercise is taking place to identify savings, efficiencies and increased income in order to mitigate future budget gaps. The impact of the current economic climate is challenging future budget projections.</p> |  | <p>Mindful</p> |
| <p>Organisational Capacity, Recruitment & Succession Planning</p> | <p>Failure to recruit and retain Cat 1 employees namely Chief Officer roles e.g. S.151 Officer, Monitoring Officer</p> |  | <p>HR is undertaking benchmarking exercise to ensure that the Council is 1) aware of market salaries and trends and 2) may consider measures which might make it more competitive with the view to attracting quality candidates.</p> <p>People Board and HR Team working on developing the Council's "Employer Value Proposition". This will shape future recruitment campaigns and communications with existing staff.</p> <p>HR are working closely with managers to ensure that they properly plan and execute a professional recruitment campaign including quality, modern adverts and better communication and feedback with candidates before, during and after the process.</p> <p>Address the skills gap (and therefore lack of candidates) in the market by potentially "growing our own" experienced staff</p> |  | <p>Mindful</p> |

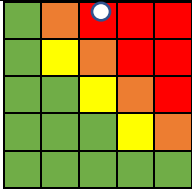
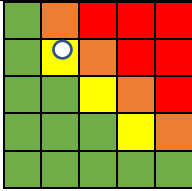
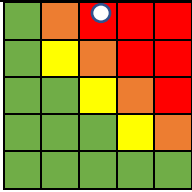
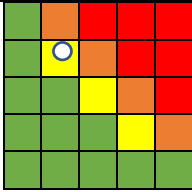
Narrative Report (Continued)

| | | | | | |
|---|--|---|--|--|----------------|
| <p>Organisational Capacity, Recruitment & Succession Planning</p> | <p>Failure to recruit and retain Cat 2 employees namely professional roles e.g. lawyers, accountants, planners, EHOs</p> |  | <p>HR is undertaking benchmarking exercise to ensure that the Council is 1) aware of market salaries and trends and 2) consider measures which might make it more competitive with the view to attracting quality candidates.</p> <p>People Board and HR Team working on developing the Council's "Employer Value Proposition". This will shape future recruitment campaigns and communications with existing staff.</p> <p>HR are working closely with managers to ensure that they properly plan and execute a professional recruitment campaign including quality, modern adverts and better communication and feedback with candidates before, during and after the process.</p> <p>Address the skills gap (and therefore lack of candidates) in the market by potentially "growing our own" experienced staff</p> |  | <p>Mindful</p> |
| <p>Organisational Capacity, Recruitment & Succession Planning</p> | <p>Failure to recruit and retain Cat 3 employees namely manual / front facing roles e.g. Civil Enforcement Office's, Community Wardens, Neighbourhood Services</p> |  | <p>HR undertaking benchmarking exercise to ensure that the Council is 1) aware of market salaries and trends and 2) consider measures which might make it more competitive with the view to attracting quality candidates.</p> <p>People Board and HR Team working on developing the Council's "Employer Value Proposition". This will shape future recruitment campaigns and communications with existing staff</p> <p>HR are working closely with managers to ensure that they properly plan and execute a professional recruitment campaign including</p> |  | <p>Mindful</p> |

Narrative Report (Continued)

| | | | | | |
|--|--|--|---|--|---------|
| | | | <p>quality, modern adverts and better communication and feedback with candidates before, during and after the process.</p> <p>Address the skills gap (and therefore lack of candidates) in the market by potentially “growing our own” experienced staff</p> | | |
| Organisational Capacity, Recruitment & Succession Planning | Impact of ageing workforce and an increase of key staff retiring. | | Managers need to undertake PDRs and have open and honest discussions with reports. They should be aware, in advance, of upcoming events e.g. retirements and be planning for recruitment / stepping up / reassigning duties with an appropriate knowledge handover, exit interview etc | | Mindful |
| Climate Emergency | <p>Failure to reduce carbon emissions by at least 50% and as close to net zero as possible by 2030.</p> <p>Failure to achieve carbon zero by 2040 at the latest.</p> | | <p>The Council's Climate Change Emergency Action Plan is in place</p> <p>A full funding plan will be drawn up in 22/23 for subsequent financial years to ensure delivery of the Council's carbon emissions reductions targets for its activities and services are fully costed.</p> | | Mindful |
| National Waste Strategy (including Food Waste) | The National Waste & Resources Strategy is delayed which may impact on the Waste Contract. | | To be closely monitored. 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. | | Mindful |

Narrative Report (Continued)

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|------------------|--|--|--|---|----------|
| Local Plan | Failure to adopt the Local Plan within the timeframe set by the government |  | <p>The Crawley Local Plan process is 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 2022-2037 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.</p> |  | Cautious |
| Water Neutrality | Failure to agree a Water Neutrality Strategy |  | <p>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.</p> <p>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</p> <p>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 and / or off site water neutrality can be demonstrated.</p> |  | Cautious |

Narrative Report (Continued)

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|----------------|--|--|---|--|---------|
| | | | | | |
| Cost of Living | Impact of more residents presenting themselves as homeless and being unable to pay their debts. | | A webpage has been created https://crawley.gov.uk/council-information/help-money-worries designed to direct people to help. | | Mindful |
| Towns Fund | Risks associated with the delivery of this programme are mainly centered around budget overspend and timescales exceed beyond the Towns Fund end date. A detailed risk register has been produced for each project within the programme. | | Regular financial monitoring and project monitoring undertaken by the Towns Deal Board and relevant project boards. The Head of Corporate Finance attends the s151 officers meeting. Internal assurance is via CPAG, through quarterly reporting on programme / risk updates. | | Mindful |

Narrative Report (Continued)

6. Summary Position

It is clear that the Council's financial and non-financial performance in 2021/22 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 2022/23 and future years.

In 2021/22, the Council has faced and dealt successfully with significant challenges due to the impact of Covid-19. These challenges will continue into 2022/23 and beyond, 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 2022/23. These will be assessed during 2022/23 and appropriate steps will be taken to manage council finances going forward.

7. Explanation of the Financial Statement

The Statement of Accounts for 2021/22 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 2022. 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 2021/22, 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

Narrative Report (Continued)

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 2022. 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 2021/22 (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.

Narrative Report (Continued)

- Glossary of Terms

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

8. Covid-19

Covid has caused major disruption to the economy, businesses and individuals in 2020/21 and 2021/22. The Council has been affected by a significant fall in income and higher levels of expenditure. The Council received £0.316m of Government grant funding for lost income in the first quarter of 2021/22.

As part of a savings exercise to tackle the financial impact of Covid and the projected budget deficit in future years, officers identified £1.775m of in-year savings and ongoing savings of £0.506m. In December 2020, Full Council agreed to transfer the garages from the Housing Revenue Account to the General Fund resulting in additional income to the General Fund of £0.808m. The 2021/22 budget was set in February 2021 and further savings of £0.819m (of which £0.506m would be achievable in 2021/22) were approved.

The Council received further grant funding from the Government to support businesses and paid out £7.024m during the year which included £3.623m of Restart Grant and £1.947m of Additional Restrictions Grant.

Council tax payers were assisted by hardship grants of £0.907m and isolation support grants of £0.476m which were distributed by the Council on behalf of the Government.

At 31 March 2022, the Council had £5.5m of General Fund reserves and £11.8m of CBC Earmarked Reserves. In addition, there were £8.2m of Earmarked Reserves to cover collection fund deficits and business grants due to be paid in 2022/23.

The Council had investments of £128.9m at 31 March 2022 of which £28.056m was available at less than one week notice. The Council has sufficient cash for its services throughout the medium term, and is also able to borrow short term for revenue purposes, though it is not expected for this to be necessary.

9. Crawley Homes Rent issue

In April 2021 the Council was contacted by the Regulator for Social Housing following a first mandatory data return about the setting of target rents. The Council was identified as an outlier in that its target rents were higher than the Government's formula rent and valuations suggested they should be.

Forensic investigation identified that the issue dates back to changes to the Tenancy Agreement agreed in October 2013 and implemented in April 2014. One of the changes implemented was to move from charging rent based on a 48-week year to a 52-week year. Actual rents were changed but the target rents on the system were not. Existing tenancies were not affected by this change, and neither have new tenancies within properties built since April 2014. New tenancies since April 2014 within properties that pre-date April 2014 have consequently been overcharged in the region of 8%.

Narrative Report (Continued)

The process for putting this right took several months to design given that it required retrospective action across, housing, housing benefit and DWP systems and processes, and was acceptable. This went live in November 2021. In total 2,308 tenancies were affected across three cohorts. There were 988 tenancies without benefit support or receiving housing benefit. A further 665 current tenants affected were receiving Universal Credit. And there were 512 former tenants that had been affected.

By mid-May 2022, all tenancies affected without benefit support or receiving housing benefit had been addressed, and this cohort was closed. There remains only 23 former tenant accounts unresolved. Officers have exhausted all remaining avenues to contact these former tenants or their estates. Proactive work has therefore now stopped but would be addressed should any individual come forward in the future. There remained 266 tenancies on Universal Credit to be address as of the end of April. The delays here are due to constraints within the Department for Work & Pensions, and it will be some time before these are closed at the current rate of progress.

To date £1.5m has either been repaid to tenants, reduced the arrears balance on their account or been taken as a credit on their rent account and will offset against future invoices, with £1.7m repaid to the DWP in respect of universal credit and housing benefit. On the 10 January 2022, the Regulator for Social Housing wrote to the Council to confirm that given facts of this case, including the prompt action by the Council to put things right, they would take no further regulatory action.

10. Change in accounting policies

There were no changes to accounting policies in the year.

11. Further Information

Further information about the 2021/22 Statement of Accounts is available from:

Carolin Martlew,
Head of Corporate Finance and s151 officer,
Town Hall, The Boulevard, Crawley, West Sussex, RH10 1UZ.
email: carolin.martlew@crawley.gov.uk



Carolin Martlew
Head of Corporate Finance and s151 officer
Date: 25 January 2024