

Public Document Pack

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9 January 2019

Performance and Finance Select Committee

A meeting of the committee will be held at **10.30 am** on **Thursday, 17 January 2019** at **County Hall, Chichester**.

Tony Kershaw
Director of Law and Assurance

Agenda

Part I

- 10.30 am 1. **Declarations of Interest**
- Members and officers must declare any pecuniary or personal interest in any business on the agenda. They should also make declarations at any stage such an interest becomes apparent during the meeting. Consideration should be given to leaving the meeting if the nature of the interest warrants it. If in doubt please contact Democratic Services before the meeting.
- 10.35 am 2. **Minutes of the last meeting of the Committee** (Pages 5 - 18)
- The Committee is asked to agree the minutes of the meeting held on 22 November 2018 (cream paper).
- 10.40 am 3. **Urgent Matters**
- Items not on the agenda which the Chairman of the meeting is of the opinion should be considered as a matter of urgency by reason of special circumstances, including cases where the Committee needs to be informed of budgetary or performance issues affecting matters within its terms of reference, which have emerged since the publication of the agenda.
- 10.40 am 4. **Part II Matters**
- Members are asked to indicate at this stage if they wish the meeting to consider bringing into Part I any items on the Part II agenda.

- 10.45 am 5. **Draft Medium Term Financial Strategy (MTFS) 2019/20 to 2022/23, Draft Revenue Budget 2019/20, Draft Capital Strategy 2019/20 to 2023/24, and Draft Treasury Management Strategy Statement 2019/20** (Pages 19 - 174)

A report by the Director of Finance, Performance and Procurement setting out the Draft Medium Term Financial Strategy (MTFS) 2019/20 to 2022/23, Draft Revenue Budget 2019/20, Draft Capital Strategy 2019/20 to 2023/24, and Draft Treasury Management Strategy Statement 2019/20.

The Committee will be asked to:

- 1) Endorse the draft MTFS 2019/20 to 2022/23, draft Revenue Budget 2019/20, draft Capital Strategy 2019/20 to 2023/24, and draft Treasury Management Strategy Statement 2019/20; and
- 2) Agree any comments or issues it wishes the Cabinet to take into account when it considers the reports on 29 January 2019.

- 1.15 pm 6. **Requests for Call-in**

There have been no requests for call-in to the Select Committee and within its constitutional remit since the date of the last meeting. The Director of Law and Assurance will report any requests since the publication of the agenda papers.

- 1.15 pm 7. **Forward Plan of Key Decisions** (Pages 175 - 212)

Extract from the Forward Plan dated 7 January 2019.

An extract from any Forward Plan published between the date of despatch of the agenda and the date of the meeting will be tabled at the meeting.

The Committee is asked to consider whether it wishes to enquire into any of the forthcoming decisions within its portfolio.

- 1.20 pm 8. **Possible Items for Future Scrutiny**

Members to mention any items which they believe to be of relevance to the business of the Select Committee, and suitable for scrutiny, e.g. raised with them by constituents, arising from central government initiatives etc.

If any member puts forward such an item, the Committee's role at this meeting is just to assess, briefly, whether to refer the matter to its Business Planning Group (BPG) to consider in detail.

1.20 pm 9. **Date of Next Meeting**

The next meeting of the Committee will be held on 20 March 2019 at 10.30 am at County Hall, Chichester. Probable agenda items include:

- Annual Capita Review
- Total Performance Monitor as at end of December 2018
- Quarter 3 Capital Programme Performance Monitor report
- Business Planning Group report

Any member wishing to place an item on the agenda for the meeting must notify the Director of Law and Assurance by 8 March 2019.

Part II

1.25 pm 10. **Exclusion of Press and Public**

The Committee is asked to consider in respect of the following item whether the public, including the press, should be excluded from the meeting on the grounds of exemption under Part I of Schedule 12A of the Local Government Act 1972, as indicated below, and because, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

Exempt: Paragraph 3, Financial or business affairs of any person (including the authority).

1.25 pm 11. **Part II Minutes of the Meeting held on 22 November 2018** (Pages 213 - 214)

To confirm the Part II minutes of the meeting held on 22 November 2018, (for members of the Committee only).

To all members of the Performance and Finance Select Committee

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Performance and Finance Select Committee

22 November 2018 – At a meeting of the Performance and Finance Select Committee held at 10.30 am at County Hall, Chichester.

Present: Mr Montyn (Chairman)

Mr Catchpole	Mr Fitzjohn	Mr Turner
Mr Crow	Mrs Kitchen, left at	Mr Waight, left at
Mrs Dennis	12.19pm	1.32pm
Mr Edwards, left at 1pm	Mr Lea	Dr Walsh
	Mr Smytherman	

Apologies were received from Mr Barrett-Miles, Mr Cloake, Mrs Mullins, Mr Burrett and Mrs Urquhart

Also in attendance: Ms Goldsmith, Mr Hunt, Mr Lanzer, Mr Elkins, Mrs Jupp, Mr Marshall, Mr Jupp, Mrs Millson and Mr S J Oakley

Part I

60. Declarations of Interest

60.1 Dr Walsh declared the following personal interests: in relation to the Budget Update, Total Performance Monitor (schools performance), and One Public Estate items as an Arun District Councillor; and in relation to the One Public Estate item as a Littlehampton Town Councillor involved in the discussions regarding projects within Littlehampton.

60.2 Mr Edwards declared a personal interest in relation to One Public Estate as an Arun District Councillor.

60.3 Mr Lea declared a personal interest in relation to the Budget Update item as a Mid Sussex District Councillor.

60.4 Mr Smytherman declared a personal interest in relation to the Total Performance Monitor (Alternative Provision Units) and Capital Programme Quarter 2 Performance report (Alternative Provision Units) as a local authority Governor of Alternative Provision College for West Sussex, and in relation to the Total Performance Monitor (Workforce) and One Public Estate (Centenary House Worthing) as a Trustee of Coastal West Sussex MIND.

60.5 Mrs Dennis declared a personal interest in relation to the Total Performance Monitor (schools performance) as a governor of Gattons Infant School and Twineham CE Primary School.

61. Minutes of the last meeting of the Committee

61.1 The Chairman requested in relation to 50.5 recommendation 5, that the language be clarified to read "to help devise questions" in order to reflect the Committee's role in the proposed Task and Finish Group.

61.2 Resolved – That subject to the above amendment, the Minutes of the Performance and Finance Select Committee held on 5 October 2018 be approved as a correct record and that they be signed by the Chairman.

62. Urgent Matters- Angel's Nursery, Barnham

62.1 The Committee agreed that a verbal update be given by the Cabinet Member for Finance and Resources on the proposed development site at Angel's Nursery Barnham. This update took place under the Part II section of the meeting due to the restricted nature of the information.

63. Appointment to the Business Planning Group

63.1 The Chairman nominated Mr Catchpole to be appointed to the BPG, and this was seconded by Mr Turner. Members accepted that appointing the Vice Chairman to the Business Planning Group (BPG) was customary and advisable, but requested in future when a vacancy arises on the BPG that all Committee members be given the opportunity to nominate to the vacancy.

63.2 Mrs Dennis nominated Mr Fitzjohn to be appointed to the BPG, and this was seconded by Mr Lea.

63.3 A vote was taken on the nominations and Mr Catchpole was appointed.

63.4 Resolved – That Mr Catchpole be appointed to the Committee's BPG.

64. Budget Update and Review of savings proposals for 2019/20

64.1 The Committee considered a report by the Director of Finance, Performance and Procurement (copy appended to the signed minutes).

64.2 The Cabinet Member for Finance and Resources introduced the report, which provides an update on the Medium Term Financial Strategy presented to the last meeting of the Committee and the work underway to balance the budget for 2019/20. The local government finance settlement announcement is expected in December, alongside further details on how the extra adult social care funding may be used. Continued pressure is being applied to the Government for better long term funding of Council services. Having removed from the report the savings proposals which will not be achieved in this financial year the budget gap currently stands at £66.3m, which demonstrates the critical nature of the important decisions necessary to balance the budget.

64.3 The Director of Finance, Performance and Procurement introduced the report and highlighted key information for the Committee. The detail of the budget hasn't yet emerged but officers are working on demand assumptions for services in 2019/20-2022/23 in order to close the budget gap. There is some uncertainty at this point but the latest inflationary

figures will be updated in the final report coming to the January meeting of this Committee, and the national living wage and Fire and Rescue Service pensions will also be clarified by that time. The report reiterates the importance of maintaining the Council's level of reserve funds, especially in light of the fair funding formula.

64.4 The Committee made comments in relation to the report including those that follow. It:

- Commented that austerity is certainly not at an end and this concern is widely held by Members. The effects of past decisions and service reductions often have unintended consequences which still affect residents, with the burden often falling to District and Borough Councils. Extra funding is welcomed when given and lobbying of Government must continue, however the missing part of the full picture is the Government green paper on Adult Social Care. *The Leader commented that at a recent County Councils Network (CCN) conference all Councils are in the same position as West Sussex. It is hoped there will be clarity in December with the settlement figure, however what the Council would really benefit from is longevity in financial planning.*
- Sought clarity regarding the £6.1m highway maintenance award from the Government as to whether this is for additional works above those already programmed or whether it can be added to the general highways budget, and if it is for additional works then is there sufficient capacity to bring forward works. *The Leader explained that it is understood to be for additional works, however further details are awaited soon which will clarify how it is to be used. The Cabinet Member for Highways and Infrastructure confirmed officers are currently assessing the time and capacity requirements in relation to extra works being undertaken and he would feed back the review findings to the Committee in due course.*
- Sought clarity in relation to the strategic savings decision for on-street car parking, whether changes would only be made in areas which have been subject to a Road Space Audit. *The Leader confirmed this is correct, and the decision is expected to be taken on 18 December.*
- Expressed concern regarding the recruitment freeze and that some important vacant posts are not being recruited to, such as lollipop posts which are critical to safety. *The Leader commented that currently the Chief Executive assesses and approves each recruitment post. The priority is children's social worker posts to ensure timely assessments take place, and £2m has been allocated to support new posts.*
- Commented on the resources within the Communications team producing magazines and publications for residents, yet there is a homelessness problem within the County and stated the Council's priority should be the most vulnerable. *The Leader commented that the Communications department appears to have grown over recent years, however this is not the case. It appears so due to staff who were embedded within their services undertaking a communications role that have now been centralised into one team. All services are being considered for savings, including a review of the Connections magazine.*

- Commented in relation to the local assistance network (LAN) and supported housing savings proposals that initially the services were given to local councils by the Government but without any funding, which adds to authorities' difficulties now in funding extra demand. The Council should be lobbying hard to stop further unfunded Government initiatives such as this. *The Leader explained that in 2011 the Government ring-fence for LAN was removed but the Council have continued to fund it. Government are being lobbied for funding but there has not been much progress. In relation to supported housing, the Council is not the housing authority but creative discussion is taking place with the District and Borough councils to mitigate this saving.*
- Highlighted that sufficient information must be made available to members as far in advance as possible for the Member Day on the Budget, Savings Programme and Capital Programme on 9 January in order to ensure effective member dialogue. *The Director of Finance, Performance and Procurement explained that the deadlines are tight but officers are aiming to get the information out in time for the next meeting of this Committee.*

64.5 Resolved:

- 1) That the Committee recognise the difficult budget decisions to be made and noted that these will be scrutinised at the relevant select committees over the next few weeks;
- 2) That the Committee looks forward to being able to review and scrutinise the full budget papers at the January meeting;
- 3) That the Committee reiterates the need for information to be provided ahead of the 9 January 2019 Member Day; and
- 4) That the Committee stresses the need to continue to lobby the Government for funding.

65. Treasury Management Mid-Year Review

65.1 The Committee considered a report by the Director of Finance, Performance and Procurement (copy appended to the signed minutes).

65.2 The Cabinet Member for Finance and Resources introduced the report which provides treasury performance data, and commended the Treasury Management officers who have managed treasury funds well over the past year.

65.3 The Financial Reporting Manager introduced the report which outlines the treasury management mid-year position and highlighted key information for the Committee. Throughout the first half of 2018/19 the Council has complied with all relevant statutory and regulatory requirements; on one occasion the monetary exposure limit for investments held in short-term Money Market Funds was exceeded due to actual payments and receipts differing from the cash flow forecast, however this was rectified the next day and has been reported through both the Treasury Management Panel and Regulation Audit and Accounts

Committee. Forecasted borrowing is within the set limits and the internal borrowing strategy continued in the first half of the year. Section 7 Non-Treasury (Commercial) Activity is a new addition to the report detailing non-treasury activity.

65.4 The Committee made comments in relation to the report including those that follow. It:

- Queried whether interest rates are likely to rise, and whether it is worth locking in borrowing now at a lower rate of interest in order to use later. *The Cabinet Member for Finance and Resources confirmed interest rate forecasts are continually monitored against the cost of forward borrowing to ensure the Council is getting the best benefit.*
- Commented in relation to the report stating there was no new external borrowing, that the Cabinet Member for Environment had previously informed a member of the Committee that £2m was borrowed for installation of solar panels in schools and the Cabinet Member may need to be updated if this is not the case. *The Financial Reporting Manager confirmed there had been no new external borrowing.*

65.5 Resolved – That the Committee welcomes the Treasury Management Mid-Year Review (2018/19) report and recognises the continual review by officers.

66. Total Performance Monitor as at end of September 2018

66.1 The Committee considered a report by the Director of Finance, Performance and Procurement (copy appended to the signed minutes).

66.2 The Cabinet Member for Finance and Resources introduced the report, highlighting that the July TPM showed a £4.75m overspend but the September TPM shows the overspend is now £6m. This increase is mostly due to children's services challenges including additional costs from children's homes as detailed in paragraphs 5 and 6, and £2.5m for new social worker posts. The overspend must be reduced in order to avoid use of the budget management reserve. Savings have now been categorised as with or without mitigated actions (para 23) which results in a predicted £1.8m shortfall, which has been factored into the forecast outturn position.

66.3 The Director of Finance, Performance and Procurement introduced the financial element of the report, reiterating the main budget pressure of children and young people's services. Mitigation work is ongoing through general staffing and vacancy control. School transport costs have been stationary since September which is positive and reserves have been used to partially mitigate this pressure. The cost anticipated with renewing the Highways contract has reduced to £1.6m and this has been partially mitigated. Extra Government funds for adult social care winter pressure may have constraints on how it can be used, however contingency funds to mitigate this are available from the Improved Better Care Fund (IBCF). There has been some overspend in Facilities Management but this is being monitored. Overspend in 2018/19 can be funded by the use of reserves if necessary however much depends upon what extra winter pressure is felt.

66.4 The Committee made comments in relation to the financial element of the report including those that follow. It:

- Queried whether there was an end date for replacing the children's homes, and a predicted date for the Council's facilities to be open again. *The Cabinet Member for Children and Young People explained that there is a review of children's residential homes currently underway, with an interim review due in January specific to Cissbury Lodge and May House with a full review of all establishments due in March 2019; there are no firm dates yet for the reopening of facilities. Retention schemes and payments have been positively received by staff and taken up by 125 existing social workers. 10 new job offers have been made recently and 10 more are expected imminently which shows the Council's commitment to staffing children's social care. The Leader commented that the work is ongoing*
- Queried what was being done to tackle the longer term situation for children's placements outside the county, which are more costly to the Council and disruptive for the children. *The Cabinet Member for Children and Young People explained that due to the closure of Cissbury Lodge, May House and Seaside homes most children have been placed within West Sussex. The review of residential homes will look at the demand, marketplace offering and cost against a review of the County's own offering.*
- Expressed concern that alternative provision colleges were up-to and exceeding demand for places, and queried what was being done to support schools in order to keep pupils in mainstream schools and avoid exclusions. *The Leader highlighted this is a national issue as there is no right of entry for local authorities to free schools or academies. The Cabinet Member for Education and Skills will be asked to provide a more detailed response to the Committee.*
- Expressed concern regarding reactive highways winter activity no longer covered by the "lump sum" contract arrangement, and queried whether there had been a risk assessment of the possible increased costs due to adverse weather conditions. *The Director of Finance, Performance and Procurement stated the finance team has made projections and agreed to provide a summary of the information to the Committee.*

66.5 The Head of Intelligence and Performance introduced the quarterly performance element of the report, summarising key information for the Committee. A presentation was given focusing on 3 highlighted measures: Pupils in West Sussex schools judged good or outstanding, average time between a child entering care and moving in with their adoptive family, and delayed transfers of care from hospital that are attributed to social care.

66.6 The Committee made comments in relation to the report including those that follow. It:

- Commented that the improvement in schools is welcome, but progress appears slower in comparison due to schools improving nationally also, and wished to see further improvements in the coming years.

- Commented that the statistics show clearly the link between funding and achievement, with the top 20 schools being in metropolitan and London boroughs, and that the gap must be closed for West Sussex schools particularly those in Crawley and the coastal strip. *The Leader thanked the Committee for these comments, and noted that Blair's London Challenge has shown good improvements however redistribution of funding is needed now to benefit schools.*
- Noted that in the recent national news publication of the Top 250 Primary Schools none were in West Sussex, and expressed concern that to support the growth of the Gatwick diamond and science based jobs within the county the right primary education needs to be provided. *The Leader supported the comment and explained this suggestion has already been made and the Council are working with the local enterprise partnership strategy.*
- Requested a scattergram (including percentages) showing how schools have performed versus their level of funding, and a full statistical regression of funding vs. improvement. *The Head of Intelligence and Performance will provide the information to the Committee.*
- Commented that the quality of teaching and Headship is a critical factor for schools and suggested sharing of best practice should be undertaken. *The Leader highlighted good examples of well-performing secondary schools, and noted that in recent years the success of secondary and primary schools has inverted. Members were encouraged to visit and engage with schools in their wards to help raise standards.*
- Commented that the biggest challenge for schools is the increase in children with special educational needs and disabilities (SEND), which leads to the budget required to manage this impeding on the mainstream. *The Leader commented that the SEND budget pressure is a national problem, and pressure for adequate funding has been put on the Minister at the recent CCN meeting.*
- Commented that nationally adoption rates seem to be falling as more couples are able to have their own children, and queried whether this has been affecting West Sussex. *The Cabinet Member for Children and Young People commented that recruiting foster and adoptive parents is a challenge, and a more detailed response will be provided to the Committee.*
- Commented that the Council have performed well at addressing their responsibility for Delayed Transfers of Care (DToC) and noted their thanks to the staff involved in this, however the health authority now needs to focus on reducing their responsibility for DToC. Members queried how they can be confident this is embedded within the work of both parties to continue improving. *The Cabinet Member for Adults and Health stated the IBCF can be used to improve DToC and that a spike was seen in August due to the summer weather.*
- Commented that the number of measures on the year-end forecast slide (67) doesn't match the number of measures shown in Appendix 4 pages 65-68, even when accounting for those shown as sub-measures. *The Head of Intelligence and Performance will check this data and confirm for the Committee.*
- Expressed concern about the number of 'red' targets within the Best Start of Life service area, and agreed to refer this to the Children

and Young People's Service Select Committee (CYPSSC) for further review. *The Leader commented that this is the most challenging service for the Council, that the Cabinet Member for Children and Young People is working to improve performance and that more hard scrutiny is encouraged.*

- Commented that due to increasing bills and costs the Council is forced to pay more to provide the same or a lesser level of service, resulting in asking residents for more in Council Tax in order to provide a reduced service which may lead to dissatisfaction with the Council. *The Cabinet Member for Finance and Resources accepted this point and commented that the management of public perception is important here. The Communications team can be helpful in managing public perception and aiding public understanding of the difficulties of financing Council services; this is an important point to cover in the proposed Task and Finish Group ahead of the next What Matters to You survey.*

66.7 The Director of Human Resources and Organisational Change introduced the workforce element of the report and highlighted key information for the Committee. Full-time equivalent (FTE) headcount is down and there has been a decrease in non-employed staff (e.g. agency) which is positive. Sickiness has slightly reduced however there may be some winter impact in quarter 3. Focus groups will be undertaken to improve the appraisal process, and the measure on inductions is a new measure so this will be monitored and improved over the coming year.

66.8 The Committee made comments in relation to the report including those that follow. It:

- Noted the FTE headcount has reduced between quarters but the pay bill has increased by £4.5m, and queried whether this was due to a pay increase. *The Director of Human Resources and Organisational Change confirmed there was a pay award in quarter 2 for NJC staff which accounts for this change. There will also be a subsequent change for Hay staff.*
- Commented that the appraisal process should also cover the rate of staff productivity. *The Director of Human Resources and Organisational Change agreed this should be taken account of and will be looked into.*
- Commented in relation to recruitment and retention of nursing and auxiliary staff that numbers of nurses coming to the UK have fallen since the Brexit vote, and queried whether there are any statistics available for the workforce in West Sussex. *The Director of Human Resources and Organisational Change explained a meeting has recently taken place with the Director of Public Health and more work is required between the Council, the National Health Service and the voluntary sector to look into this provision in order to reassure members.*
- Enquired how many mental health first aiders there are within the Council by each area. *The Director of Human Resources and Organisational Change confirmed there is no formal network though there is interest in a mental health staff group. Work will be undertaken with the Director of Public Health to embed public health considerations within the Council's People Strategy and mental*

health first aiders could form a part of that, however the timing of this is currently uncertain.

66.9 Resolved:

- 1) That the Committee are concerned regarding the pressures in children's services and requests further information from the Cabinet Member for Education and Skills on what is being done to manage and reduce the level of permanent exclusions;
- 2) That the Committee recognises the clear link between the best performing Authorities and funding in relation to schools, that school performance must continue to be improved within West Sussex, and further recognises the need for the best performing schools to share good practice and lessons learned across the County;
- 3) That the Children and Young People's Select Committee (CYPSSC) be asked to review the performance within Best Start in Life as many of the targets are rated 'red'; and
- 4) That the Committee recognise the ongoing work on workforce statistics and policy, and requests to see the targets included in future reports.

67. Capital Programme Quarter 2 Performance Report

67.1 The Committee considered a report by the Executive Director of Economy, Infrastructure and Environment (copy appended to the signed minutes).

67.2 The Capital Programme Manager introduced the report and highlighted key information for the Committee including two projects that have remained in the pipeline stage and two benefits reported as delayed or at risk.

67.3 The Committee made comments in relation to the report including those that follow. It:

- Expressed concern regarding the Alternative Provision scheme and queried whether there was a timeline or site proposed. *The Capital Programme Manager confirmed the works at the Flintstone Centre were complete and the service had moved, but that remedial maintenance works were required at additional cost before the project could complete.*
- Expressed concern regarding the A284 Lyminster Bypass and sought assurance that capital funding would be made available for the viaduct. *The Executive Director of Economy, Infrastructure and Environment explained that the project is partly funded by the LEP. The cost to the Council will be mitigated via a bid to the future capital programme, which is currently being worked on and will be considered at County Council in February 2019. A further funding bid can also be made to Highways England.* The local member noted his full support to this approach.
- Commented that the local member was not made aware of the location of 6 solar farm/battery storage sites within his ward. *The*

Leader noted the member should have been aware and will ensure he is kept informed and updated in future.

- Noted that the capital programme is ambitious, and queried how much the lack of resource within the team to complete projects has been a factor over the past year and how uncompleted projects will impact the coming year. *The Executive Director of Economy, Infrastructure and Environment confirmed the team has struggled to recruit and retain specialised staff e.g. surveyors, and has used the multi-disciplinary contract procured in the summer to cover this gap in staffing. The capacity within the team is a future risk however this is being monitored.*
- Commented that a significant proportion of projects have been reprofiled which may delay the benefit from the project, incur additional cost or entail a cost to the community, and queried how these factors could be better represented within the report. *The Capital Programme Manager explained the projections may have been over-optimistic regarding delivery in some instances. The Cabinet Member for Finance and Resources explained that the concern is greater for projects at risk of non-delivery than of delay, and rescheduling of projects is sometimes of benefit. Projects such as school places are always a priority. Officers are refining the capital programme's progress to better understand its performance and the Executive Director is monitoring capacity within the team.*
- Commented that slippage of 20% within the programme is a great improvement from that of two years ago, that the reports are much clearer and informative, and offered thanks to the officers involved for their dedication to the programme. *The Cabinet Member for Finance and Resources echoed this thanks to the officers.*

67.4 Resolved:

- 1) That the Committee again reiterate the need for local Members to be informed and consulted of changes to projects and property holdings within their wards;
- 2) That the Committee seeks clarity over the allocation of sufficient resources to deliver the programme; and
- 3) That the Committee request additional effort is put into improving the profiling of the delivery of capital projects.

68. One Public Estate

68.1 The Committee considered a report by the Executive Director of Economy, Infrastructure and Environment (copy appended to the signed minutes).

68.2 The Executive Director of Economy, Infrastructure and Environment introduced the report which provides an update on the overall programme and highlighted key information for the Committee.

68.3 The Committee made comments in relation to the report including those that follow. It:

- Expressed concern regarding the Maltravers/Fitzalan Road Littlehampton project as the services included in this project are changing regularly. The core concern for residents is the health hub, as the Clinical Commissioning Group estate strategy proposes the closure of the Zachary Merton Community Hospital. Members believe this to be within an unrealistic timetable, expressed concern that no funding is offered towards the health hub and asked HASC to consider this further. *The Executive Director of Economy, Infrastructure and Environment commented that as the project feasibility is created the funding is committed; 100 homes are proposed as part of the finance but this needs to be converted from an aspiration to a commitment. The Leader echoed the frustration regarding the slow progress of the NHS with this project.*
- Queried whether mental health services or day services are planned to be provided from Centenary House Worthing; a presentation was given to the CLC regarding relocation of services to the library and then relocation back to Centenary House again once redeveloped, which will be a lot of disruption for services including the Registration Service. *The Executive Director of Economy, Infrastructure and Environment commented that Centenary House is in a poor state of repair and requires refurbishment, a viability study has been undertaken which gave a number of ideas for the site but a proposal has not been confirmed yet. A key constraint in the redevelopment is providing appropriate interim service accommodation in order that services only relocate once.*
- Commented that it would be helpful to have an overall feel for the performance of the OPE programme in regards to delivering on both timeline and cost in order to reassure Members, and queried whether there are any revenue savings attached to the projects under OPE. *The Executive Director of Economy, Infrastructure and Environment commented that the projects may not all be delivered as some are speculative, but the Council needs to deliver on our internal projects. Officers do look at revenue savings as part of the projects, and some savings are made via capital receipts.*
- *The Executive Director of Economy, Infrastructure and Environment explained that there is a meeting shortly with the NHS regarding the OPE and asked if the Committee would be happy to broaden the scope of its comments about the NHS commitment to the OPE programme to include other projects within the OPE. The Committee agreed this would be beneficial.*

68.4 Resolved:

- 1) That the Committee notes the lack of NHS capital funding and commitment for projects, and requests the Health and Adult Social Care Select Committee (HASC) take these issues and concerns forward for scrutiny; and
- 2) That the Committee notes the slow progress of some projects, including Centenary House in Durrington, and the uncertainty of what services will be provided on the sites.

69. Exclusion of Press and Public

69.1 Resolved – That under section 100(4) of the local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Part I, of schedule 12A of the Act by virtue of paragraph 3, and that, in all circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

69.2 The Committee continued its discussion in Part II, for which a Part I summary is available. The discussion in Part II took place from 2.14pm until 2.37pm.

70. Part II Minutes of the last meeting of the Committee

70.1 Resolved – That the Part II minutes of the Performance and Finance Select Committee held on 5 October 2018 be approved as a correct record and that they be signed by the Chairman.

71. Angel's Nursery, Barnham Update

The Committee received a verbal update from the Cabinet Member for Finance and Resources regarding Angel's Nursery, Barnham in Part II.

Resolved – That the Committee thanked the Cabinet Member for Finance and Resources for the update and made comments for consideration.

72. Business Planning Group Report

72.1 The Committee considered a report by the Chairman of the Business Planning Group (BPG), (copy appended to the signed minutes).

72.2 The Senior Advisor introduced the report which provides an update from the latest BPG meeting held on 5 November 2018, setting out the key issues discussed and highlighting key information for the Committee. A review of governance and procurement will be added to the Contract Management TFG scheduled to reconvene in 2019. A draft of the extra information provided regarding the Capital Programme report was considered and the BPG will monitor its effectiveness. The relevant officer will be invited to attend the February BPG in relation to Whole Council Design and a Member Day is being proposed on this topic for March 2019. The December PFSC Project Day has been cancelled as not required and a member session on questioning skills will be scheduled for an alternative date.

72.3 The Committee made comments in relation to the report including those that follow. It:

- Sought clarity that once the Contracts Management TFG reconvenes this will also look at contract negotiation, and Mr Lea expressed interest in being part of the TFG if possible. *The Senior Advisor confirmed this is correct, and that one Conservative seat on the TFG will be available.*
- Commented that a briefing on the Orbis project was provided two years ago regarding progress, but that progress appears slow. *The Senior Advisor explained the integration is a long process, however*

the Director of Law and Assurance is satisfied with the progress of the project as services continue to align.

- Commented in relation to Whole Council Design that it is due to come to a Member Day in March, however it would be better for the Member Day to come ahead of the budget going to Council in February to give Members a holistic picture of the Council's direction before the budget considerations. *The Senior Advisor will feed this comment back to the Member Development Group and Head of Democratic Services and consider options to bring this update forward.*

72.4 Resolved - That the Committee supported the updates to the work programme and notes the Task and Finish Group rolling programme.

73. Forward Plan of Key Decisions

73.1 The Committee considered the Forward Plan of Key Decisions (copy appended to the signed minutes).

73.2 The Committee made comments in relation to the Forward Plan including those that follow. It:

- Queried whether any of the Strategic Budget decisions will be webcast to save avoidable Member travel. *The Senior Advisor will confirm this for the Committee.*
- Commented that it is important the Committees receive the papers for these decisions in advance, in order to give adequate consideration to the savings.
- Commented that the Guidance on Parking in New Developments decision could be contentious. *The Senior Advisor will relay the Committee's concern and refer this decision to the Chairman of the Environment, Fire and Communities Select Committee (ECFSC) as an extra meeting has been scheduled in December for scrutiny of the budget savings decisions within its remit.*

73.3 Resolved – That the Forward Plan be noted.

74. Date of Next Meeting

74.1 The Committee notes its next meeting will take place on 17 January 2019, commencing at 10.30am.

The meeting ended at 2.51 pm

Chairman

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Performance and Finance Select Committee

17 January 2019

Draft Medium Term Financial Strategy (MTFS) 2019/20 to 2022/23, Draft Revenue Budget 2019/20, Draft Capital Strategy 2019/20 to 2023/24 and Draft Treasury Management Strategy Statement 2019/20

Report by Director of Finance, Performance and Procurement

EXECUTIVE SUMMARY

The draft budget for 2019/20 is presented to the Committee for preview and endorsement ahead of the agreement and approval of the Budget at Cabinet on 29 January 2019 and County Council on 15 February 2019. Any issues or concerns raised by the Committee will be considered by the Cabinet ahead of approval at County Council.

Focus for scrutiny

The committee should consider the detail included within the attached report and appendices in order to agree any comments or issues it wishes the Cabinet to take into account when it considers the draft Medium Term Financial Strategy 2019/20 to 2022/23, draft Revenue Budget 2019/20, draft Capital Strategy 2019/20 to 2023/24 and draft Treasury Management Strategy Statement for 2019/20.

The Committee should focus on ensuring that the budget presented is realistic and enables the achievement of the priorities and objectives agreed in the West Sussex Plan.

1. Issues for consideration by the Select Committee

- 1.1 The draft Medium Term Financial Strategy for 2019/20 to 2022/23, the draft revenue budget 2019/20, the draft Capital Strategy 2019/20 to 2023/24 and the draft Treasury Management Strategy Statement 2019/20 are set out in Annex 1 to this report. The Committee is asked to review the reports, provide any comments for consideration at the Cabinet meeting to be held on 29 January 2019 and endorse the budget being presented. The Committee should focus on ensuring that the budget presented is realistic and enables the achievement of the priorities and objectives agreed in the West Sussex Plan.
- 1.2 The County Council continues to be committed to focusing on the areas which will make the biggest difference to the lives of the residents and the future prosperity of the county. However, to have a realistic chance of achieving its ambitious objectives in the context of the continuing squeeze on public finances, a council tax rise of 4.99% is proposed for 2019/20, representing 2% for the Adult Social Care precept, being the third year of the

flexibility to raise the precept by no more than an extra 6% over the three year period 2017/18 to 2019/20 and 2.99% for all other services.

2. Resource Implications and Value for Money

2.1 The Resource and Value for Money implications are set out in the budget report included in Annex 1.

3. Risk Management Implications

3.1 The Risk Management implications are set out in the budget report included in Annex 1.

4. Impact of the proposal

4.1 An overarching Equality Impact Assessment has been carried out and is set out at Annex 4.

Katharine Eberhart

Director of Finance, Performance and Procurement

Contact: (Steve Harrison 033 022 23391/Vicky Chuter 033 022 23414)

Background Papers

None

Annexes

Annex 1 – Draft Medium Term Financial Strategy (MTFS) 2019/20 to 2022/23, Draft Revenue Budget 2019/20, Draft Capital Strategy 2019/20 to 2023/24 and Draft Treasury Management Strategy Statement 2019/20

Annex 2 - Budget Pack:

Appendix 1 – Summary of Revenue Budget and Precept 2019/20

Appendix 2 – Analysis of Changes

Appendix 3 – Balancing the Budget

Appendix 4 – Grants Towards Specific Services

Appendix 5 – Reserves

Appendix 6 – Capital Strategy 2019/20 to 2023/24

Appendix 7 – Treasury Management Strategy Statement 2019/20

Appendix 8 – Prudential Indicators 2019/20

Annex 3 – Budget Pack - Portfolio Budget Pages

Annex 4 – Equality Impact Report

**DRAFT MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2019/20 TO 2022/23,
DRAFT REVENUE BUDGET 2019/20, DRAFT CAPITAL STRATEGY 2019/20 to
2023/24 AND DRAFT TREASURY MANAGEMENT STRATEGY STATEMENT
2019/20**

**DRAFT REPORT BY DIRECTOR OF FINANCE, PERFORMANCE AND
PROCUREMENT**

EXECUTIVE SUMMARY OF DRAFT BUDGET REPORT

This report sets out how the balanced budget for 2019/20 supports the delivery of the key priorities within *The West Sussex Plan*, which are a **best start in life, a prosperous place, a strong, safe and sustainable place, independence for later life** and being **a council that works for the community**. This budget provides value for money and forms part of the approach for financial stability over the medium to long term. The report also provides an update on the Medium Term Financial Strategy (MTFS) for the following three year period. Despite continuous reductions in Government funding, the Council continues to make progress in delivering its ambitions on behalf of our residents, whilst achieving this within the resources available to our organisation.

Within the revenue budget for 2019/20, to support the **Best Start in Life** and **Independence for Later Life** aims, additional funding is proposed for both younger and older residents across the county. The total new growth for Children and Young People is £6.1m, whilst for Adults and Health the extra investment of £7.3m which provides additional funding to meet the existing and ongoing demands placed upon these services.

The proposed budget utilises the flexibility introduced by the finance settlement last year, and confirmed for a further year in the provisional Local Government Finance settlement for next year, of permitting an extra 1% core council tax rise, allowing an increase of up to 2.99% before requiring a referendum. Using the additional flexibility of an extra 1% increase does provide some much needed certainty on funding, at a time when the Government's future plans over the funding support it provides are very uncertain. Government is currently reviewing the method behind funding allocations (the Fair Funding Review), which is expected to be implemented in 2020/21.

The settlement again confirmed that the Adult Social Care (ASC) precept continues to apply, with the flexibility to raise the precept by no more than an extra 6% over the three year period 2017/18 to 2019/20. The County Council has previously levied 4% for the ASC, meaning it has the capacity to levy a further 2% in 2019/20, at which point the current precept arrangements come to an end.

The County Council continues to focus on the areas which will make the biggest difference to the lives of its residents and the future prosperity of the county. However, to have a realistic chance of achieving its ambitious objectives in the context of the continuing reduction in public finances, as well as meeting our statutory responsibilities, a council tax rise of **4.99%** is proposed for 2019/20.

The Council **proposes** to protect Adults' Social Care services via providing additional funds, through this 2% rise in the Adults' Social Care precept element of the council tax. The 2019/20 budget therefore proposes to include the 2% precept specifically for Adult Social Care, which continues to support the long term future of social care provision for West Sussex, for the benefit of the increasing number of

local residents who rely on our support. Government has also provided some additional funds, via the improved Better Care Fund (iBCF), but adequate funding for all social care continues to be a major concern over the longer term.

There has been no information from Government about the status of the Adult Social Care Levy after 2019/20, and therefore future council tax assumptions contained in the following years do not include any additional sums arising from further increases to the Levy. Government has promised to bring out its green paper on the future of adult social care 'soon' but no firm date has been announced.

Net revenue expenditure of £574.918m is proposed for 2019/20, an increase of £41.0m (7.7%) compared with 2018/19. The increase reflects the expected additional sum through the successful business rate pilot of £19.1m which will be used to fund the digital infrastructure project in conjunction with the districts and boroughs. The budget also reflects spending pressures such as pay/prices, costs arising from the National Living Wage and the pressures faced in Adults' and Children's Social Care Services.

A number of Cabinet level decisions have already been published on key savings proposals, in order to achieve a balanced budget. This is in keeping with the approach to make savings decisions as early as possible, providing as much notice as possible to those affected and maximising the prospect for saving delivery. The savings included in these decisions form a part of the budget for 2019/20 and are set out in Appendix 3.

From 2019/20, the Council is required to prepare a separate Capital Strategy, setting out a high level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. Details regarding the Council's five year capital programme are set out in the Capital Strategy (Appendix 6) which is presented alongside the budget report for Council approval.

The Treasury Management Strategy Statement 2019/20 is also included within the budget report, as set out in Appendix 7.

RECOMMENDED

That, taking account of the priorities contained in the approved West Sussex Plan, Medium Term Financial Strategy, the Local Government Finance Settlement and the results of internal and external consultation, the following items be approved:

- 1 An increase in council tax in 2019/20 comprising:
 - **2.00%** for **Adults' Social Care**, plus
 - **2.99%** to support **other General Fund services**
 - making a total increase of **4.99%**
- 2 Net revenue expenditure in 2019/20 of **£574.918m** (as set out in paragraph 5.1 and Appendix 1)
- 3
 - a. Capital Strategy, setting out capital expenditure and proposed method of financing for the core programme and the income generating initiatives (which will be subject to their own business cases) for the period 2019/20 to 2023/24, as set out in Appendix 6.
 - b. Treasury Management Strategy Statement 2019/20, as set out in Appendix 7.

c. Prudential Indicators, as set out in Appendix 8.

4 The Director of Finance, Performance and Procurement's assessment of the robustness of estimates and adequacy of reserves (paragraph 6.1).

5 The following amounts be approved for the financial year 2019/20 in accordance with Section 42A of the Local Government Finance Act 1992:

- a. That the budget requirement to meet net expenditure of the County Council for the financial year 2019/20 is **£574.918m**, and the council tax requirement for 2019/20 is **£459.940m**.
- b. That the following sums be payable for the year into the County Council's revenue fund:

Business Rates Retention Scheme – County Council	£84.745m
Business Rates Retention Scheme – 75% Business Rates Pilot	£19.141m
New Homes Bonus Grant	£3.932m
Social Care Support Grant	£5.243m
Net surplus from District and Borough Collection Funds	£1.917m

- c. The council tax base for the year 2019/20 is the aggregate amount calculated by the billing authorities to which the County Council issues precepts totalling 332,429.70 Band D equivalents*.
- d. The amount of council tax being the budget requirement at 7(a) above, less the amounts receivable in 7(b) above, all divided by the council tax base at 7(c) above, shall be **£1,383.57** to the nearest penny for Band D.
- e. The amount of council tax payable for dwellings listed in a particular valuation band, calculated in accordance with the proportion set out in Section 5(1) of the Act, shall be as follows:

Valuation Band	Amount	Valuation Band	Amount
A	£922.38	E	£1,691.03
B	£1,076.11	F	£1,998.49
C	£1,229.84	G	£2,305.95
D	£1,383.57	H	£2,767.14

- f. That the district councils be requested to make payments totalling £459.940m to West Sussex County Council of sums due under precepts calculated in proportion to their council tax Band D equivalents as follows:

Adur District Council	£29,324,766.15
Arun District Council	£84,786,553.17
Chichester District Council	£73,799,070.37
Crawley Borough Council	£48,724,216.19
Horsham District Council	£86,038,684.02
Mid Sussex District Council	£83,993,075.78
Worthing Borough Council	£53,273,394.35

- g. That the district councils be required to make payments of precept by equal instalments of the above sums due on or before:

5 April 2019	7 May 2019	5 June 2019
5 July 2019	5 August 2019	5 September 2019
7 October 2019	5 November 2019	5 December 2019
6 January 2020	5 February 2020	5 March 2020

- h. Additionally, it is noted that payments be made by the district and borough councils (or to them) in respect of the estimated surplus/(deficit) on their collection funds on 31 March 2019:

	Council Tax*	Business Rates*
Adur District Council	(179,583.56)	(140,629.24)
Arun District Council	243,000.00	(103,000.00)
Chichester District Council	(165,877.00)	5,988.00
Crawley Borough Council	278,109.43	20,485.00
Horsham District Council	1,562,000.00	(44,000.00)
Mid Sussex District Council	592,900.00	TBC
Worthing Borough Council	(51,768.65)	(100,912.80)

** Note that these figures (council tax base, council tax and business rates collection funds) may not represent the final figures from the district and borough councils and may change. To avoid late changes to the budget, all subsequent changes of funding (positive or adverse) will be applied to the Budget Management Reserve.*

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SECTION ONE: INTRODUCTION

- 1.1 Despite the difficult financial context that faces West Sussex County Council, we have continued to focus our resources on the key priorities identified in the approved West Sussex Plan, which sets out our ambition and vision for the residents and communities of West Sussex.
- 1.2 As part of the Chancellor's budget announcement at the end of October, the Office for Budget Responsibility (OBR) produced an update of its economic outlook. OBR stated that "the big picture is one of relatively steady growth of around 1½ per cent a year. We are slightly more pessimistic than the average of external forecasters, particularly in the later years." On inflation, OBR predicted it would fall back in 2019 as the impact of higher oil prices fades and thanks to policy measures on duties and energy prices. On public finances, overall OBR thought there had been little change since its previous estimates in March, "but this reflects the offsetting effects of a significant underlying improvement in the public finances and the Government's decision to use almost all that improvement to boost public spending". The increased public spending relates, in large part, to the announcement over the summer of extra investment in the NHS of £20bn.
- 1.3 Paul Johnson, the head of the Institute for Fiscal Studies (IFS), in his analysis of the budget stated that "many public services are going to feel squeezed for some time to come. [Government] Cuts are not about to be reversed".
- 1.4 Since 2010, local authorities have faced unprecedented challenges on their finances. The Institute of Fiscal Studies identified that Councils' spending on services fell around **18%** (or 22% per person) in real-terms between 2009/10 and 2015/16. Reductions to our core financial support are evident in 2019/20, with the Revenue Support Grant (RSG) element of our funding from Government now reduced to £0. This compares with £92.6m in RSG support five years ago, in 2014/15.
- 1.5 The current financial climate has presented the Council with difficult fiscal choices when setting the budget for 2019/20 and looking ahead across the MTFS period. Collectively, we have scrutinised the approach to delivering services to our residents, focusing on the policy outcomes we want to achieve, rather than the existing structures. A significant amount of analysis and work has informed these savings, supporting our aspiration that this County Council can live within its means, provides value for money and aims to be financially stable over the medium to long term. In developing efficiency proposals we have balanced the budget for 2019/20 without reliance on the use of our financial reserves.
- 1.6 During the summer and autumn of 2018, the Executive Leadership Team (ELT) and the Cabinet have been preparing the Medium Term Financial Strategy (MTFS) for 2019/20 to 2022/23. The MTFS was then reviewed by the Performance and Finance Select Committee on 5 October 2018, with an additional update on 22 November 2018. These papers were available in the public arena in a timely fashion.

SECTION TWO: NATIONAL CONTEXT FOR PUBLIC FINANCES

2.1 Whilst the provisional finance settlement for local authorities covering 2019/20 is outlined in paragraph 2.10 below, the funding for 2020/21 onwards is much less certain. The **Autumn Budget** from the Chancellor, announced on 31 October 2018, contained little detail over future funding prospects after 31 March 2020, when spending allocations as set out in the current Spending Review come to an end.

2.2 However, there were a number of announcements made by the Chancellor in the Budget relating to extra one-off funding nationally:

Social Care Funding

- £650m additional grant funding for adult social care in 2019/20. This consists of £410m for both Adults and Children's Social Care and £240m solely for Adults, the latter sum being a repeat in 2019/20 of an allocation made for 2018/19 to assist with 'winter pressures' and the issue of bed blocking.

With regard to the £410m, the Budget states that "where necessary, local councils should use this funding to ensure that adult social care pressures do not create additional demand on the NHS. Local councils can also use it to improve their social care offer for older people, people with disabilities and children."

As part of the finance settlement Government has announced provisional allocations with the total to West Sussex being **£8.9m**. Of this total £3.3m is conditional on local authorities alleviating winter pressures on the NHS.

Children's Service Programme

- £84m on children's service programme, over five years, to be payable to 20 authorities (yet to be named) and targeted at helping more children stay home with their families.

Highways Maintenance

- £420m in 2018/19 for potholes that will be allocated to highways authorities, resulting in an additional **£6.083m** for the County. This allocation will need to be spent by the end of March 2019 i.e. in the current financial year. Plans are underway regarding its use to maximise benefit.

Schools Capital

- Schools: £400m in-year increase in capital funding to each school, averaging £10,000 for primary and £50,000 for secondary schools. Further details are awaited on the allocation of this funding and the share to West Sussex schools.

2.3 **Adult social care** – The additional funds announced in the budget statement are welcomed but are **one-off only**. The budget also stated that

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Annex 1

"In the longer term, the government is committed to putting social care on a fairer and more sustainable footing and will set out proposals for adult social care in the forthcoming green paper". We still await Government's proposals and a firm commitment to a date for the Green Paper.

- 2.4 The Local Government Association recently announced its own consultation on how to pay for Adults Social care. The LGA estimates that adult social care services face a £3.5 billion funding gap by 2025, just to maintain existing standards of care, while latest figures show that councils in England receive 1.8 million new requests for adult social care a year – the equivalent of nearly 5,000 a day.
- 2.5 **A new national funding formula for schools** was introduced in 2018/19, with the county's schools receiving an additional **£12.8m** (3%) as a result. In July 2018 it was announced that the units of funding used to calculate the amount of monies allocated to schools in West Sussex is set to rise in 2019/20 by 1.7% to £3,741 for primary school pupils and by 2.8% to £4,889 for secondary age pupils. This equates to an additional **£9.9m** (2.2%) for West Sussex schools next year. Despite this increase our schools remain amongst the lowest funded in the country. We will therefore continue to make the case to central Government of the urgent need for more resources for our schools.
- 2.6 In recognition of the cost pressures that Local Authorities are experiencing on the high needs element of the DSG, the Secretary of State for Education announced as part of the **DSG settlement** on 17 December 2018 an additional £250m of high needs funding to be paid over two years (2018/19 and 2019/20). As a result, West Sussex is set to receive a further **£1.8m** in both of these years.
- 2.7 Within **Public Health**, the council also needed to plan for the consequences of the Government's announcement in the Autumn Statement 2015 that local authorities "funding for public health would be reduced by an average of 3.9% in real terms per annum until 2020". For 2019/20 this will result in a further cut of **£0.9m** to the Public Health Grant.
- 2.8 The **two year national pay deal** for NJC staff agreed last year has also added to the budget pressures we face for 2019/20. A number of lower grades in particular are benefitting from significant increases and amalgamation of grades. Despite Government no longer applying a formal public sector pay cap, it has not provided additional funding in support of the higher wage settlement. Therefore local authorities will have to accommodate this extra spending pressure from within the reducing funding resources from central Government.
- 2.9 Due to changes announced by HM Treasury in September, the discount rate for unfunded public sector pension schemes including NHS, Teachers, Police and Fire has changed. For the **Fire Service**, this, combined with the earlier announcement at Budget 2016 (a reduction in the discount rate from 3% to 2.8%), has resulted in a reduction to the discount rate from 3% to 2.4%, and has the effect of increasing the employer contributions (to include ill-health costs) from 17.6% to 30.2% from April 2019. HM Treasury have provided one off grant funding to mitigate the impact for 2019/20, with funding beyond 2019/20 being subject to the Spending Review.

2.10 Key points emerging from the provisional **Local Provisional Government Finance Settlement** announced on 13 December 2018 are:

- A continuation of the additional flexibility to raise the council tax from the current 2% before a referendum is required to 3%, reflecting the inflationary pressures being faced by the Local Government sector; and
- Government published two further consultations: on reforms to the business rates retention system and the new approach to distributing funding through the Review of Relative Needs and Resources. Both will impact on our future funding from 1 April 2020.
- Government has cancelled our 'negative' RSG allocation of minus **£2.6m**. Nevertheless, the County Council has suffered a reduction in the RSG from £12.1m in 2018/19 to £0m for 2019/20 and therefore no longer receives any Revenue Support Grant from Government towards the services it provides for the residents and communities of West Sussex.
- The West Sussex bid (made jointly with all our District and Boroughs) to become a pilot area in 2019/20 for 75% business rate retention has been accepted. This offers a potential gain of up to **£19.1m** for one-year, though further work needs to be done to confirm this figure. The funds will be used collaboratively with other authorities, on the basis of the submission to Government that an identified project offering economic benefit would be funded, that may not otherwise proceed. This gain is therefore not able to be applied to fund any budget shortfall. All of the extra business rates growth retained (estimated at **£19.1m for 2019/20**) will be pooled by participating local authorities and used to make a strategic investment in the county's economic infrastructure. It is anticipated the funds will be applied to enhance the digital infrastructure and connectivity for business and residents in the county.

2.11 Government also publishes, within the Provisional Settlement, what it calls an analysis of 'spending power' by each authority. This makes assumptions around each authority's total resources, including local council tax funding and combines these with the funding allocations made by Government. The overall total is then termed the 'spending power'. This calculation shows West Sussex increasing its spending power by £26.2m or 4.8% in 2019/20, compared with a national change of 2.8%.

2.12 This analysis by Government includes not only Government grant but also assumptions it makes on additional funds raised from council tax including the levels of increase in the tax base and of the tax itself. West Sussex's better than average tax base, and funds raised via the Adults Social Care Levy, help place West Sussex County Council in a better position than many other comparable authorities on this analysis. However, on the other hand it must be recognised that West Sussex also faces considerable spending pressures. Funds raised for the Care Levy must be applied to the additional budget pressures we face on Adults Social care. We have a high and increasing proportion over 65 year olds within the County. Our proportion of over 65 year olds is 22.6%, compared with the national average of 18% of the population.

- 2.13 Due to the absence of any Spending Review plans after 31 March 2020, and despite the announcement of a Fair Funding consultation, there is obviously **uncertainty surrounding the future Government funding** available for public services after 2020. The authority accepted the offer of a four year settlement from Government covering the period 2016/17 to 2019/20, and with this budget this arrangement now comes to an end. Government is looking to overhaul the funding system for local authorities from 1 April 2020 onwards, via its **Fair Funding Review** and changes to the business rate retention scheme, which adds yet further uncertainty into future funding.
- 2.14 Economic uncertainty also exists until the details are clearer on the **UK's arrangements to leave the EU** and what impact it may have on public finances.

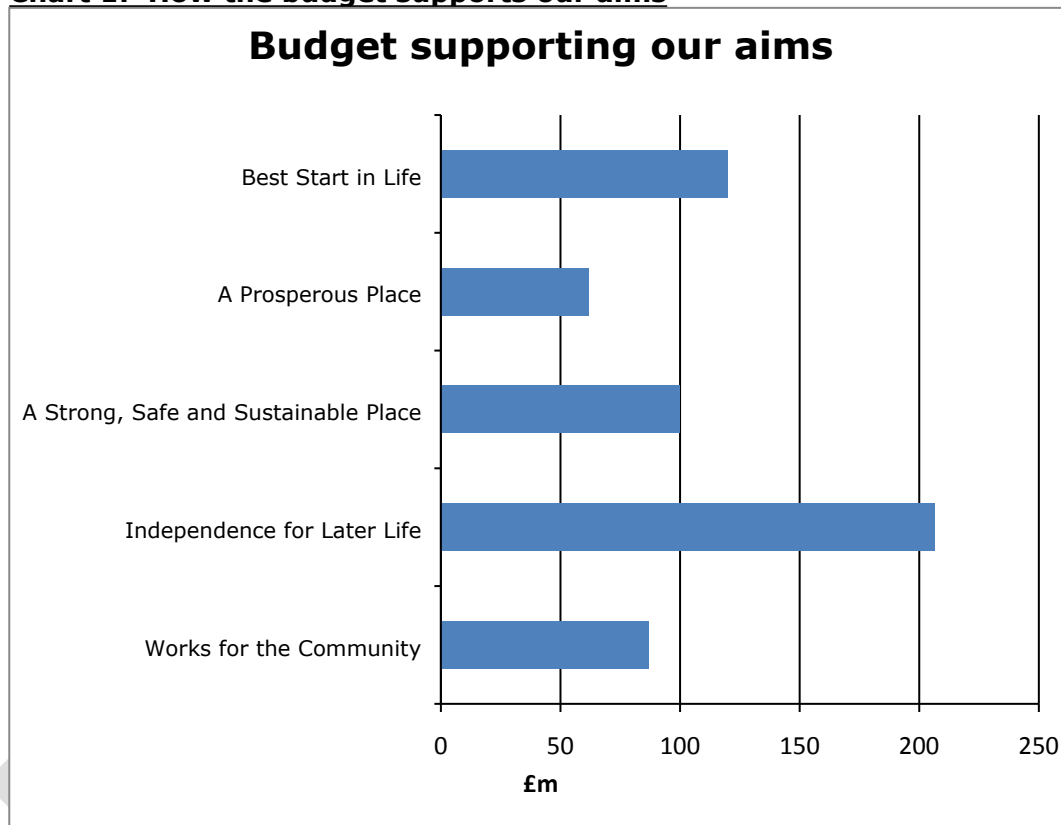
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SECTION THREE: LOCAL CONTEXT – THE WEST SUSSEX PLAN AND OUR BUDGET

The West Sussex Plan Priorities

- 3.1 **Paragraphs 3.2 to 3.37** describe how the budget for 2019/20 supports the agreed aims of the County Council from the West Sussex Plan agreed by the Council in October 2017. Our draft budget for 2019/20 sets out to support the themes in the West Sussex Plan as per the chart below:

Chart 1: How the budget supports our aims



Best Start in Life

- 3.2 As set out in the West Sussex Plan, the children born and being raised in West Sussex are our future – we look to them for a sustainable one. Therefore it is only right that children are at the centre of everything we do. It is our job to make sure every child in West Sussex is given the opportunity to reach their potential. We will give them the foundations they need to be able to do that. In one way or another we are there at every stage of their lives and even before; supporting parents and families. It is also vital that every school in the county offers each and every child the education he or she deserves.
- 3.3 We know that school is not just about education but about the wraparound support and care our schools provide. Children and young people cannot thrive unless they feel safe and secure at home. It is our duty to protect those children and young people, supporting them to cope with life's pressures and supporting their families to make sure they are able to enjoy a childhood free from harm.

- 3.4 The key financial challenges facing the Council in relation to achieving our target outcomes for a Best Start in Life are set out in the following paragraphs.

Education and Funding for High Needs

- 3.5 2019/20 is the second year of the new national funding formula for mainstream schools under the Dedicated Schools Grant (DSG). Although West Sussex schools are set to gain £9.9m (2.2%) through an increase in the pupil led units of funding within the formula, they are also set to lose £2m through a change in the calculation of the growth factor element of the new formula next year. School budgets continue to be under pressure in 2019/20 due, in the main, to the full year effect of the 3.5% teachers pay award in September 2018, a proposed increase in the teachers pensions employers contribution rate from 16.48% to 23.6% in September 2019, and expected increases in energy costs of up to 15% for electricity and 23% for gas. Although the government has announced that there will be additional specific funding available to meet the costs of the pay award above 1% and the increased employer pension rates there is no guarantee that this will be cost neutral at an individual school level.
- 3.6 Funding pressures affecting the High Needs Block within the Dedicated Schools Grant (DSG) have continued to grow over the last four years since the implementation of the Children and Families Act 2014 resulting in increased requests for:
- Education Health and Care Needs Assessments (EHCNAs)
 - Pre-16 specialist placements (special schools, Special Support Centres (SSCs) and Independent and Non-Maintained Special Schools (INMSS))
 - Post-16 HN placements in special schools, colleges of Further Education or Independent Specialist Providers (ISP).
 - Personal budgets and exceptional needs expenditure to meet very complex needs.
- 3.7 Our High Needs funding from the Department of Education rose by £1.2m (1.6%) in 2018/19 and is set to rise by a further **£3m** (3.6%) in 2019/20. These funding increases are not sufficient to meet the increasing costs of providing for the number of children with education health and care plans (EHCPs). In March 2015, 3,423 children and young people in West Sussex had EHCPs and by March 2018 this number had risen by 43% to 4,912 - an increase of 1,489; 515 in 2015/16, 573 in 2016/17 and 401 in 2017/18. In the first six months of 2018/19 these numbers have risen by a further 184.
- 3.8 With limited funds now remaining in DSG reserves this shortfall in DSG funding is beginning to place significant pressure on the Local Authority budget from 2019/20 onwards, of an estimated £6.0m per annum. Recent research has shown that 94% of surveyed County Councils are expecting a deficit on their DSG High Needs block this year, and therefore the Council, together with other Local Authorities from the Societies of County Treasurers and the Society of London Treasurers, has asked the Department for Education to carry out a post-implementation review of the Children and Families Act 2014 and to provide a more sustainable level of funding for the longer term in order to properly resource its policy objectives.

- 3.9 In the meantime, the Council continues to adopt a long-term approach to this issue. For instance, we will continue to fund a range of initiatives within our developing Special Educational Needs and Disabilities (SEND) Strategy including increasing the offer of therapies in our Special Schools and the creation of additional Special Support Centres (SSCs) in our mainstream schools. These initiatives will help to minimise growth in SEND demand by targeted early intervention; develop new SEND places (particularly with mainstream education providers) within the county and make sure funding is in place to support the transport needs for those children with particular requirements, ensuring their ability to access education throughout their time at school.

Children's Social Care

- 3.10 A key element of our budget supports the critical work of our children's social care workforce and structures. This is an area where there is a national shortage of qualified staff, which is among the reasons why caseloads locally have risen to unsustainable levels. As a result we will provide an increase in investment of **£5.5m** in 2019/20. This is in recognition of the continuing challenges faced by a small number of the younger residents and their families in West Sussex and to ensure that the County Council continues to play a key role in helping them to be safe and secure, especially when our looked after children leave care.
- 3.11 A more targeted approach is being adopted that identifies and works with children and families, often at the earliest possible ages, to support their development and ensure their future is as bright as possible, and that they are able to live independent lives. In that way the new service will retain the core strengths of the existing provision and continue to deliver the outcomes that the County Council needs, despite the reduction in resources.
- 3.12 Building on foundations that have been laid in 2018/19, we will, during the course of the next financial year, continue implementing our Commissioning Strategy for Children's Social Care. The strategy aims to improve our placement planning arrangements, partly by guiding our supply chain on the nature of the care solutions we require over the long-term and partly with the objective of enhancing market management. Currently around 40% of placements are purchased externally, the average cost of which has risen by approaching 30% since 2014/15. Consequently by commissioning from the market more effectively, there is obvious potential to deliver greater value for money. This will also provide natural opportunity to assess how best to utilise the residential units that the County Council operates, taking into account care needs, market conditions and cost effectiveness.

A Prosperous Place

- 3.13 For West Sussex to continue to thrive we know we need to support our businesses. We have a wonderful diverse business community here in West Sussex; something we should celebrate in supporting them to stay and grow here. To do this we need to put in place support to ensure this is a place where doing business works and works well, contributing to the employment opportunities for local residents.
- 3.14 Working with our District and Borough partners is crucial in our determination to support the business community. That means attracting

businesses and people who want to work in our county and then giving them the tools they need to help them grow their businesses.

- 3.15 Some of the key areas in relation to achieving our target outcomes for a Prosperous Place are set out in the following paragraphs.

Highways and Infrastructure

- 3.16 Our roads and highways are a key element of the supporting infrastructure needed for economic growth. Alongside the significant (£189m over five years) capital investment in the Highways & Infrastructure portfolio, we will invest over £8m of revenue funding, per annum, in highways support and maintenance.
- 3.17 Developing proposals to improve infrastructure and bid for other sources of funding. This work will require sufficient resource to produce feasibility studies, enabling the Council to develop sound project proposals for submission for funding.

75% Business Rate Pilot

- 3.18 The successful West Sussex business rate pilot offers a potential gain of up to £19m for one-year. All of the extra business rates growth will be pooled by participating local authorities and used to make a strategic investment in the county's economic infrastructure. It is anticipated the funds will be applied to enhance the digital infrastructure and connectivity for businesses and residents in the county.

A Strong, Safe and Sustainable Place

- 3.19 We know we are only as strong as our communities. To make real change in our communities we need to empower those living in them to make changes themselves. There are so many examples of our communities working brilliantly to support each other and to solve issues that are unique to them, so we need to continue to nurture and support this work.
- 3.20 Some of the key financial challenges facing the Council in relation to achieving our target outcomes for a Strong, Safe and Sustainable Place are set out in the following paragraphs.

Waste and Recycling

- 3.21 Over £60m of our net revenue budget is dedicated to supporting our waste disposal and recycling infrastructure.
- 3.22 The 2017/18 DEFRA performance statistics have just been released and these show that our recycling rates have significantly improved over the past 12 months, however, this is largely due to a strong wood recycling market which is volatile and could easily be affected in future years should this market fall away. Our continuing aim is to act in a sustainable way and minimise the use of landfill sites because of their cost and environmental impact. Whilst the statistics show that the amount delivered to landfill has significantly reduced the county still ranks 29th out of 31 disposal authorities and therefore represents a significant opportunity for improvement.

- 3.23 Our efficiency programme includes a number of proposals; from simple things like more black bag sorting at Household Waste Recycling sites (separating out more recyclable material), to continuing our work to ensure more waste can be treated as Refuse Derived Fuel (RDF); to working with our District and Borough partners on how our waste collection frequencies can incentivise a greater level of recycling. Working with the West Sussex Waste Partnership (WSWP), a strategy will be developed to focus on not only sustaining current performance but also the delivery of any future targets. These targets are likely to be the achievement of 55% recycling by 2025 and 65% by 2035. The WSWP is looking to tackle food waste in the first instance through its Fight Against Food Waste campaign. As 70% of food waste is avoidable, our strategy is to try and prevent it from being wasted in the first place. Waste prevention is the preferred solution as it is more economical and sustainable. Alongside the food waste prevention campaign, the WSWP is looking to undertake trials of separate food waste collections to further reduce the amount of waste we send to landfill.

Sustainable Green Energy

- 3.24 Alongside this focus on waste, our proposed spending will continue to enhance plans for developing other sustainable technologies; particularly solar energy and battery storage for power. Our capital programme will provide the means by which the investment in this technology can take place and our revenue budget incorporates the projected benefit both from lower energy bills and also extra revenue income from the sale of electricity. This includes direct revenue savings to some of our schools where the installation of solar panels is technically feasible. We are one of the most forward thinking counties in the country in undertaking this important investment.

Independence for Later Life

- 3.25 In West Sussex we have an ageing population which will continue to grow. During the next 10 years it is forecast that the number of people at age 65+ will rise by over 40,000, which will result in this group representing around 26% of the population compared to the current 23%. Moreover, the majority of that increase will be at age 75+, which is the point when people's care needs become significantly more expensive to meet.
- 3.26 As a County Council we welcome the opportunity to work creatively and closely with our partners to support and look after our older community to help them stay independent for longer. We will work with our communities to embrace technology now, and in the future, to continue to develop and grow the support that we, as a community, are able to offer our older residents. Our ambition is that West Sussex will continue to be a great place to grow older.
- 3.27 Some of the key financial challenges facing the Council in relation to achieving our target outcomes for Independence for Later Life are set out in the following paragraphs.

Adult Social Care

- 3.28 The funds from the Adult Social Care precept will continue to be invested in this critical area. These will be supplemented with additional resources from the improved Better Care Fund (iBCF), which will enable greater investment in technology, carer support and falls prevention. Allied to demand management reduction initiatives which are part of the Adult Social Care Improvement Plan, these will aim to promote independence and so keep residents within community settings for longer.
- 3.29 The County Council has invested in all of these areas over the last few years. We believe we are now starting to see the benefits of this investment with the proportion of older people receiving formal social care per head of population now showing a downwards trajectory. In 2019/20 this should allow us to absorb demand pressures of £2m, so reducing the level of increase that is necessary in the Adults and Health portfolio. We will continue to monitor this area closely but if we can support the management of demand, in line with residents' wishes to be independent for longer, then we believe it will help ease the level of financial pressure seen every year on this, the largest, element of the Council's budget.
- 3.30 We will also continue to work with our Clinical Commissioning Groups (CCGs) and other NHS partners to ensure better outcomes for residents, including in respect of Delayed Transfers of Care (DTOCs). This is being supported by funding from the iBCF, which is promoting a greater system-wide approach based on recognition that we all serve the same community.

A Council that Works for the Community

- 3.31 The purpose of the County Council is to serve the people living and working in West Sussex as well as visitors. We are working closely with partners, other local councils, the health service and other organisations, to continue to improve the services our residents receive.
- 3.32 Some of the key financial challenges facing the Council in relation to achieving our target outcomes for a Council that Works for our Community are set out in the following paragraphs.
- 3.33 Our spending will aim to ensure the long-term financial health of the County Council, focusing on the priorities contained within the approved West Sussex Plan. Our efficiency savings have focused on outputs – how we can maintain or improve the outcomes for our residents by organising ourselves and collaborating with partners in new and innovative ways.
- 3.34 We recognise the need to control our costs. We have an extensive programme of work underway to review the value for money of our existing contracts and to identify where savings might be possible, using the latest tools and techniques.
- 3.35 We are continuing to review our existing income generation activities with the aim of aligning them more closely to achieving our priority outcomes as set out in the West Sussex Plan. This work has already identified opportunities and we will continue to examine, as well as learn from other local authorities, where additional progress can be made.

- 3.36 This budget continues to provide for local communities to become even more engaged in determining how local projects can be agreed and funded through a crowd-funding platform.
- 3.37 Finally, this budget will give us the means to look at and potentially re-purpose some of our key community buildings. We are committed to ensuring the best use of our community assets; that they can be used (where feasible) for several purposes and so become vibrant place hubs. In doing so, we are likely to be able to reduce usage, or potentially dispose, of some of our asset base, making savings whilst using our capital funding to modernise retained parts of the estate.

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SECTION FOUR: MEDIUM TERM FINANCIAL STRATEGY 2019/20 TO 2022/23

2018/19 Budget Position

- 4.1 Demand pressures, particularly within social care and home to school transport, are a significant factor in the current financial year. Our 2018/19 in-year budget position is showing a forecast overspend by the year end of around **£0.6m** [0.1% of net budget for 2018/19], after mitigating actions have been taken. Further work will continue over the remainder of the year with the aim of balancing this position.
- 4.2 The demand pressures experienced by our services are reflected in our MTFS planning, as set out in paragraphs 4.7 to 4.10.

Next Four Financial Years: 2019/20 to 2022/23

- 4.3 A gross budget gap of around £145m was previously reported to the Performance and Finance Select Committee at its October meeting. This estimate was before either any increase to council tax, or any budgetary savings by the County Council were included. This figure dropped to £92.4m when factoring in a council tax rise over the four year period. This is set out in Table 1. Note, that 2020/21 onwards are shaded in the following tables as they are beyond the current fixed settlement period.

Table 1: Movement in Budget Gap – from October MTFS

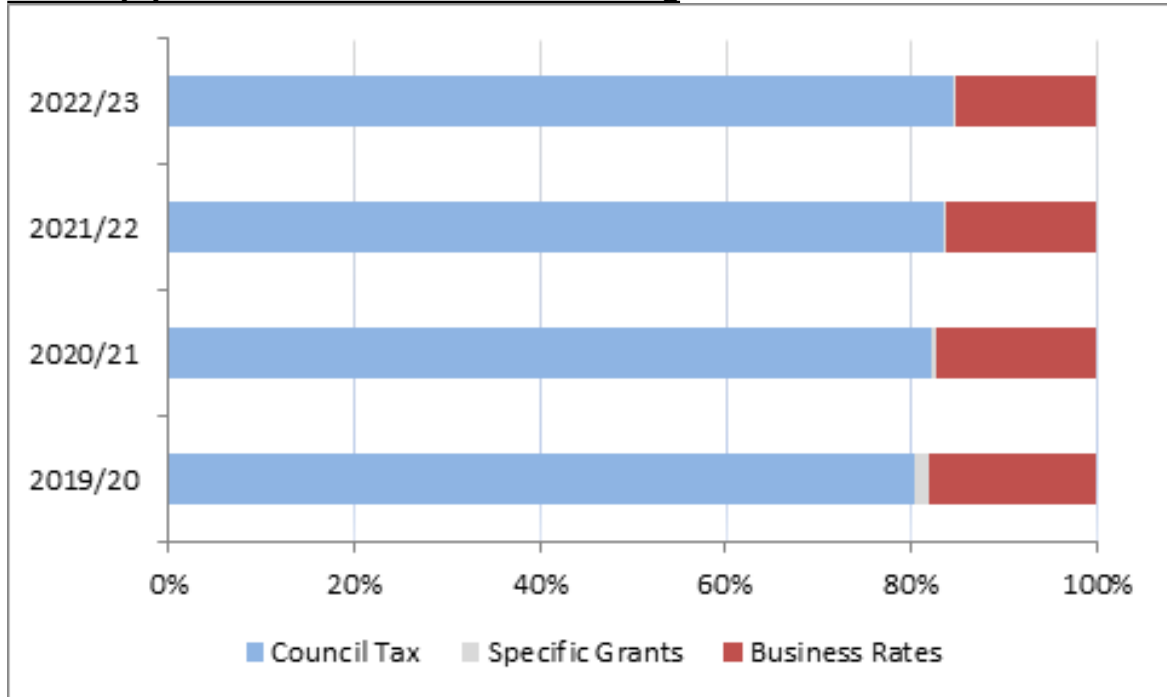
	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
October PFSC gross budget gap	50.9	39.2	28.7	26.3	145.1
Less Council Tax increase	-22.0	-9.7	-10.3	-10.7	-52.7
Gap before savings	28.9	29.5	18.4	15.6	92.4
Less other changes	-4.8	-0.5	-1.4	0.1	-6.6
Less savings	-24.1	-15.6			-39.7
Updated budget gap	0	13.4	17.0	15.7	46.1

- 4.4 The Medium Term Financial Strategy estimates of the budget shortfall will be updated during the course of next year, both the gross shortfall and the estimated shortfall allowing for potential council tax rises and savings. An additional year (2023/24) will also be factored in to ensure we have a four year outlook with future finances to plan over the medium term, avoiding a 'short term' perspective.

Demand Pressures and Funding Changes

- 4.5 Chart 2(a) below illustrates the sources of funding for the budget and how they change over time. We await details of how the allocation made to County Councils will change when Government introduces the increase to 75% business rates retention in 2020/21 and also the Fair Funding Review.

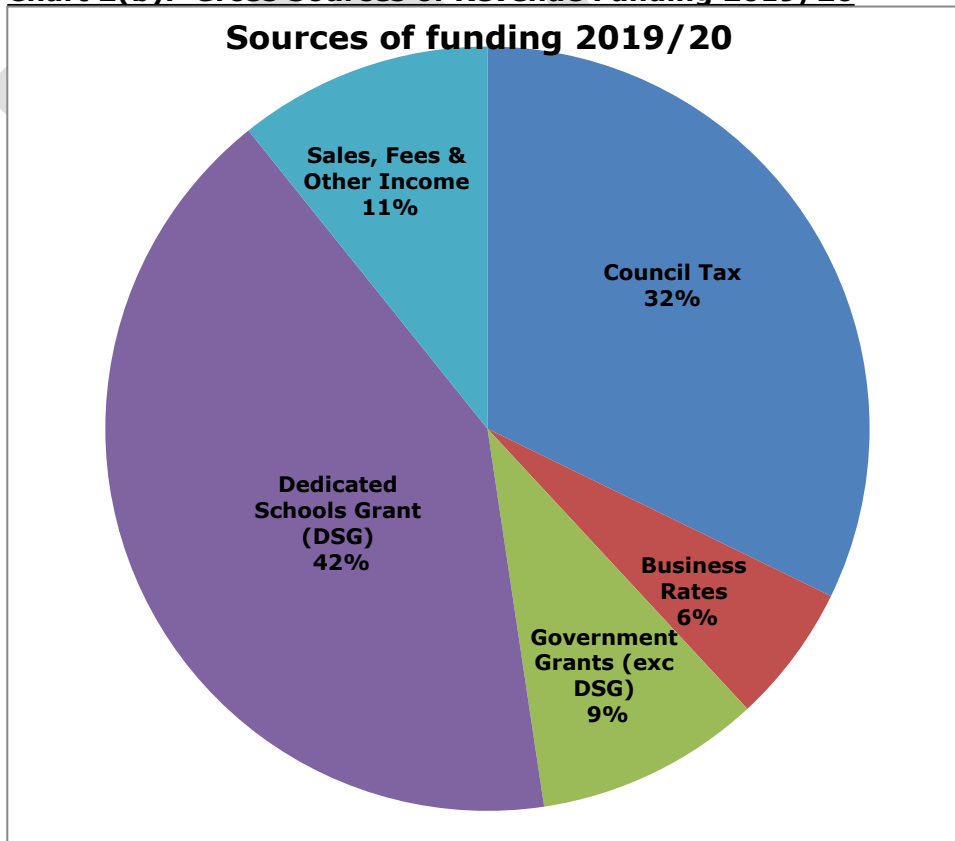
Chart 2(a): Net Sources of Revenue Funding



(Note: 2019/20 includes the implications of the 75% business rates retention pilot)

4.6 Chart 2(b) shows the gross sources of funding for 2019/20, including fees and charges and Dedicated Schools Grant along with Council Tax and Business Rates and other Government Grants. This demonstrates that the council generates a significant % from its own fees and charges to help fund council services.

Chart 2(b): Gross Sources of Revenue Funding 2019/20



- 4.7 Table 2 below sets out the year on year change in the forecast budget, with the introduction of the new one off business rate pilot scheme of 75% funding for 2019/20 shown as a footnote at the bottom of the table. This £19.1m gain will be a one-off amount, to be spent on the bid submitted for additional digital infrastructure work. When the new national business rates scheme is introduced across the country from 1 April 2020, the extra funding from the move to 75% local share of business rates is expected to be financially neutral, with either new duties given to local authorities, or other funding streams reduced correspondingly.
- 4.8 The table below shows that 2019/20 is balanced with savings of **£24.1m**. However, over the four year MTF5 period, allowing for known budget pressures and estimated funding, there is a shortfall in the budget of £85.8m, before any savings are identified and included.

Table 2: Change in budget requirements

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Opening budget b/fwd	533.9	555.8	555.5	567.9	
Demand and Inflation (gross of savings):					
- Adults & Health	16.2	11.4	10.0	9.7	47.3
- Children & Young People	10.7	5.5	4.5	4.2	24.9
- Corporate Relations	0.4	1.6	1.9	1.8	5.7
- Education & Skills	7.0	7.4	7.0	7.0	28.4
- Environment	1.7	2.0	1.9	2.0	7.6
- Finance & Resources	-1.3	0.1	0.2	0.2	-0.8
- Highways & Infrastructure	0.2	1.0	1.0	1.0	3.2
- Leader (including Economy)	0.3	0.1	0.0	0.0	0.4
- Safer, Stronger Communities	1.9	0.9	1.4	0.8	5.0
Other Changes	8.9	-1.3	1.5	3.0	12.1
Net Expenditure Requirement	579.9	584.5	584.9	597.6	
Available Funding b/fwd	533.9	555.8	555.5	567.9	
Change in Business Rates Retention Scheme	-9.9	-2.1	2.2	2.2	-7.6
Other changes to funding	9.8	-7.9	-0.1	1.1	2.9
Increase in Council Tax	22.0	9.7	10.3	10.7	52.7
Available Funding	555.8	555.5	567.9	581.9	
Savings	-24.1	-15.6			-39.7
Needed to balance the budget	Nil	-13.4	-17.0	-15.7	-46.1

<i>Footnote:</i>		
Available Funding	555.8	
Business Rates – Gains from 75% Pilot	19.1	(to be applied to digital infrastructure in line with bid to Government)
Revised Available funding (as per Appendix 1)	574.9	

Service Pressures

- 4.9 Detail of some of the demand pressures on services have been outlined in the context of the West Sussex Plan above (paragraphs 3.1 to 3.37). The detailed changes to portfolio budgets for 2019/20 are outlined in paragraphs 5.1 to 5.45 below.

Inflation

- 4.10 The total addition included for pay and price increases is **£13.9m**, as shown in column 2 of Appendix 2. The budget does not provide for a general or across the board inflation uplift, but focuses on the key areas to target the provision for areas most under pressure. The approach to allowing for price rises has been as follows:
- A 2.0% increase on the NJC pay budgets, in line with the two year pay award agreed in 2017.
 - A range of inflationary increases have been included for high value contracts, dependent on the specific index included within the contract.
 - A 0% inflationary assumption on “low priority” items.
 - There remains a middle category of inflation where for 2019/20 of 1.0% has been assumed.
 - An assumed 2.3% on areas of discretion over income.
- 4.11 Overall, other than the inflationary adjustments set out in 4.10 above, service budgets are cash-limited and therefore no resources are included centrally to adjust those cash-limits if actual inflation experienced in individual service areas exceeds the allowance made. In this event, services will be required to manage within the proposed cash limited budget. If, over the longer term, actual inflation exceeds the Council’s assumptions in the MTFS, this could potentially add significantly to the budget pressures we face.

Sources of Financing

- 4.12 The proposed budget continues to support the objectives of the *West Sussex Plan* and is set against the background of continuing reductions in public finances and means the County Council must continue to plan for significantly reduced resources.

Settlement Funding Assessment

- 4.13 The local government four year finance settlement offer was previously announced in February 2016, and the County Council agreed to accept the Government’s offer to fix key elements of the County’s core funding until 31

March 2020. This has the advantage of providing for improved certainty in funding, and therefore a more stable platform for service planning and future transformation to ensure the financial sustainability of the authority.

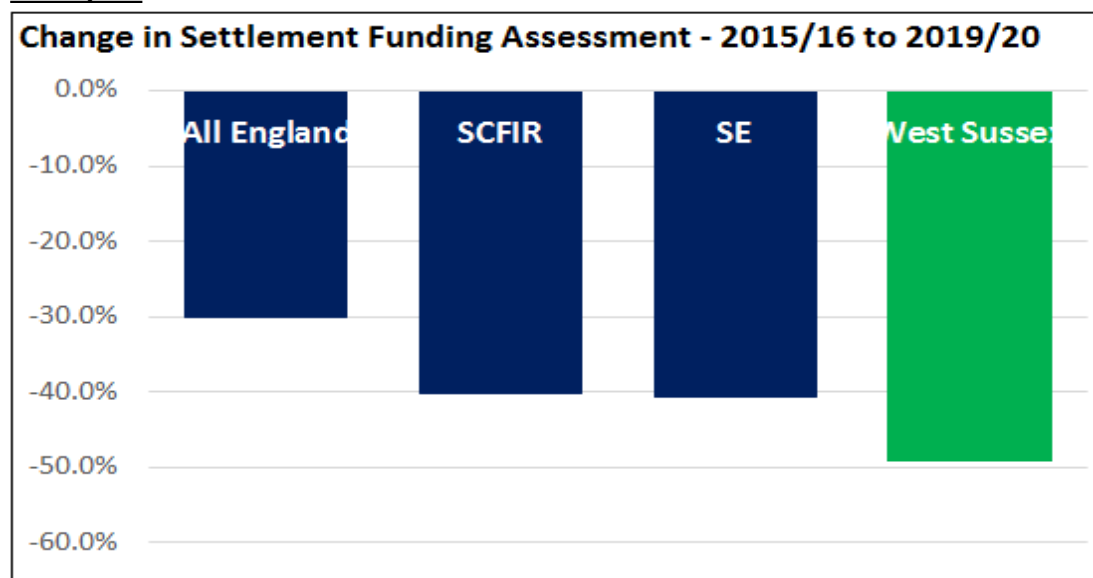
- 4.14 The Provisional Finance Settlement, announced on 13 December 2018 confirmed the sums expected per the fixed settlement and within the draft budget for our core funding from Government (known as the Settlement Funding Allocation or SFA). The SFA is £88.4m in the current year but falls to **£78.0m** in 2019/20, as shown in Table 3 below.

Table 3: Settlement Funding Assessment

FUNDING ITEM	2018/19 £m	2019/20 £m	Change £m	Change %
West Sussex: Settlement Funding Assessment	88.4	78.0	-10.4	-11.7
England: Settlement Funding Assessment	16,943.1	15,958.2	-984.9	-5.8

- 4.15 The figures in table 3 show an **11.7% decrease** in year-on-year core funding for West Sussex in 2019/20. As expected this is worse than the national figures, which show a 5.8% decrease overall in 2019/20.
- 4.16 The settlement was broadly in line with our expectations. A sum of **£1.2m** extra was announced by Government as a share of the national surplus on business rate levy account. This is a new and unexpected payment to authorities. A levy is made on the 'excess' growth in business rates incurred at individual authorities. This is normally used to pay for any safety net payment needed by authorities whose business rates have declined sharply. With the account being in surplus, a one-off dividend has been made to benefit authorities. However, the payment is being made in 2018/19 and will therefore be applied in the current year and not to the 2019/20 budget.
- 4.17 Chart 3 below shows the cumulative change in our SFA from Government over the last four years compared with:
- The national average;
 - All Shire Counties with Fire and Rescue Responsibilities;
 - The South East region
- 4.18 This shows that West Sussex has fared worse than all these groups in comparison, with almost a 50% reduction in our core funding.

Chart 3: How West Sussex compares for reductions in core funding since 2015/16



Note: SCFIR = Shire Counties with Fire and Rescue responsibilities

Business Rates: Baseline Funding Allocation

- 4.19 West Sussex Districts and Boroughs have not yet confirmed their final business rate estimates for 2019/20. Government publishes its allocations on the assumption business rates rise with the inflationary increase it imposes, but should the rates rise at a quicker pace the Council will benefit via its 10% share of the total County take from business rates.
- 4.20 The County's 2019/20 budget has been based on assumed figures including growth in business rates of an extra 2% in real terms. For 2019/20, the accumulated local growth from business rates, above Government assumptions, adds an estimated **£2.9m** to the funding available.
- 4.21 The Chancellor has limited the increase in business rates by an amount less than RPI. As local government is now part funded by local business rates this approach reduced the sum available to local authorities. Government has made good this difference by providing funds to compensate. The Settlement provisionally sets this compensation at **£2.5m** in 2019/20, though a final figure will be confirmed when estimates of the business rate take for 2019/20 is supplied by Districts and Boroughs.

Business Rate Pooling

- 4.22 West Sussex County Council and the Districts and Boroughs made a joint bid to be a pilot area for 75% business rates retention in 2019/20. This is entirely separate from one of the Government's proposed plans to fund us from 2020 by allowing us to retain 75% of business rate growth, rather than the current 50%. This pilot bid has been successful and is being taken forward by Government. If confirmed by the final settlement, the County Council will form a new business rate pilot under the proposed 75% share of business rates, and all West Sussex Districts and Boroughs will also be a part of the piloting arrangement.
- 4.23 The pilot bid is anticipated to provide an overall net gain to West Sussex authorities of up to **£19m**, though the exact gain will be dependent on the

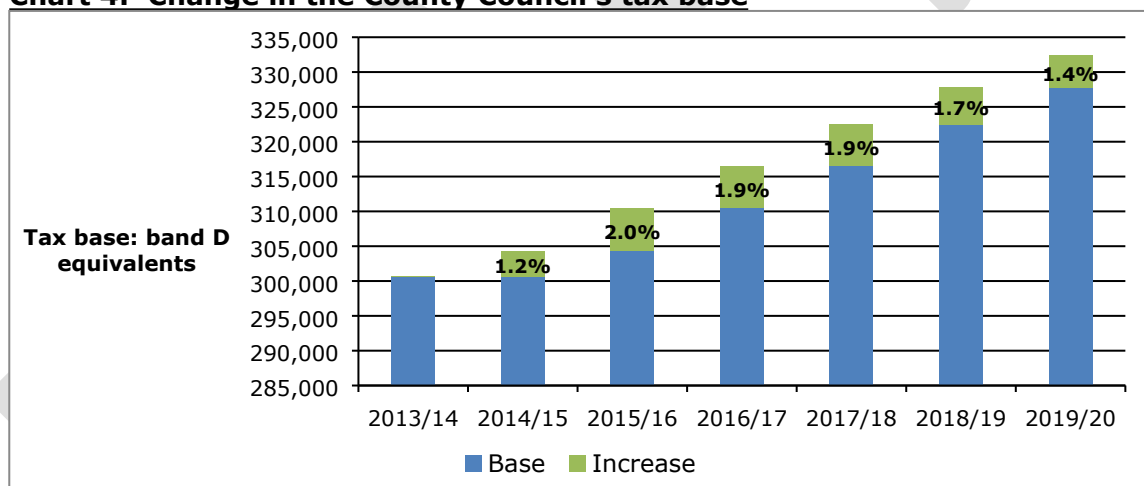
local business rate take during 2019/20. The gain arises from retaining a greater share of our local business rates in West Sussex. The winning bid submitted jointly by the West Sussex authorities outlined how the gain would be applied to significantly improve digital infrastructure in the County.

- 4.24 The County Council, along with Adur/Worthing, Arun and Chichester District/Borough Councils has been operating a business rate pool since 2015/16. This pool will now cease and be replaced by the new pilot scheme. The gain from pooling since 2015/16 is about £11m subject to confirmation of the expected gain in 2019/20 at the year-end. This gain has been invested in a number of local projects for the benefit of the whole County across the District/Borough authorities and the County Council. Therefore, this spending is treated wholly outside of the MTFS.

West Sussex Local Tax Base 2019/20

- 4.25 The draft budget assumes a 1.5% increase per annum in the council tax base (this is worth around **£6.8m** for 2019/20). Chart 4 below shows how the assumed increase in tax base next year compares with previous years.

Chart 4: Change in the County Council’s tax base



- 4.26 The latest figure received from our Districts and Boroughs indicates a tax base increase of 1.4%, as shown in the chart above. If this remains the case, this is lower than the 1.5% assumed for budget preparation and service planning. However, the authority will continue to apply its Budget Management Reserve to cover the difference to avoid sudden and late reductions causing last minute service cuts. A 1.7% rise has been assumed for 2020/21 onwards within the Medium Term Financial Strategy. Assumptions will be reviewed during next year when the MTFS is refreshed.

Collection Fund

- 4.27 Districts and Borough councils operate a collection fund for both council tax and business rates, which they are responsible for collecting. The actual tax collected may be more or less than expected, meaning that a surplus or deficit must then be allocated to the responsible local authorities in the following year. The surpluses or deficits for council tax and business rates are not yet all confirmed by our Districts and Borough partners, but for budget purposes we have assumed a total surplus of **£3.0m** for council tax

and for business rates. The latest figure received from our District and Boroughs indicates a surplus of £1.9m, £1.1m short of our assumption. Again, the budget assumes any variation from the assumed funding, when finally confirmed by the Districts and Boroughs will continue to be adjusted through the Budget Management Reserve.

- 4.28 The budget is based on a number of funding assumptions and any changes from either the information from the District and Borough councils or contained in the Government's final settlement will be managed through the Budget Management Reserve. This avoids late changes to the budget.

Special and Specific Grants

- 4.29 Most grants have now been announced and all known sums are set out in Appendix 4 of the Budget Pack. The overall change for those grants included within portfolio budgets is a rise of 3.4% or **£23.9m**, which includes changes in:

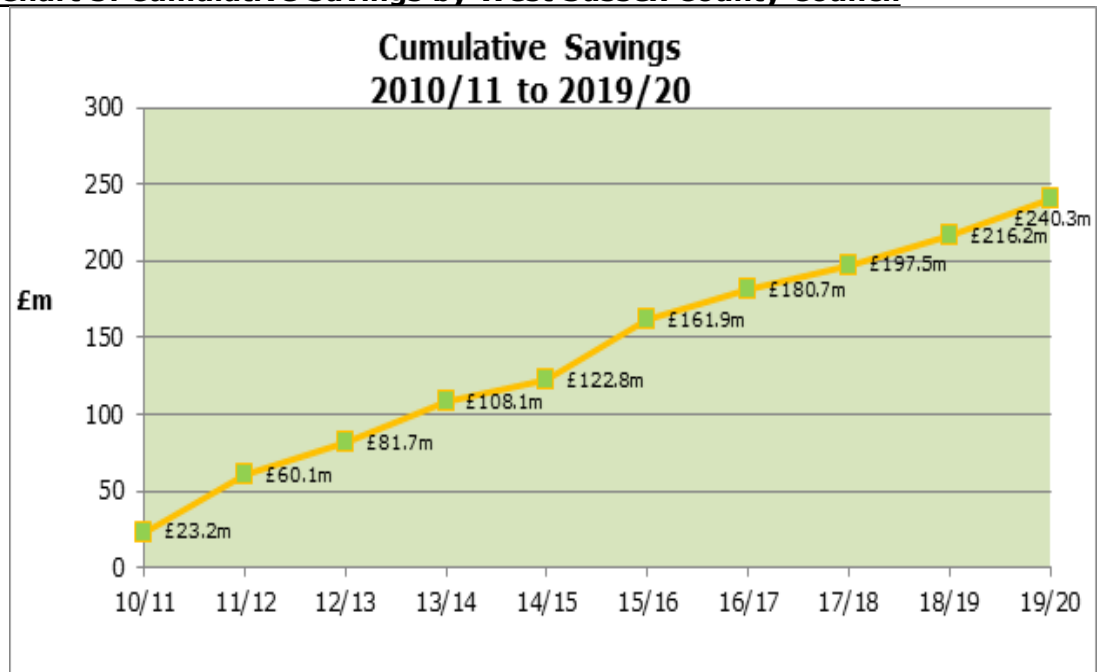
- Improved Better Care Fund, an increase of **£2.3m** to £16.7m, or 15.8%.
- The Dedicated Schools Grant, which has increased by **£15.4m** to £597.1m or 2.6%. This is largely due to an improved funding allocation through the new National Funding Formula (£8.9m), an increase in mainstream and SEND pupil numbers (£6.0m), and additional funding for special educational needs (£1.8m) offset by a reduction in early years funding to reflect the number of free entitlement hours taken up per the January 2018 census (-£1.3m).
- The Public Health Grant has reduced by **£0.9m** to £33.1m, or 2.6%.

- 4.30 Appendix 4 also highlights a number of non-portfolio specific grants, this includes New Homes Bonus funding of £3.9m. These are used as part of the County's overall core funding, rather than being allocated to a specific service.

Savings Work

- 4.31 Since 2010, and including the proposed savings within the 2019/20 budget, the authority will have achieved savings of around £243m (see Chart 5), though maintaining this level of saving is proving more difficult each year.

Chart 5: Cumulative Savings by West Sussex County Council



SECTION FIVE: REVENUE BUDGET PROPOSALS FOR 2019/20

- 5.1 After considering the Financial Settlement announcement, the budget assumptions for price inflation, business rates and council tax and the savings proposals, net revenue expenditure of £574.918m is proposed for 2019/20, an increase of £41.0m (7.7%) compared to 2018/19, as shown in Table 4 below. The net revenue expenditure shown is based on the most up to date information at the time of writing and may be subject to change. This is because information is still awaited in some instances regarding funding, such as from Districts/Boroughs on business rate proceeds and the final settlement from Government.

Table 4: Summary of Change in Net Budget

ITEM	£m	£m	%
Approved net revenue expenditure 2018/19		533.943	
Allowance for price rises	13.891		2.6
Commitments and service changes	22.236		4.2
Commitments and non-service changes	28.083		5.2
Balancing the budget	-24.135		-4.5
Change in Central Government Funding	0.900		0.2
Net increase		40.975	7.7
Net revenue expenditure 2019/20		574.918	

Changes to Portfolio Budgets

- 5.2 The proposed changes to the budget for 2019/20 are explained by portfolio in the following paragraphs. These changes include growth to meet changing demand pressures of £50.3m, the price changes of £13.9m (detailed in paragraph 4.11 above) and balancing the budget activities of £24.1m.

Adults and Health

- 5.3 The Adults and Health budget for 2019/20 allows for net expenditure of **£206.4m**, which is a net increase of **£11.6m** compared with 2018/19. Around 95% of this relates to the cost of funding the social care needs of residents who meet the national eligibility criteria that were introduced by the Care Act in April 2015. While that is a statutory requirement, the West Sussex Plan priority of Independence in Later Life remains an equally strong influence. Its ambition for the county to “continue to be a great place to grow older”, is central to net growth of £XXm being provided. This maintains the trend of the recent past: the proportion of the net revenue budget allocated to the portfolio will have risen from less than 32% in 2015/16 to around X% in 2019/20.
- 5.4 That growth is the County Council’s response to significant service-related pressures:
- Growth in demand for adult social care is at unprecedented levels, both because of increasing numbers of older people and customers with disabilities. Currently around 14,000 people receive a service from adult social care, of whom approximately 9,000 have eligible care needs. Based

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on demography, it is forecast that the latter will grow by around 130 in 2019/20.

- Increasing life expectancy means that more people are living with more complex conditions, increasing cost pressures across all care groups. Within older people, for example, average weekly placement costs for residential care have risen in real terms by 3% per year during the last five years. Over that period the corresponding increase for the average non-residential package has been almost 2.3%. There is little likelihood of either of those rates reducing in the immediate future.
- Pay is the largest element of care providers' costs and so the impact of the National Living Wage continues to create knock-on implications for the County Council. In line with past practice, the budget recognises this pressure and will enable fee increases to be paid to providers which allows for it. Whilst this is a matter of choice for the County Council, in reality options are limited because it is competing for care in markets where it is a minority buyer and where demand from an affluent private market and the NHS is buoyant.

5.5 Without any changes in service delivery, the pressures outlined above would have required an extra £9.3m to be allocated to the portfolio in 2019/20. Of that sum, however, £2.0m is planned to be met from demand management reduction initiatives linked to the Adult Social Care Improvement Plan. These will be supported by an increase in investment in technology, carers and falls prevention with the objective of promoting independence and thus reducing expenditure on formal social care. In that way the amount that needs to be funded additionally reduces to £7.3m.

5.6 Compounding the County Council's challenge, Government's Green Paper on adult social care continues to be delayed. Having originally been due in the "summer of 2017", there is currently no timescale for its publication. Despite that the Chancellor of the Exchequer's Budget Report in October 2018 confirmed that "in the longer term, the Government is committed to putting social care on fairer and more sustainable footing". Given that intention, it is unfortunate that there is no certainty about what this might mean. Although Government's announcement of an additional, non-ring-fenced **£5.6m** of support for social care in 2019/20 is welcome, this is a one-off allocation and so is no substitute for a sustainable on-going settlement.

5.7 At the same time, Government has still not made any commitment to retain the Improved Better Care Fund (iBCF) beyond 2019/20 and this makes it imprudent for the County Council to assume that it will be available to help support base budget costs. This reverses a decision made as part of the 2018/19 budget, when we had assumed that funding would continue, and requires an extra £3.6m to be allocated to the portfolio. The corollary to this is that an increased amount of money will be available next year through the iBCF to invest in service improvement.

5.8 Savings of **£4.6m** are included to balance the County Council's overall budget, as described in Appendix 3.

5.9 The key explanations of the changes in the 2019/20 budget are shown in Table 5 below:

Table 5: Adults and Health Budget Changes

ITEM	£m
Growth for the effect of population change and rising complexity of needs	3.9
Growth for the National Living Wage	3.4
Improved Better Care Fund adjustment	3.6
Pay and price allowance	4.7
Transfers between portfolios	0.8
Transfers to reserves	-0.6
Savings	-4.6
Other changes	0.4
Net change	11.6

- 5.10 As a contribution towards paying for the net growth, the budget proposes that the County Council again takes advantage of its ability to raise an additional 2% precept for adult social care. This is the final year of the three year freedom provided by Government, for which the County Council's plans are in excess of the requirements that it will face, as Table 6 below highlights.

Table 6: Adults Social Care Precept

ITEM	£m	£m
1. Adults and Health budget 2019/20		194.8
<u>Add:</u> Growth items including inflation (£4.7m), Demand pressures (£3.9m), National Living Wage (£3.4m), iBCF adjustments (£3.6m), transfers between portfolios (£0.8m), other changes (£0.4m)	16.8	
<u>Less:</u> Savings (-£4.6m), reserves transfers (-£0.6m),	-5.2	
Total changes		11.6
Adults and Health budget 2019/20		206.4
2. Items making the budget "higher than it would otherwise have been" Excluding savings, reserves transfers and transfers between portfolios		
Inflation (£m), Demand pressures (£m), National Living Wage (£m), iBCF adjustment (-£m) other changes (-£m)		
Total		
3. Value of 2% adult social care precept income		
4. Value of additional County Council contribution (i.e. £m less £m)		

TABLE TO BE COMPLETED IN THE NEXT VERSION OF THE BUDGET REPORT

Children and Young People

5.11 The Children & Young People's budget for 2019/20 allows for net expenditure of **£100.2m**, which is a net increase of **£4.3m** compared with 2018/19. Around 85% of this is spent on responsibilities relating to children's social care, including the staffing teams carrying out those responsibilities. The remaining 15% is spent on early help services, children's mental health services (in partnership with Health) and services designed to reduce youth offending. Reflecting the ambitions of the West Sussex Plan in relation to Best Start in Life, net growth of **£4.3m** is planned for the budget. This represents an increase of 4.5% and will be the fourth consecutive year that the portfolio budget has been increased.

5.12 The main reasons for that growth are as follows:

- Demand for children's social care both nationally and locally is continuing to rise significantly. This has manifested itself in higher workloads which, coming at the same time as national shortages of qualified social workers, have led to unsustainably high caseloads for West Sussex social care staff. In order to address this, Cabinet Board have approved an increase in the social care establishment of 50 new posts, including 37 social workers, as well as an annual retention payment for staff in hard-to-recruit-to teams. The full financial impact of the scheme has led to the children's social care budget being increased by **£5.5m**.
- The increasing complexity of needs of the young people requiring care remains a substantial driver of costs. Unit costs of external placements have increased by nearly 30% since 2014/15. At the same time, the number of families accessing the Intentionally Homeless Service continues to increase with the net cost of support likely to be higher because of the impact of Universal Credit. As a result, an additional **£0.6m** is being allocated to the portfolio in recognition of these pressures.
- An additional **£0.5m** has been allocated to the portfolio on a temporary basis, recognising that Beechfield Secure Children's Home remains closed and therefore will not achieve the surplus of income above expenditure previously budgeted for within the portfolio. The funding is expected to be removed in 2020/21 once a formal final decision is made about the future of Beechfield.
- Cissbury Lodge is a Council-run residential home for children with disabilities, which has been closed since October 2018. The building work required for the home to be made fit for purpose will be completed in the 2019 calendar year. Those children who have been temporarily rehomed in external residential placements will then be moved back to Cissbury Lodge. In addition, whilst efforts have been made to redeploy affected staff into funded vacancies elsewhere in the Council, this has not been possible in the majority of cases. Together those two factors will cause a temporary net pressure for the portfolio of **£1.0m** in 2019/20, £0.4m of which will be met from the Social Care Support Grant. As with Beechfield, this funding is expected to be withdrawn in 2020/21 once Cissbury Lodge is fully operational.

- 5.13 Savings of **£6.4m** are included to balance the County Council's overall budget as described in Appendix 3. **£0.6m** of these are necessary because the amount of grant the County Council expects to receive in 2019/20 from the Government's Troubled Families Initiative will be reducing as the programme comes towards its end in 2020/21.
- 5.14 The key explanations of changes in the 2019/20 budget for the portfolio are shown in Table 7 below:

Table 7: Children and Young People Budget Changes

ITEM	£m
Additional investment in children's social work	5.5
Growth due to demand and rising complexity of needs	0.6
Budget mitigation for Beechfield/Cissbury Lodge	1.1
Reversal of Public Health Grant funding	1.1
Pay and price allowance	2.2
Transfers between portfolios	-0.2
Savings	-6.4
Other changes	0.4
Net change	4.3

Corporate Relations

- 5.15 The Corporate Relations budget provides for net spending of **£41.5m**, which is a net decrease of **£2.9m** compared with 2018/19. The majority of this relates to the Cabinet Member's responsibility for a range of enabling service functions together with outsourced contracts for support services and information technology. It also covers costs of democracy, including elections and members' allowances.
- 5.16 The portfolio has seen growth in order to create a team to meet the Council's obligations under the new General Data Protection Regulations (GDPR). The saving anticipated to be delivered through changes to business mileage has been deferred and will now be delivered through a more complete review of staff terms and conditions.
- 5.17 Work continues to further integrate legal services into the Orbis partnership (with East Sussex, Brighton and Surrey) and deliver efficiencies in providing legal support to the council. The contracts team will work with Capita in order to deliver services more efficiently and to drive savings out through the delivery of the new IT strategy. The HR function will be looking to review the arrangements for accessing agency staff across the Council, both in terms of rates through the contractual arrangements, and more appropriate use of temporary contracts within the council. Learning and Development services will be reviewed with a view to consolidate the function and to provide a consistency in charging for training provided.
- 5.18 Savings of £1.5m attributable to the Whole Council Design will be driven from within the portfolio, with details as set out below:
- The **West Sussex Way** sets out our pathway in rising to our cultural, performance and financial challenges that we must face in delivering our priorities to 2022. Through **Whole Council Design (WCD)** of our service models, we can transform and improve the performance of our

services and achieve significant financial benefits over the next three financial years, whilst ensuring our resources are spent on achieving the **West Sussex Plan** outcomes for our residents.

- To facilitate transformation and supporting activity, the Council held £11.5m in the Service Transformation Reserve as at 31 March 2018. During this year, £3.9m is scheduled for investment predominantly in Step Up (the enabling programme ahead of Whole Council Design), with a further £1.1m being used to generate savings through the voluntary severance scheme; this leaves £6.5m available to support further investment. The completion of the Step Up programme and its supporting measures are scheduled to deliver annual savings of £x by March 2019, increasing to £x by 2021, and these are reflected in the MTFS now presented to Council.
- Whole Council Design will build on these achievements. From one-off investment initially estimated at £13m, annual (recurring) savings of a minimum £17m are targeted by 2022. At this early stage in delivery, £1.5m of this target is provided for in next year, following mobilisation late in the current financial year. Over the next twelve months, as projects are mobilised and benefits realised, the MTFS will be updated to reflect progress.
- To secure the performance and financial benefits of the Whole Council Design programme, a further £3.5m has been transferred from Budget Management into Service Transformation Reserves, giving a total of £10m available for investment in next year; this is when the bulk of activity is scheduled. The £10m funds have been split between resourcing (£5m) and ICT investment (£5m). Any further investment needs after this time will be funded through the top-slicing of transformational savings (over and above the £1.5m budgeted from 2019/20).
- Transformation inevitably involves significant up-front investment to deliver ongoing savings, and lead-in times have been recognised as far as possible in the above profiles.
- Through the Council's Transformation Board, governance arrangements will ensure that value for money can be assured, in line with our way of working. The progression of the programme and its benefits realisation will be highlighted through the Council's quarterly total performance monitor.
- A consequence of service redesign, and of other service changes and reductions proposed in the budget, is that our workforce will reduce; it should be expected that much of the £17m WCD savings target referred to earlier will be achieved through improved efficiency and effectiveness, reducing significantly our staffing requirement. Natural wastage (turnover), appropriate redeployment and proactive vacancy management will assist to some degree, but nonetheless, we need to make appropriate provision for managing this change and the costs involved.
- Drawing on the staffing reductions highlighted in the budget proposals and recognising that the WCD programme will also impact, an

additional £3m has been earmarked from the Budget Management Reserve to provide cover for restructuring.

- The use of these funds and the Council's exposure to future early severance liabilities will be closely monitored, with updates fed into future reporting. Government also acknowledges the difficulties that authorities can experience in managing such up-front costs and as a result, special provisions apply for their capitalisation. These flexibilities remain open to the County Council for the two-year period 2020/22 and their suitability will be kept under review, in light of our financial outlook and the challenges ahead.

Table 8: Corporate Relations Budget Changes

ITEM	£m
General Data Protection Regulation Team	0.1
Additional IT costs	1.3
Demand pressure within reactive maintenance budget	0.2
Reversal of business mileage saving	0.2
Pay and Price allowance	1.0
Transfers between portfolios	-1.4
Transfers to reserves	-1.0
Savings	-3.3
Net change	-2.9

Education and Skills

- 5.19 The Education budget for 2019/20 allows for net expenditure of **£19.8m**, which is a net increase of **£6.0m** compared with 2018/19. In line with the West Sussex Plan 2017/2022, we will continue to work to ensure young people are ready for school and ready for work. The key explanations of the changes for the 2019/20 budget are shown in Table 9 below:

Table 9: Education and Skills Budget Changes

ITEM	£m
Growth for the impact of increased demand for High Needs educational placements	4.0
Redistribution of historical DSG central share costs	1.5
Home to School Transport to meet the increasing number of High Needs pupils and living wage pressures	2.4
Replacement funding for Special Educational Needs Assessment Team (SENAT) following cessation of SEND Reform grant	0.4
Other pressures	0.1
Removal of one-off funding received in 2018/19 to develop proposals relating to social mobility	-0.2
Pay and price allowance	0.5
Transfers to reserves	-1.8
Savings	-0.9
Net change	6.0

- 5.20 Based on an assumption that the number of pupils identified as needing additional support through an Education Health and Care Plan (EHCP) will continue to rise at the current rate it is projected that expenditure in High Needs is set to increase by a further **£5.5m** in 2019/20. Since the current

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year's budget also includes one-off funding of £2.2m from the DSG Schools block and £0.8m from DSG reserves, this means that our underlying budget pressure next year stands at **£8.5m**.

- 5.21 With our High Needs DSG funding set to increase by **£3.0m** in 2019/20, this leaves a budgeted shortfall on High Needs of £5.5m next year. £1.5m of this can be mitigated through redistributing the historical allocation of the County Council's corporate overhead costs. An additional £4.0m is being allocated to the portfolio in recognition of the remaining High Needs demand costs that are forecast to arise in 2019/20.
- 5.22 The Home to School transport budget continues to come under pressure as a result of the continuing rise in SEND placements and higher contractual costs due to a growing shortage of drivers and the increased wage costs of escorts. **£2.0m** has been allocated to the portfolio to meet existing pressures in 2018/19 and a further £0.4m to meet growth in 2019/20.
- 5.23 The increase in requests for Education Health and Care Needs Assessments (EHCNAs) has meant that more staff have been required in the Special Educational Needs Assessment Team (SENAT) to carry these out. The additional staff have been funded through the SEND Reform grant but with this grant set to end in March 2019, alternative base budget funding of **£0.4m** is required for next year.
- 5.24 Other pressures (£0.1m) within the portfolio include 2 new associate education advisors for the Multi Agency Safeguarding hub, and an increase in the revenue cost of the education capital planning team, which have been partially offset by additional income within Home to School transport following the increase in post-16 transport charges in September 2018.
- 5.25 Planned savings total £0.9m. These include officer decisions in relation to the reprioritisation of budgets within the High Needs block and improved trading income from schools (£0.7m), and strategic decisions on the development of additional Special Support Centres at mainstream schools and the removal of non-statutory age pupils from Home to School Transport eligibility (£0.2m).
- 5.26 The Dedicated Schools Grant has increased by **£15.4m** (2.6%) to £597.1m across both the Children and Young People (£48.1m) and Education and Skills portfolios (£549.0m) as per paragraph 4.31.

Environment

- 5.27 The Environment budget provides for net spending of **£62.0m**, which is a net decrease of **£1.4m** compared with 2018/19. Working with customers and partners the Waste Management team will continue their work to reduce waste going to landfill through education aimed at changing customer behaviour, as well as the use of alternative disposal routes such as the Refuse Derived Fuel (RDF) contract. Continuing work with our Mechanical and Biological Treatment (MBT) contractor to develop the plant is expected to increase production of RDF that can be diverted from landfill by 48,000 tonnes; delivering both towards our waste diversion and recycling targets and saving the council £0.3m per annum.
- 5.28 In addition work to refine the processes at the plant and further increase the amount of waste that can be diverted from landfill along with the commercial

agreements that sit behind these arrangements are expected to deliver the council £0.8m.

- 5.29 The council has taken the decision to move away from the locally agreed payments made to Districts and Boroughs in respect of recycling credits and move to a rate of £61.12 per tonne based on a calculation method in the Environmental Protection (Waste Recycling) Payments (England) Regulations 2006. This change along with the retention of any additional income from the sale of recyclates will deliver a saving of **£1.2m**.
- 5.30 The energy and sustainability teams continue to drive innovative and sustainable solutions to delivering the energy that the County requires particularly through the investment in our own renewable energy sources. 2018/19 has seen the service expand the number of small scale installations at our schools saving the schools an estimated **£50k** per annum and delivering the council a saving of **£90k** in 2019/20. Work is also progressing on feasibility work to deliver large scale battery installations at a number of sites across the County.
- 5.31 The key explanations of the changes for the 2019/20 budget are shown in Table 10 below:

Table 10: Environment Budget Changes

ITEM	£m
Pay and price allowance	1.8
Transfers between portfolios	0.2
Transfers to reserves	-0.6
Savings	-3.1
Other changes	0.3
Net change	-1.4

Finance and Resources

- 5.32 The Finance and Resources budget provides for net spending of **£12.8m**, which is a net decrease of **£2.8m** compared with 2018/19. The majority of this relates to the Cabinet Member's responsibility for the Finance, Procurement and Performance functions. It also covers the capital planning and projects and asset management and estates teams, as well as various corporate items, for example insurance and precept payments levied by external bodies.
- 5.33 Transfers between portfolios in the main represent the movement of budgets as a result of the change in Cabinet responsibilities and the creation of the Corporate Relations portfolio. The key explanations of the changes for the 2019/20 budget are shown in Table 11 below:

Table 11: Finance and Resources Budget Changes

ITEM	£m
Removal of one-off additional feasibility funding	-0.8
Removal of one-off hardship funding	-0.1
Increase in precepts and levies	0.1
Pay and price allowance	0.3
Transfers to reserves	-1.2
Transfers between portfolios	0.4
Savings	-1.5
Net change	-2.8

Highways and Infrastructure

- 5.34 The Highways and Infrastructure budget provides for net spending of **£32.9m**, which is a net decrease of **£2.0m** compared with 2018/19. This maintains and delivers highways and other infrastructure which businesses and local communities need to support economic growth and allows our customers to access services across the County. We will maintain, improve and, where appropriate, expand the highways network for the benefit of all residents and visitors to West Sussex.
- 5.35 One-off funding of £0.5m utilised during 2018/19 to deliver a white lines and signage programme to improve the safety of the council's roads is removed from the budget in 2019/20. Planned savings total £2.1m and include £0.5m linked to reducing demand for concessionary travel, a review of highway operation service levels (£0.4m), removal of public bus service subsidies which do not impinge upon school transport (£0.3m) and a review of on-street parking charges (£0.4m).
- 5.36 The key explanations of the changes for the 2019/20 budget are shown in Table 12 below:

Table 12: Highways and Infrastructure Budget Changes

ITEM	£m
Removal of one-off funding to deliver a white lines and signage programme to improve the safety of the council's roads	-0.5
Pay and price allowance	0.8
Transfers between portfolios	-0.3
Transfers from reserves	0.2
Savings	-2.1
Other changes	-0.1
Net change	-2.0

Leader (including Economy)

- 5.37 The Leader budget provides for net spending of **£4.0m**, which is a net increase of £0.1m compared with 2018/19. This budget supports economic development and the costs of running the Chief Executive's office. Spending on economic development contributes to meeting the commitments set out in the Economic Strategy for West Sussex 2012-2020 and continuing to work collaboratively with our partners. We will work with Members, communities,

businesses, partners and other County Council Services to understand and support the progress of local priorities.

- 5.38 The key explanations of the changes for the 2019/20 budget are shown in Table 13 below:

Table 13: Leader (including Economy) Budget Changes

ITEM	£m
Pay and price allowance	0.1
Transfers between portfolios	0.2
Savings	-0.2
Net change	0.1

Safer, Stronger Communities

- 5.39 The portfolio budget provides for net spending of **£37.7m**, which is a net increase of **£0.5m** compared with 2018/19. The budget includes the WSFRS which aims to provide an assured 24/7 emergency response service around the County. WSFRS also has a dedicated resilience and emergency team which along with the Council's support to community functions works to promote resilience and capacity across the localities of West Sussex. The portfolio also includes the County Council's Library Service, Archive Service, Registration and Customer services which are all directed to provide excellent services to the county's residents.
- 5.40 The one off funding given to promote work supporting the homeless has been reversed from the portfolio. A change to the funding available via the Public Health Grant has also led to a review of services previously funded via the grant and a reduction in the Intervention and Prevention work is anticipated. The service will also reduce expenditure on the Search and Rescue team in line with the grant level given by central government.
- 5.41 The success of the crowd funding site introduced this year has meant that projects previously supported by the council can now raise funds on this platform.
- 5.42 Funding has also been allocated to the portfolio to continue work with and grow our volunteer network and infrastructure
- 5.43 The key explanations of the changes for the 2018/19 budget are shown in Table 14 below:

Table 14: Safer, Stronger Communities Budget Changes

ITEM	£m
Reversal of one off funding to work with district and borough partners to develop options to address homelessness issues	-0.6
Reversal of Public Health Grant Funding	1.0
Additional Funding to support Volunteers	0.2
Pay and price allowance	1.1
Transfers between portfolios	0.2
Savings	-1.5
Other changes	0.1
Net change	0.5

Non Portfolio

- 5.44 For completeness, corporate items for commitments and service changes are given below in Table 15:

Table 15: Non-Portfolio Budget Changes

ITEM	£m
Transfers to and from earmarked reserves (net)	9.9
Transfers to and from earmarked reserves re 75% Business Rates Pilot	18.2
Reduction in the revenue contribution to capital	-0.3
Capital financing costs	0.3
Forecast increase in the investment income budget following the 0.25% increase in the base rate in August 2018 along with a saving arising from paying the LGPS contributions for 2019/20 in one lump sum up front	-0.6
Net change	27.5

- 5.45 In addition, £25,000 has been included within the non portfolio budget for council tax support for care leavers.

SECTION SIX: ROBUSTNESS OF ESTIMATES, ADEQUACY OF RESERVES AND THE MANAGEMENT OF RISK

- 6.1 Section 25 of the Local Government Act 2003 requires Chief Financial Officers to report to their authorities about the robustness of estimates and the adequacy of reserves when determining their budget and level of council tax. Authorities are required to consider their Chief Financial Officers' reports when setting the level of council tax. The Director of Finance, Performance and Procurement has provided the following assurance:

By the end of 2019/20 the County Council will have delivered over £243m of savings since austerity began with public finances.

*The savings proposals for 2019/20, **£24.1m** in total, have been assessed as robust with reliable plans supporting them and £XXm of these were approved at via Cabinet Member decisions following previews at the relevant Select Committee. Early agreement of savings plans allows maximum time for them to be delivered, reducing the risk of non-delivery. For subsequent plans, there is time to further refine estimates to ensure robustness and consider any ability to bring plans forward to realise earlier savings.*

Transformation work will be the key to ensuring a future sustainable budget and the foundations for that work have been laid as set out in paragraph 5.18 above.

All of the above comments are made in the context of a planning assumption that the Council will agree to a council tax increase at close to 5% in 2019/20 followed by 1.99% in 2020/21, covering two of the four years of the MTFS period. Of course, changing finances, new opportunities for service delivery or changes to the funding regime for councils due by 2020 may mitigate future requirements on council tax, but that remains to be seen and therefore cannot be relied on.

This budget reinforces the need for on-going robust financial management, strict budgetary control and the on-going monitoring of both savings and investment delivery plans, with processes in place to promote these. We have done this in previous years and I believe our processes are robust for this purpose going forward.

I have also taken account of the estimated sum held within the budget management reserve, which provides a safety net against a number of critical assumptions around funding, the non or late delivery of savings in 2019/20 and any legislative or accounting changes imposing new burdens. The use of the budget management reserve provides a stable platform for our future service planning. The budget management reserve avoids any late swings in the funding available to services by underwriting budget funding assumptions. Assumptions can therefore be made around funding at an earlier stage in the budget process, knowing this reserve can address any shortfall that develops late in the process.

The overall projected levels of reserves and balances are reviewed annually and are deemed to be adequate and forecast to stand at £177.4m by 31st March 2019.

The general contingency for the revenue budget is £3.6m. This is assessed as adequate for the risks it is expected to cover. In addition, the contingency caters for any other significant inflationary increases which cannot be met from service budgets. Risks from the external environment are mentioned below.

The budget does not provide specific funding for any unforeseeable, extraordinary items of major expenditure, for example, the implications of flooding within the county. Subject to the magnitude of the extraordinary event, if such an event were to occur, it would have to be funded from existing general reserves (with a balance estimated at £20.3m by 31st March 2019) if the general contingency were exhausted.

The expected future introduction of 75% business rate retention funding to finance local authorities from 1 April 2020 also highlights the need to strengthen reserves. Whilst we don't know the full details of the new system, we do know that business rates are a very volatile income source, varying considerably with the business cycle. The County's reliance on funding from this source is likely to be increased several fold, when implemented. To maintain a stable service provision, over the long term, against that background will require measures to ensure reserves remain robust and cater for this additional risk, including careful stewardship of the budget management reserve.

Against such a challenging financial background, it will therefore be crucial that reserves, both general and earmarked, continue to be managed in the medium term in a way that gives due regard to the need to set a legally balanced budget.

A financial resilience index for local authorities has been under development by Cipfa over the summer following the financial difficulties Northamptonshire County Council has faced. It is expected that there will be a requirement in future budgets to comment on the results of this Cipfa resilience index. As this index is still in development this requirement is not yet in place for the 2019/20 budget. More will be said about the index, and what it means, in future budgets. However, for the reasons listed in this section, I am comfortable as the County Council Chief Financial Officer that the authority is operating prudently and has strong financial resilience and that this is taken into account when preparing the 2019/20 budget and medium term service and financial plans.

Katharine Eberhart
Section 151 Officer

SECTION SEVEN: PRECEPT AND COUNCIL TAX

- 7.1 The 2019/20 council tax base is **332,429.70** Band D equivalents, and is set out across the District and Borough councils in Table 16 below. The table also shows the sums due under precepts from the respective authorities.

Table 16: Tax Base and Precept 2019/20

DISTRICT/BOROUGH COUNCIL	TAX BASE	PRECEPT £
Adur	21,195.00	£29,324,766.15
Arun	61,281.00	£84,786,553.17
Chichester	53,339.60	£73,799,070.37
Crawley	35,216.30	£48,724,216.19
Horsham	62,186.00	£86,038,684.02
Mid Sussex	60,707.50	£83,993,075.78
Worthing	38,504.30	£53,273,394.35
Total	332,429.70	£459,939,760.03

- 7.2 The impact of a 2.99% increase in Council Tax for General Fund purposes and a further 2% for Adult Social Care considered in the budget proposals outlined in the previous paragraphs imply a precept requirement of **£459.940m** and a Band D council tax of **£1,383.57**.
- 7.3 The budget embodies the core principles of living within our means, protecting the vulnerable and bearing down vigorously on administration costs.

SECTION EIGHT: EQUALITY ACT CONSIDERATIONS

- 8.1 The County Council formulates its budget proposals having regard to the duties under the Equality Act 2010 and the likely impact on those with protected characteristics, as set out in the Treating People as Individuals Policy.
- 8.2 In the assessment of individual proposals and in the overall assessment of its plans for savings across portfolios the County Council must have regard to the public sector equality duty. This will ensure that all decisions that will be finally taken include an understanding of the likely impact upon persons with protected characteristics and the steps that are planned to mitigate any adverse impact or otherwise address the commitments the County Council has to its duty. Appendix 3 also mentions any requirement for an Equality Impact Assessment as part of the decision on the saving.
- 8.3 The budget approval does not constitute a final decision about what the Council's service priorities and service budget commitments will be, or about what sums must be saved within each service portfolio. Specific executive decisions will be taken by the relevant portfolio holders and directors, and shall be made based on a clear understanding of what the potential impacts of doing one thing rather than another will be for the residents of West Sussex. It will be open to directors and Cabinet Members at the time of taking those decisions to choose to spend more on one activity and less on another or, where necessary, to go back to County Council and invite it to reconsider the allocations to different service budgets within the overall Council budget that has been set.
- 8.4 An overarching Equality Impact Assessment has been carried out and is set out at Annex 4.

SECTION NINE: FUTURE FINANCIAL RISKS

9.1 There are a number of major sources of change ahead from the external environment. These offer varying degrees of opportunity but also potential financial risk and instability over the medium term. These include:

- The potential impact from implementing the decision to leave the European Union and its influence on the UK's economic performance and the state of the nation's public finances. Any impact is likely to feed into the next Spending Review which will set national spending allocations for local authorities from 1 April 2020.
- The Government's review of the needs assessment for local authorities, called the Fair Funding Review (FFR). This assessment underlies how Government allocates resources, and is expected to impact on the starting point for the new funding system under 75% proposed business rate retention scheme. It is a considerable time since any similar review was undertaken, which may mean significant change and volatility with funding. The MTFS assumes significant losses are the probable outcome from the FFR. This is based on experience with past reviews, where authorities with a much better than average local tax base (such as West Sussex) tend to be penalised with Government assuming local council tax can replace Government funding.
- The Government's implementation of the 75% business rate retention system (this is different from the 75% Business Rate pilot scheme for 2019/20) and linked to the wider review of fairer funding for local government mentioned above. This is anticipated to be done in a cost neutral way nationally. County Councils are expected to increase their share of local business rates from the current 10% allocation, but will lose other funding streams to keep this change cost neutral.

In the long run such a change provides an opportunity to increase the funding derived from the growth in business rates. However in the short term, there are three consequences to highlight:

- It will involve a reset of the business rate system and therefore a loss of part of the real term growth in business rate we currently use to help support the base budget.
 - Additional reliance on a volatile income source (business rates) which can vary from year-to-year for many reasons places a greater emphasis on ensuring the county's reserves are strong and able to provide a short term safety net for any sudden drop in this source of income.
 - Whilst the scheme is expected to be designed to operate in a cost neutral way nationally, at local authority level, there will invariably be "winners and losers".
- What the next Spending Review has in store for local government funding. This sets the overall framework of funding allocations to Government Departments and the national total for local authorities. The next Spending Review is due to come into effect from 1 April 2020. The degree of any further austerity with public finance and how it will impact on County Council funding, can only be informed by our best estimates until the Spending Review is announced.

- Service budgets already include an allowance for inflation, where appropriate. But there remains a risk that either through general inflationary pressures or due to contractual changes, additional costs could add to service pressures in 2019/20. Also, in the longer term, if actual inflation exceeds the Council's assumptions in the MTFS, this could potentially add significantly to the budget pressures we face.
- The demographic profile of the county indicates that we have a higher and growing proportion of older people, which will bring increased demand for council services, in particular adults' social care. In addition to this, we are also facing growing demand pressures from increased complexity of care needs, both of which may result in additional financial pressures.
- Changes in legislation or accounting policies in the future may have a financial impact for the council. Any developments will be closely monitored and if there is any impact, these could potentially be mitigated through reserves.

9.2 The Council will continue to keep the MTFS under review given the high degree of uncertainty surrounding the potential impact from Government policy, and the wider considerations on the state of public finances in future.

SECTION TEN: OTHER ISSUES

Human Resources Implications

- 10.1 The savings proposals already submitted and agreed by Cabinet Members and those specified within the budget indicate a potential human resources impact. This figure will be confirmed and included in the final version of the budget report.

Legal Implications

- 10.2 The County Council has a legal obligation to deliver a balanced budget within a prescribed timeframe each year. This is part of the set of legal obligations within the Local Government and Finance Acts 1992 and 2003 which also describe the factors and financial considerations which must, in law, inform the calculation of the budget and any council tax precept. The Chief Financial Officer has a responsibility to give formal notice to the Council if those provisions are at risk of not being adhered to. Ultimately the Secretary of State has powers of intervention in local authorities which fail to meet their fiduciary duty. This report outlines how the budget will be balanced with £24.1m of savings. Despite the challenge of reduced Government funding we continue to invest in priority areas to deliver the aims of the West Sussex Plan to benefit our residents.

KATHARINE EBERHART

Director of Finance, Performance and Procurement

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SUMMARY OF REVENUE BUDGET AND PRECEPT 2019/20

Total Net Expenditure 2018/19 ¹		SERVICE	Total Net Expenditure 2019/20	
Amount	Amount per Council Taxpayer (Band D equivalent)		Amount	Amount per Council Taxpayer (Band D equivalent)
£000	£		£000	£
194,773	594.17	Adults and Health	206,368	620.79
95,843	292.37	Children and Young People	100,187	301.38
44,423	135.52	Corporate Relations	41,503	124.85
13,717	41.84	Education and Skills	19,780	59.50
63,350	193.25	Environment	61,954	186.37
15,604	47.60	Finance and Resources	12,798	38.50
34,902	106.47	Highways and Infrastructure	32,926	99.04
3,893	11.88	Leader (including Economy)	4,026	12.11
37,273	113.70	Safer, Stronger Communities	37,728	113.49
503,778	1,536.80	SERVICE TOTALS	517,270	1,556.03
27,400	83.59	Capital Financing Costs	27,700	83.33
2,332	7.11	Revenue Contribution to Capital Outlay - County Council	1,032	3.10
0	0.00	Revenue Contribution to Capital Outlay - Business Rates Pilot ²	1,000	3.01
-1,903	-5.80	Investment Income	-2,503	-7.53
3,610	11.01	General Contingency	3,600	10.83
0	0.00	Care Leavers Council Tax Support	25	0.07
-1,274	-3.89	Transfers to/from (-) Earmarked Reserves - County Council	8,653	26.03
0	0.00	Transfers to/from (-) Earmarked Reserves - Business Rates Pilot ²	18,141	54.57
30,165	92.02	NON-SERVICE TOTALS	57,648	173.41
533,943	1,628.82	NET EXPENDITURE	574,918	1,729.44
-82,145	-250.59	Business Rates Retention Scheme - County Council	-84,745	-254.93
0	0.00	Business Rates - Gains from 75% Pilot ²	-19,141	-57.58
-12,122	-36.98	Revenue Support Grant	0	0.00
-4,102	-12.51	New Homes Bonus Grant	-3,932	-11.83
0	0.00	Social Care Support Grant	-5,243	-15.77
-3,557	-10.85	Council Tax Collection Fund Surplus (-) / Deficit	-2,279	-6.85
-36	-0.11	Business Rates Collection Fund Surplus (-) / Deficit	362	1.09
431,981	1,317.78	PRECEPT	459,940	1,383.57
	4.95%	Increase in Council Tax Band D on Previous Year		4.99%
327,809.60		Council Tax Band D Equivalents	332,429.70	

¹ The 2018/19 comparators have been restated from the 2018/19 Budget Book to reflect the change in political structure which came into force during 2018/19

² Increased business rates in relation to a joint bid with Districts and Boroughs to be a pilot area for 75% business rates retention in 2019/20. The gain will be invested jointly by the County Council and Districts/Boroughs on project work with economic benefit, but is reflected in the County's budget as the lead authority

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ANALYSIS OF CHANGES

PORTFOLIO	Budget 2018/19	Effective Change in Spending ¹				Change in Central Government Funding Arrangements	Transfers between Portfolios	Overall Change in Spending col 5+6+7	Budget 2019/20 col 1 + col 8
		Pay and Prices	Committed and Service Changes	Balancing the Budget (Appendix 3)	Total col 2 + 3 + 4				
	column 1	column 2	column 3	column 4	column 5	column 6	column 7	column 8	column 9
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults and Health	194,773	6,024	8,548	-4,635	9,937	900	758	11,595	206,368
Children and Young People	95,843	2,198	8,692	-6,360	4,530		-186	4,344	100,187
Corporate Relations	44,423	994	776	-3,339	-1,569		-1,351	-2,920	41,503
Education and Skills	13,717	549	6,429	-911	6,067		-4	6,063	19,780
Environment	63,350	1,843	-381	-3,065	-1,603		207	-1,396	61,954
Finance and Resources	15,604	296	-2,033	-1,463	-3,200		394	-2,806	12,798
Highways and Infrastructure	34,902	818	-396	-2,148	-1,726		-250	-1,976	32,926
Leader (including Economy)	3,893	87	-34	-150	-97		230	133	4,026
Safer, Stronger Communities	37,273	1,082	668	-1,464	286		169	455	37,728
SERVICE TOTALS	503,778	13,891	22,269	-23,535	12,625	900	-33	13,492	517,270
Capital Financing Costs	27,400		300		300			300	27,700
Revenue Contribution to Capital Outlay - County Council	2,332		-1,300		-1,300			-1,300	1,032
Revenue Contribution to Capital Outlay - Business Rates Pilot	0		1,000		1,000			1,000	1,000
Investment Income	-1,903			-600	-600			-600	-2,503
General Contingency	3,610		-43		-43		33	-10	3,600
Care Leavers Council Tax Support	0		25		25			25	25
Transfers to/from (-) Earmarked Reserves - County Council	-1,274		9,927		9,927			9,927	8,653
Transfers to/from (-) Earmarked Reserves - Business Rates Pilot	0		18,141		18,141			18,141	18,141
NON-SERVICE TOTALS	30,165	0	28,050	-600	27,450	0	33	27,483	57,648
NET EXPENDITURE	533,943	13,891	50,319	-24,135	40,075	900	0	40,975	574,918

¹ The effective change in spending is shown in greater detail in each portfolio section. This represents changes that will either be borne directly by the council taxpayer or via general financing grants from central government.

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BALANCING THE BUDGET

Activity	Balancing the Budget			Description	Equality Impact Assessment (EIA)
	2019/20 £000	2020/21 £000	Total £000		
Adults and Health					
Strategic Decisions:					
Review options for in house provided services (Published Cabinet Member decision)	320	180	500	A Cabinet Member decision was taken in October 2018 which secures this saving.	EIA to run with service redesign and service user engagement and will inform evaluation of options to minimise avoidable adverse impact.
Use of the Minimum Income Guarantee for working age adults - higher customer contributions for around 1700 people (Published Cabinet Member decision)	300		300	People receiving local authority arranged care and support other than in a care home need to retain a certain level of income to cover their living costs. Under the Care Act 2014, charges must not reduce people's income below a certain amount, which is known as the Minimum Income Guarantee (MIG). This a figure that the Department of Health (DH) specifies. For working age adults, the County Council currently allows a higher level of MIG, whereas if the DH guidance amount was followed instead a higher client contribution would be collected. Around 1700 people would be affected by such a change, which will generate additional income of circa £0.3m per year (after allowing for pooled budget implications which will benefit the Clinical Commissioning Groups or CCGs). For a single person the increase in contribution is likely to be around £5 per week, however the system will remain means-tested and so the change in arrangements will only apply to those who are assessed to pay a contribution.	Usual EIA methodology will be used.
Local Assistance Network (Published Cabinet Member decision)	600		600	As a predominantly discretionary service, it is proposed to reduce the budget for the Local Assistance Network from £0.8m to £0.2m.	EIA underway to assess impact on those most directly affected and will inform evaluation of range of measures and mitigation opportunities.
Housing Related Support (Published Cabinet Member decision)	1,740	2,328	4,068	Planned reduction in expenditure on Housing Related Support. A core budget of £2.3m will be retained from 2020/21 onwards to fund the County Council's statutory responsibilities and to support key preventative services.	Usual EIA methodology will be used. Full assessment will be made and collaboration with partners taken into account to use mitigation measures.
Efficiencies:					
Joint working arrangements with the NHS		1,500	1,500	Government expects health and social care to integrate by 2020. The saving arises from the opportunities this should create, e.g. from efficiencies in use of staff resources and from improved market management because care should be bought on a collaborative basis rather than a competitive one.	Usual EIA methodology will be used. New accommodation provision via the capital grant will provide positive opportunities.
Revenue savings from capital investment re Westergate	100		100	Estimated annual revenue savings arising from the £1.5m capital grant agreed by the County Council to support the 60 unit extra care housing scheme at Westergate.	Usual EIA methodology will be used. New accommodation provision via the capital grant will provide positive opportunities.
Staffing Review - across Children, Adults, Families, Health and Education (CAFHE)	175	175	350	Across CAFHE there are areas of activity, e.g. commissioning and business support, where scope exists to take a more strategic approach. This is expected to lead to some pooling of staff and the delivery of synergies. £0.35m is a broad order estimate of the saving that this ought to realise across the whole of the directorate.	Usual EIA methodology will be used.

BALANCING THE BUDGET

Activity	Balancing the Budget			Description	Equality Impact Assessment (EIA)
	2019/20 £000	2020/21 £000	Total £000		
Public Health Grant reduction plan: - Contract reductions	152		152	Reduction in expenditure across a range of contracts, including 4 Sight, Integrated Sexual Health Services and information and advice.	Usual EIA methodology will be used.
- Staffing reductions	425		425	Saving arising from a removal of vacant posts in Public Health.	Usual EIA methodology will be used.
- Reprioritisation of Public Health budget	323		323	The County Council has been incurring costs in other portfolios for Public Health related work which has been funded by the Public Health Grant. The budget proposals provide for some of these activities, which fall outside of Health, to be no longer directly funded from the Public Health Grant. In turn, this releases part of the Public Health Grant enabling an effective increase in direct service expenditure within the Portfolio. In order to help manage the impact of the reduction in the PHG in 2019/20, £0.3m of the opportunity that this presents will not be used, but applied as a saving.	EIA not likely to be needed - saving achievable from funds released elsewhere
Reform of Lifelong Services (split between Adults, Children's and Education remains subject to confirmation)	500	500	1,000	A Lifelong Service has been created to support individuals with lifelong disabilities or autism and other complex needs (acquired before the age of 25). By taking a more holistic view of customers throughout their lives, better care outcomes and better value for money are expected to be delivered, for example from innovative approaches to high cost residential placements and greater use of community assets. The benefits of this will fall across Adults, Children's and Education, so some reprofiling of savings between those services is likely to become necessary in due course.	Specific EIA will be undertaken to assess effect of any proposals and any changes to the service model to early intervention and focus on independence on those with protected characteristics.
Reprocurement of the Integrated Sexual Health Service (ISHS) contract		250	250	Reprocurement of the Integrated Sexual Health service with savings through the introduction of postal service for testing.	Usual EIA methodology will be used.
Sub-total Adults and Health	4,635	4,933	9,568		
Children and Young People					
Strategic Decisions:					
Provision of care leavers accommodation (Published Cabinet Member decision)	390		390	The County Council has a statutory responsibility to provide accommodation services for care leavers, most of which is obtained from the external market. Due to rising unit costs and a lack of suitable supply, the County Council is planning to make arrangements to acquire properties which will be suitable for care leavers. These will be subject to production of a business case, for which one of the requirements will be a return on investment.	Usual EIA methodology will be used. New accommodation provision will provide positive opportunities.
IPEH: New proposals, including absorption of Think Family Grant (£0.56m: Published Cabinet Member decision).	2,950	1,950	4,900	Savings proposals totalling £4.9m will be presented to Cabinet Board on 22nd January 2019. These will be based on a holistic review of IPEH and will include £560k of savings in relation to the loss of Think Family Grant previously agreed through Cabinet Member decision CYP05 (18/19)."	Usual EIA methodology will be used.
Efficiencies:					
Growth in numbers of in-house foster carers as part of the Fostering Improvement Plan	300	70	370	The aim of the fostering improvement plan is to improve the availability of in-house foster carers and reduce the reliance on externally commissioned care. As the latter tends to cost more, reductions in overall expenditure can be anticipated from this work.	Usual EIA methodology will be used.

BALANCING THE BUDGET

Activity	Balancing the Budget			Description	Equality Impact Assessment (EIA)
	2019/20 £000	2020/21 £000	Total £000		
Implement Children Looked After commissioning strategy	840		840	There are a number of new approaches to commissioning care for Children Looked After within the children's commissioning strategy to ensure that the right care is delivered at the right time and place and at best value for money. These include stronger interventions with children at risk of requiring care including parent and child placements as well as schemes to enhance greater independence for older children. Through these initiatives, reduced expenditure is expected to be the result.	Usual EIA methodology will be used.
Early intervention reducing demand for high cost services	350	400	750	The implementation of the improved Integrated Prevention and Earliest Help service (IPEH) will result in earlier interventions with families and young people before they reach crisis point. This will have the outcome of reducing demand for the most expensive services enabling savings to be achieved.	Previous decisions to develop preventative services informed by EIAs. Further assessment for specific proposals undertaken alongside any assessment of benefits realised to date.
Healthy Child Programme procurement	250		250	The procurement of the Healthy Child Programme has allowed the Public Health Grant to become the funding source for part of the Integrated Prevention and Earliest Help service rather than the County Council. Savings have been delivered as part of this, the level of which will continue to increase in 2019/20.	Usual EIA methodology will be used.
Public Law Outline and client expenditure (S17) - embedding of process improvements made in 2017/18	280		280	Improved processes in 2017/18 led to this budget underspending by £290k. This is expected to be available on a recurring basis.	EIA not likely to be required.
Reform of Lifelong Services (split between Adults, Children's and Education remains subject to confirmation)	500	1,000	1,500	A Lifelong Service has been created to support individuals with lifelong disabilities or autism and other complex needs (acquired before the age of 25). By taking a more holistic view of customers throughout their lives, better care outcomes and better value for money are expected to be delivered, for example from innovative approaches to high cost residential placements and greater use of community assets. The benefits of this will fall across Adults, Children's and Education, so some reprofiling of savings between those services is likely to become necessary in due course.	Specific EIA will be undertaken to assess effect of any proposals and any changes to the service model to early intervention and focus on independence on those with protected characteristics.
Lifelong Services - review of high cost placements		500	500	Specific savings target from the review of high cost placements	Usual EIA methodology will be used.
Use of Public Health Grant to support the IPEH budget	500		500	Use of the Public Health Grant to fund eligible expenditure in IPEH that otherwise would need to be funded by the County Council	Usual EIA methodology will be used.
Sub-total Children and Young People	6,360	3,920	10,280		
Corporate Relations					
Efficiencies:					
Provision of Legal Services via the ORBIS partnership	250	200	450	Greater collaboration through the ORBIS Partnership is expected to reduce demand for external advice and deliver efficiencies.	EIA not likely to be required
EProcurement of MFD contract	100		100	Full year saving from the eProcurement of the MFD contract completed in 2017/18.	N/A - saving decision made
Implementation of IT Strategy	200		200	savings arising from the delivery of the IT strategy and the links to the outsourced contract.	EIA not likely to be required
Closer management of the Capita Contract	200	200	400	Further efficiencies from outsourced contracts	EIA not likely to be required

BALANCING THE BUDGET

Activity	Balancing the Budget			Description	Equality Impact Assessment (EIA)
	2019/20 £000	2020/21 £000	Total £000		
Review Accounts Payable workflow	50		50	Process improvement allowing for savings to be realised from the SSO contract	EIA not likely to be required
Increased digitalisation of support to Members	10		10	Benefit of digital approach to Member agendas and reports	EIA not likely to be required
Centralisation of Learning & Development	169	50	219	Consolidation of arrangements for training staff currently employed across the council.	EIA not likely to be required
Ensure appropriate use of agency staff	400	200	600	More efficient and appropriate use of agency staff	EIA not likely to be required
Review of Staff Terms and Conditions	180	1,000	1,180	Comprehensive review of employee terms and conditions	Usual EIA methodology will be used as part of consultation processes.
Asset Strategy - reduction in business rates payable		250	250	Rationalisation in County Council building estate through implementation of the Asset Strategy will reduce business rate liability	Usual EIA methodology will be used as part of the wider decision making process on use and continued use of public buildings.
Cessation of the Outplacement contract	85		85	Contract not to be renewed on expiry in March 2019, alongside changes to policy and guidance.	EIA not likely to be required
Deletion of HR&OC vacant posts	70		70	Release vacant posts from structure following review of the recent restructure	EIA not likely to be required
Charging PVI Sector training	100		100	Review of charging for training delivered to external organisations	EIA not likely to be required
Stop refreshments at training sessions	25		25	Requiring attendees to provide their own refreshments at training events	EIA not likely to be required
Reduce CLT development costs		70	70	Reduction in costs associated with the provision of training and development of senior management.	EIA not likely to be required
Facilities Management - associated services		50	50	Review of facilities contracts (including security, grounds maintenance, cleaning, pest control).	EIA not likely to be required
Whole Council Design	1,500		1,500	To be realised via the Whole Council Design work and through investment in transformation.	Usual EIA methodology will be used where needed as a result of service changes.
Sub-total Corporate Relations	3,339	2,020	5,359		
Education and Skills					
Strategic Decisions:					
Transport for pre-school age children	70	50	120	Due to increasing demand within the Home to School Transport budget, the Council is having to reduce its level of discretionary expenditure, and is therefore proposing to remove non-statutory age pupils from its Home to School Transport eligibility.	Usual EIA methodology will be used.
Developing additional SSCs (Published Cabinet Member decision)	131	829	960	Net saving from reduced number of placements being made in Independent and Non-maintained sector following the opening of four new Special Support Centres attached to mainstream schools (2 nursery and 2 primary) from September 2019. Additionally it is planned to open a further 4 SSCs in September 2020, and 3 in September 2021.	Usual EIA methodology will be used.

BALANCING THE BUDGET

Activity	Balancing the Budget			Description	Equality Impact Assessment (EIA)
	2019/20 £000	2020/21 £000	Total £000		
Efficiencies:					
Improve School Trading Offer	150	275	425	A number of trading opportunities are being explored in order to deliver additional revenue income of £0.425m from existing and new products. This will be dependent on the success of initial pilots in 2018/19 and a developed traded model structure (eg ability to trade beyond the County's boundaries).	EIA not likely to be required
Reprioritisation of budgets in High Needs Block	560		560	On-going savings from 2018/19 plus removal of residential funding stream to Littlegreen School following its conversion to an academy from January 2019.	N/A - saving decision made
Sub-total Education and Skills	911	1,154	2,065		
Environment					
Strategic Decisions:					
Waste Deal with Ds&Bs - to link with future of recycling credits (Published Cabinet Member decision)	1,200		1,200	The phased withdrawal of support to District and Boroughs through the current recycling credit regime.	Usual EIA methodology will be used.
Efficiencies:					
Move to 100% diversion from landfill via Refuse Derived Fuel (RDF) Contract	300	300	600	Further savings in the RDF contract can be achieved following the development of the MBT (Mechanical Biological Treatment) and Site Ha to allow additional RDF to be diverted from Landfill.	EIA not likely to be required
Further savings on Viridor contract through negotiation	150	200	350	Following the financial review of the PFI model a benchmarking exercise was also undertaken which showed opportunities within the existing contract. Also, contract savings are possible in 2020/21 as a result of further negotiation with Viridor with regard to the operation of the HWRS.	EIA not likely to be required
Reprocurements of energy/water contracts	50		50	Agreed framework in place for procurement (Crown Commercial Services).	EIA not likely to be required
Expansion of solar installation programme	90	100	190	Income from the development of both existing and new solar farms, including installing solar panels in a number of WSCC schools. This will be delivered through schemes within the capital programme.	EIA not likely to be required
Reduce waste going to landfill through further variations to MBT facility	725	75	800	Saving from reducing tonnages going to landfill by utilising other disposal methods - i.e. increase of RDF.	EIA not likely to be required
Permits for commercial vehicles, vans and trailers for use of Household Waste Recycling Centres (HWRCs)	100		100	A reduction in tonnage due to the implementation of permits for commercial vehicles.	Usual EIA methodology will be used.
Review of countryside agreements and PROW operational budgets	70		70	A review of operational budgets, including lease arrangements for countryside facilities.	Usual EIA methodology will be used.
Biffa agreed saving	130		130	Contract saving in relation to the operation of the MBT (Mechanical Biological Treatment).	EIA not likely to be required
Disposal savings as a result of Adur & Worthing decision to move to 2-Weekly collection	100	200	300	Savings in disposal costs as a result of extra recycling.	Usual EIA methodology will be used.
Waste Disposal - Non Resident Restriction/Charge		250	250	Introduction of a permit scheme or introduce charging per visit for non West Sussex residents using the HWRS	EIA not likely to be required
Planning fee income	150	150	300	Reflecting growth in volume of planning applications	EIA not likely to be required - volume change
Sub-total Environment	3,065	1,275	4,340		

BALANCING THE BUDGET

Activity	Balancing the Budget			Description	Equality Impact Assessment (EIA)
	2019/20 £000	2020/21 £000	Total £000		
Finance and Resources					
<i>Efficiencies:</i>					
Income Generation - Investment Opportunities	500	500	1,000	£50m in the capital programme has been set aside for commercial investment where the objective is to generate rental income from commercial property and support the local economy.	Usual EIA methodology will be used.
Insight & Performance restructure	150		150	Restructure savings	EIA not likely to be required
Purchasing Card spending - target 10% on contracted spend	460		460	Cards used for everyday transaction. More effective and consistent use of the P card purchases/transactions will produce savings, plus additional corporate monitoring to ensure value for money is maximised	EIA not likely to be required - process changes
Advertising/sponsorship opportunities	50		50	The County Council will engage with external parties to boost existing (and create new) revenue schemes from advertising and sponsorship opportunities on West Sussex assets.	EIA not likely to be required
Reduce Hardship Fund to reflect current demand	105		105	This budget supports some of the work by Districts and Boroughs on their council tax support schemes,. The reduction to the budget is to a level more in line with demand seen in recent years.	EIA not likely to be required - aligning budget to demand levels
Reduction in subscriptions	23		23	Savings following a review of the professional services that the County Council subscribes to.	EIA not likely to be required
Increased utilisation of the Apprenticeship levy	175	30	205	Increased utilisation of the Levy to meet the costs of training currently found within base budget.	EIA not likely to be required.
Crawley PFI Review		200	200	Greater efficiencies with respect to the delivery of services within the Crawley Schools PFI contract.	EIA not likely to be required
Sub-total Finance and Resources	1,463	730	2,193		
Highways and Infrastructure					
<i>Strategic Decisions:</i>					
Review of non-statutory elements of the English National Concessionary Transport scheme	50		50	Review of non-statutory rail travel element of concessionary travel scheme.	Usual EIA methodology will be used.
On Street Parking - changed date of annual increase (Published Cabinet Member decision)	150		150	Change in date for annual on-street charge increase from April to September (effective September 2019)	Usual EIA methodology will be used.
Reduction in public bus service subsidies which do not impinge upon school transport (Published Cabinet Member decision)	300		300	Reduction in subsidies for unviable services where there is no link to providing transport for schools.	Usual EIA methodology will be used.
<i>Efficiencies:</i>					
Cost Recovery (Street Works Permit Scheme)	140	20	160	Review of allocation of permit and street works activity costs to fees generated, including investment in additional resource to enhance compliance of works on the highway.	Usual EIA methodology will be used.
Staffing changes	134	100	234	Restructure savings	EIA not likely to be required.
Highway operations service level review	574		574	Savings from reprocurement of the Highways maintenance contract from: efficiencies in service delivery using innovative ways of working, review of service levels to align with neighbouring authorities following a benchmarking exercise.	EIA not likely to be required.
Income generation - examine scope to increase income from fees and charges, including sponsorship	100	100	200	Charging for services that we currently provide for free and providing opportunities for advertising on the highways and for sponsorship of highways activities.	EIA not likely to be required.

BALANCING THE BUDGET

Activity	Balancing the Budget			Description	Equality Impact Assessment (EIA)
	2019/20 £000	2020/21 £000	Total £000		
On-Street Parking - annual increase	200		200	Annual increase in on-street charges from April 2019	Usual EIA methodology will be used.
Reduced level of demand for concessionary bus travel scheme	500		500	Reflects reduced level of demand for concessionary travel	Previous EIA work, but EIA may not be needed for update to reflect demand.
Sub-total Highways and Infrastructure	2,148	220	2,368		
Leader (including Economy)					
Efficiencies:					
Policy team/Communications Team	150		150	Restructure of the policy and communication team	EIA not likely to be required.
Sub-total Leader (including Economy)	150	0	150		
Safer, Stronger Communities					
Strategic Decisions:					
Reduce Intervention and Prevention Team	400		400	Restructure team and remove posts. Cease delivery of activities such as Firebreak, Safe Drive Stay Alive and targeted school visits. High risk home safety checks, safeguarding and Firewise scheme will continue.	Usual EIA methodology will be used
Revised arrangements to deliver Command and Mobilisation services (Cabinet Key Decision to be published)		1,000	1,000	Changed arrangements for delivering command and mobilisation to the Fire and Rescue Service	EIA not likely to be required.
Reduce Search and Rescue Team	200		200	Reduce expenditure in line with Government Grant funding (£400k), likely loss of International Search and Rescue function	Usual EIA methodology will be used
Reduce Community Initiative Fund	140		140	Reduce the level of grants available	Usual EIA methodology will be used
Efficiencies:					
Reduce media fund for physical and digital stock	25		25	Increased utilisation of book stock leading to savings in stock replacement.	Past EIA work. Usual EIA methodology will be used.
Reduced support from the Business Resilience team	100		100	Reduced support to the organisation from the Business Resilience Team and greater reliance on Services to deliver business continuity plans	EIA not likely to be required.
Reduce staffing capacity in Community Safety and Wellbeing Service	75		75	Restrict level of partnership service to partners.	Usual EIA methodology will be used
Reduced Partnership & Comm Team	195	45	240	Limit level of 'local' resource available for community resilience programme.	Usual EIA methodology will be used
Reduce Trading Standards Discretionary duties by 10%	130		130	Removal of discretionary business support services	Usual EIA methodology will be used
Remove Big Society Grant Fund	49		49	The cessation of the Big Society Fund. The expectation is that funding will be raised through 'Spacehive' the WSCC supported crowd funding platform	Usual EIA methodology will be used
Reduction in Community Safety Team	50	50	100	Reduce contribution to Youth Offending Service and Training capacity on safeguarding	Usual EIA methodology will be used
Restructure Fire Senior Team	100		100	Restructure savings	EIA not likely to be required.
Procurement of contract for Fire Uniform		100	100	New contract to be let to deliver fire uniform and kit	EIA not likely to be required.
Move to deliver Regulatory services in partnership with D&Bs		100	100	Working alongside D&B's to deliver enforcement and regulatory services	Usual EIA methodology will be used
Sub-total Safer, Stronger Communities	1,464	1,295	2,759		

BALANCING THE BUDGET

Activity	Balancing the Budget			Description	Equality Impact Assessment (EIA)
	2019/20 £000	2020/21 £000	Total £000		
Corporate (Non-Service)					
<i>Efficiencies:</i>					
LGPS	500		500	An upfront payment of the council's employers annual contribution can be made in April 2019, rather than the current monthly payment system via a percentage of the monthly payroll run for LGPS staff. This allows a cash flow benefit for the Pension Fund to be recognised, with the Fund benefiting from the ability to invest the cash immediately at the start of the year, rather than over the full 12 months. In turn the County Council can reduce its overall payment, to realise this benefit from this earlier payment, in agreement with the Fund actuary.	EIA not likely to be required.
Interest income	100	100	200	Expected improved return from Treasury Management activities income generation, within agreed strategy.	EIA not likely to be required.
Sub-total Corporate (Non-Service)	600	100	700		
Overall Total	24,135	15,647	39,782		

Portfolio Summary:	2019/20 £000	2020/21 £000	Total £000
Adults and Health	4,635	4,933	9,568
Children and Young People	6,360	3,920	10,280
Corporate Relations	3,339	2,020	5,359
Education and Skills	911	1,154	2,065
Environment	3,065	1,275	4,340
Finance and Resources	1,463	730	2,193
Highways and Infrastructure	2,148	220	2,368
Leader (including Economy)	150	0	150
Safer, Stronger Communities	1,464	1,295	2,759
Corporate (Non-Service)	600	100	700
Total	24,135	15,647	39,782

GRANTS TOWARDS SPECIFIC SERVICES

Portfolio and Grant	2018/19 Budget	2019/20 Budget	Change from 2018/19 Budget	
	£000	£000	£000	%
Specific Government Grants ¹				
Adults and Health				
Independent Living Fund	4,444	4,309	-135	-3.0
Local Reform and Community Voices	458	465	7	1.5
Social Care in Prison	71	68	-3	-4.2
Syrian Vulnerable Persons Resettlement Scheme	155	155	0	0.0
Public Health Grant	12,891	13,541	650	5.0
Improved Better Care Fund	14,302	16,575	2,273	15.9
Winter Pressures	0	3,304	3,304	N/A
War Pensions Scheme Disregard	168	153	-15	-8.9
	32,489	38,570	6,081	18.7
Children and Young People				
Dedicated Schools Grant	49,317	48,124	-1,193	-2.4
Child Asylum Seekers	2,214	2,414	200	9.0
Adoption Support Fund	1,530	1,530	0	0.0
Asylum - Leaving Care	244	244	0	0.0
Public Health Grant	13,449	12,957	-492	-3.7
Think Family	1,750	1,190	-560	-32.0
Social Worker Intake Team	250	250	0	0.0
Staying Put	231	236	5	2.2
Youth Justice Good Practice	554	500	-54	-9.7
Improved Better Care Fund	128	128	0	0.0
Additional Asylum Seeking Children Capacity Grant	162	110	-52	-32.1
Social Care Support Grant	0	400	400	N/A
Extending Personal Advisor Offer (Care Leavers)	0	72	72	N/A
	69,829	68,155	-1,674	-2.4
Education and Skills				
Dedicated Schools Grant	532,381	548,974	16,593	3.1
16-19 Sixth Form Grant	14,748	15,666	918	6.2
Pupil Premium Grant	14,838	13,442	-1,396	-9.4
Crawley Schools PFI	4,532	4,532	0	0.0
Extended Rights to Free Travel	358	449	91	25.4
Golden Hellos	100	0	-100	-100.0
Higher Education Funding Council for England	120	120	0	0.0
PE & Sports	1,844	1,844	0	0.0
Universal Free School Meals	7,900	7,900	0	0.0
Skills Funding Agency	3,005	3,005	0	0.0
Moderation and Phonics Key Stage 2	61	27	-34	-55.7
School Improvement Monitoring and Brokerage	700	750	50	7.1
European Structural and Investment Fund	0	233	233	N/A
Teachers Pay	0	2,700	2,700	N/A
	580,587	599,642	19,055	3.3
Environment				
Waste PFI	2,124	2,124	0	0.0
Public Health Grant	95	47	-48	-50.5
	2,219	2,171	-48	-2.2
Finance and Resources				
Inshore Fisheries and Conservation Support	148	148	0	0.0
	148	148	0	0.0
Highways and Infrastructure				
Street Lighting PFI	6,069	6,069	0	0.0
Bus Service Operators	436	436	0	0.0
Lead Local Flood Authority	62	66	4	6.5
Public Health Grant	100	50	-50	-50.0
	6,667	6,621	-46	-0.7
Leader (including Economy)				
Local Enterprise Partnership Core Funding	502	502	0	0.0
	502	502	0	0.0
Safer, Stronger Communities				
Public Health Grant	7,427	6,470	-957	-12.9
Service and Maintenance Support	145	145	0	0.0
Fire Revenue Grant	822	2,300	1,478	179.8
	8,394	8,915	521	6.2
TOTAL SPECIFIC GOVERNMENT GRANTS	700,835	724,724	23,889	3.4

¹ Where final grant confirmations are outstanding, provisional 2019/20 allocations have been budgeted

GRANTS TOWARDS SPECIFIC SERVICES

Memo: Other Non-Service and Financing Grants	2018/19	2019/20	Change from	
	Budget	Budget	2018/19 Budget	
	£000	£000	£000	%
Business Rate Retention Scheme				
- Settlement Funding Assessment	76,239	77,986	1,747	2.3
- Business Rate Local Growth	2,115	2,839	724	34.2
- Business Rate Cap Grant (Section 31)	3,791	3,920	129	3.4
Business Rates - Gains from 75% Pilot	0	19,141	19,141	N/A
Revenue Support Grant	12,122	0	-12,122	-100.0
New Homes Bonus Grant	4,102	3,932	-170	-4.1
Social Care Support Grant	0	5,243	5,243	N/A
TOTAL OTHER NON-SERVICE AND FINANCING GRANTS	98,369	113,061	14,692	14.9

DRAFT

RESERVES

Reserve	Balance at 1 April 2018 ¹ £000	Projected balance at 31 March 2019 £000	Projected balance at 31 March 2020 £000	Description
Adult Social Care and Health Demand Pressures	-66	-66	0	This reserve has been used in the support of the Adults and Health portfolio managing its demand pressures, particularly through a focus on prevention.
Adult Social Care Support Grant 2018/19	0	-2,065	-2,065	In February 2018 the government announced an additional £150m for Adult Social Care Services in 2018/19 which was allocated to councils based on their relative needs. £2.065m was designated to West Sussex and is held in the reserve.
Adult Social Care Transformation Fund	-1,743	-323	-323	A one-off Adult Social Care grant was announced as part of the 2017/18 settlement. The funding is worth £241m nationally and £3.3m to West Sussex. These funds have been used to pump-prime transformational investment in adult social care, with spending decisions to be taken through the Corporate Transformation Board. The remaining balance will continue to be used in this way.
Budget Management	-30,110	-29,493	-24,840	Held to guard against uncertainty and volatility over future Local Government finance settlements, business rate income and localisation of Council Tax benefits, as well as guarding against the risk of non delivery of savings.
Business Infrastructure	-706	-706	-706	Reserve held to pump-prime local economic developments, through developing the broadband network, facilitating new business start-ups, and financing internal infrastructure improvements using local contractors where appropriate.
Business Rates Pilot	0	0	-18,141	Increased business rates in relation to a joint bid with Districts and Boroughs to be a pilot area for 75% business rates retention in 2019/20. The gain will be invested jointly by the County Council and Districts/Boroughs on project work with economic benefit, but is reflected in the County's budget as the lead authority.
Capital Expenditure	-4,010	0	0	This reserve was used to finance expenditure within the capital programme as part of the capital financing strategy.
Capital Infrastructure	-12,028	-12,028	-12,028	Held to support capital plans over the longer term, such as the A27 scheme, thus avoiding the need to borrow and incurring the associated long term capital financing costs.
Community Initiative Funding	-33	0	0	Monies carried forward from 2016/17 in respect of the Community Initiative Funding have now been fully applied as intended.
Contract Settlement	-203	0	0	Provides for potential claims arising from the settlement of contractual arrangements.
Counselling Services to Schools	-383	0	0	Reserve established using a 2016/17 contingency allocation, has been used to support schools in their on-going provision of discretionary counselling services.
Deprivation of Liberty Safeguarding	-1,000	-1,000	-1,000	Held to support the Council in undertaking its statutory assessments of whether arrangements made for the care and/or treatment of an individual lacking capacity to consent amounts to a deprivation of liberty.
Economic Growth Reserve	0	-1,297	-1,297	Held to deliver the Economic Growth Plan.
Education Software Upgrades	-46	0	0	Used in the updating of the central education database and admissions software.
Elections	-200	-200	-400	To hold annual contributions built into the base revenue budget. Will be used to finance administrative costs in an election year.
Highways and Education Buildings	-32	-32	-32	Held to cover any outstanding shortfall within the Education Basic Need programme as a result of the DfE grant shortfall, along with providing improvements on the highway.

RESERVES

Reserve	Balance at 1 April 2018 ¹ £000	Projected balance at 31 March 2019 £000	Projected balance at 31 March 2020 £000	Description
Highways Commuted Sums	-3,057	-3,057	-3,669	Holds a balance of contributions received from developers in respect of future maintenance costs of non-standard highways infrastructure.
Infrastructure Works Feasibility	-298	0	-1,000	Reserve created to support the development and delivery of the County Council's Capital Programme.
Insurance	-8,049	-6,421	-6,421	Held in respect of the Authority's self-funding insurance scheme, to provide for the risk of unknown future claims. The value of the reserve is subject to regular review by independent insurance advisers to assess its validity in consideration of historical and market trends.
Interagency Fees	-260	0	0	Created to smooth the impact of timing changes to the payment of Interagency Adoption Fees. Previously paid in three instalments, 2018/19 became the first year for the payment to be made in full at the beginning of the adoption process.
Interest Smoothing Account	-830	-830	-830	Held to meet temporary shortfalls arising from fluctuations in interest rates, such as a reduction in investment returns or increased costs of borrowing, in line with the prudence principle in the financial strategy over matters over which the Council has little control.
Multi Agency Safeguarding Hub	-122	0	0	Created to allow the recruitment of two education advisor posts within the Multi Agency Safeguarding Hub. Due to delays with recruitment, the full sum was not required in 2018/19. Permanent revenue funding has been established as part of the 2019/20 budget setting process, hence this reserve will not be required going forward.
NNDR Appeals	-460	-460	-460	To cover the council's share of any potential liability following successful business rates appeals.
On Street Parking	-806	-526	-526	Represents the surplus of charges over enforcement and associated costs, which is used to finance on street parking development and eligible transport network expenditure.
One Public Estate	-415	-215	-215	Reserve established in 2017/18 to hold the balance of Government grant funding received to develop plans for rationalising the public estate together with partners including District Councils, Health and Sussex Police.
Operation Watershed	-165	0	0	Held to meet the cost of the works identified in the Flood Report, and other drainage and highways works relating to extreme weather conditions. This will include drainage and emergency works following extreme flooding.
Payroll Improvement Project	-50	0	0	This reserve has been used to fund the automation tool for the payroll improvement project.
Pothole Action Bonus Fund	-540	0	0	This reserve has been used to enable the County Council to focus on longer term repairs across the highways network.
Crawley Schools Private Finance Initiative (PFI)	-7,199	-6,696	-6,643	The PFI reserves hold the surplus of government credits and other sources of finance over unitary charge payments and other expenditure in the early years of the respective contracts, to meet future expenditure over the life of the PFI arrangements. This equalises the costs to the taxpayer of building and maintaining the facilities over the duration of the contracts. This is underpinned by detailed financial models to ensure that the schemes remain solvent throughout their durations.
PFI Street Lighting	-19,613	-19,703	-19,864	
PFI Waste Management	-12,415	-12,415	-12,415	

RESERVES

Reserve	Balance at 1 April 2018 ¹ £000	Projected balance at 31 March 2019 £000	Projected balance at 31 March 2020 £000	Description
Records Office WWI	-49	0	0	Held to support the World War I centenary and related projects.
Schools Sickness and Maternity Insurance Scheme	-2,085	-2,085	-2,085	Holds the accumulated surplus on the Sickness and Maternity Insurance Scheme operated by the Authority for its maintained schools.
Service Transformation:				<p>The Service Transformation reserves are held to meet the costs of major organisational transformation. They are used to fund short-term costs in order to deliver on-going savings, and as a source of investment to finance improvements to services so that they become more efficient and provide better outcomes. From 2019/20, the reserves will be split as follows.</p> <ul style="list-style-type: none"> -ICT: to cover replacement and new technologies and equipment. -Resourcing: to cover all other resourcing (capacity, skills and supporting needs) to ensure successful project and programme delivery. -Early severance: to cover the costs arising from workforce reduction. <p>The projected balances as at 31 March 2020 do not yet reflect spending to be incurred during the year.</p>
-ICT			-5,000	
-Resourcing	-11,513	-6,500	-5,000	
-Early Severance			-3,000	
Social Care Support	0	0	-5,243	This holds the County Council's share of the £410m Social Care Support Grant announced by Government in the 2018 Budget. Although it is currently shown as an earmarked reserve, the intention is to use it to support expenditure in the Adults' and Children's portfolios once final decisions about the 2019/20 budget proposals have been made.
Special Support Centres	0	0	-1,845	Revenue funding set aside to help fund the creation of additional Special Support Centres in our mainstream schools in the capital programme. These funds will help to reduce our borrowing requirements.
Statutory Duties Reserve	-2,350	-1,570	-1,570	Holds funding to meet any obligations over and above that which the Authority has made provision for, such as those relating to payments made outside of payroll, and to meet any costs associated with the implementation of the General Data Protection Regulation (GDPR) and Health and Safety requirements.
Strategic Economic Plan	-1,852	-1,295	-1,210	Held to support the progression of the economic priorities within the Coast to Capital Local Enterprise Partnership.
Street Works Permit Scheme	-836	-871	-871	Street Works Permit surplus income transferred into reserve as the use of this income is restricted to supporting the delivery of the scheme in line with legislation.
Sustainable Investment Fund	-761	-21	0	This reserve was created from funding for Be The Business and the Social Enterprise Fund, with the aim to encourage match funding to enhance the opportunity to support West Sussex businesses.
Tax Liabilities	-142	-142	-142	Established to finance any tax liabilities arising from HMRC audits, which can be backdated by up to four years.
Unapplied Revenue Grants	-1,804	-1,800	-1,770	The Unapplied Revenue Grant reserve represents the unspent balance on revenue grants which are received for specific purposes but where there are no outstanding conditions on the grant which could require its repayment. The grant has therefore been recognised in full in accordance with accounting standards, but the unapplied balance is held in a reserve to fund future expenditure plans relevant to the purpose of the grant.

RESERVES

Reserve	Balance at 1 April 2018 ¹ £000	Projected balance at 31 March 2019 £000	Projected balance at 31 March 2020 £000	Description
Waste Management MRMC	-26,116	-27,915	-25,915	An investment fund to meet the 25-year Materials Resource Management Contract (MRMC) with Biffa Waste Services Ltd for the treatment and disposal of waste, including the development of appropriate facilities.
Waste Volatility	-500	0	0	Held surplus income from the sale of recyclable materials by Waste Collection Authorities. Utilised in 2018/19.
Youth Offending Service	-85	0	0	Enabled one-off training for Youth Offending Staff.
TOTAL EARMARKED RESERVES (NON SCHOOLS)	-152,932	-139,732	-166,526	
Dedicated Schools Grant (DSG)	-5,489	-2,798	-2,798	DSG is ring-fenced and can only be applied to finance expenditure on schools. This includes individual school budgets and an element of central expenditure on educational services provided on an authority-wide basis.
School Balances	-14,995	-14,556	-14,556	The School Balances reserve holds net underspending on locally managed budgets.
TOTAL EARMARKED RESERVES (SCHOOLS & NON SCHOOLS)	-173,416	-157,086	-183,880	
General Fund	-20,286	-20,286	-20,286	The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year.
Capital Grants Unapplied Account	-13,627	0	0	Holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.
TOTAL USABLE RESERVES	-207,329	-177,372	-204,166	

¹ Opening balances have been adjusted for transfers agreed as part of the 2018/19 budget as approved by County Council in February 2018

Draft Capital Strategy 2019/20 to 2023/24

1 Introduction

- 1.1 In December 2017 CIPFA issued revised Prudential and Treasury Management Codes. As a consequence, from 2019/20 all local authorities are required to prepare a separate Capital Strategy report. The aim of this Capital Strategy is to ensure that all elected members of the County Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
- 1.2 The Capital Strategy is reported alongside the budget report and the Treasury Management Strategy Statement for Council approval. This ensures the separation of the core treasury function under security, liquidity and yield principles; and the policy and commercialism investments usually driven by expenditure on an asset.
- 1.3 The Capital Strategy will provide the following:
- The corporate governance arrangements for these types of activities (section 2);
 - A high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of service (section 3);
 - The expected income, costs and resulting contribution (section 4);
 - The debt related to the activity and the associated interest costs and the payback period (MRP policy) (section 5);
 - For non-treasury investments, the cost against the current market value (section 6);
 - The risks associated with each activity (section 7); and
 - Knowledge and training (section 8).
- 1.4 The Council will ensure that the concepts of proportionality as detailed within the CIPFA Codes of Practice (Prudential Code and Treasury Management Code) and the MHCLG "Statutory Guidance on Local Government Investments" are adhered to. The Director of Finance, Performance and Procurement will continually assess whether the Council is overdependent on its non-treasury (profit-generating) activities in achieving a balanced revenue budget and report on contingency plans, should the Council fail to meet the expected net profits.
- 1.5 A capital strategy is the foundation of a proper long-term planning of capital investment in assets and how it is to be delivered. The strategy should link in to the Council's overall corporate objectives and strategic priorities and align with the Council's Asset Management Strategy. The

strategy provides a set of objectives and a framework, within CIPFA codes and statutory legislation, by which new capital projects are evaluated and investment decisions made whilst ensuring funding is targeted towards meeting the Council's priorities.

2 Corporate Governance arrangements

- 2.1 Priorities for capital investment are set by members, with the detailed planning delegated to officers, who prepare a draft capital programme for ultimate approval by the full County Council. The associated governance arrangements are set out in the Financial Regulations (Financial Regulation B, paragraphs 2.2 – 2.4).
- 2.2 Projects that have had a Strategic Outline Case (SOC) and are included in the approved five-year capital programme are considered to be in the pipeline. The preferred option/s will be developed into a Full Business Case (FBC) for a decision to proceed, in accordance with the approved capital programme governance, before the project can enter into the delivery stage. Schemes costing over £0.5m are also subject to a Cabinet Member Key Decision before proceeding.
- 2.3 Each of the projects in delivery is subject to monthly highlight reports produced by the Project Manager. The highlight reports are scrutinised through the capital governance arrangements and provide a RAG rating for each project. Individual highlight reports are collated into a single Performance Report. The Performance Report also includes a benefits realisation framework and identifies at least one benefit to be tracked throughout the lifecycle of each project's investment as well as beyond the project's completion. Project benefits and measures are set out in each project's Full Business Case, along with review dates for monitoring their delivery.
- 2.4 Performance towards converting pipeline projects to delivery stage, through delivery of the approved project and the tracking of benefits is scrutinised through the capital governance arrangements. Progress is reported to Cabinet Board and Performance and Finance Select Committee through the Quarterly Capital Performance Report.
- 2.5 The capital programme covers a five-year period—with some recognised demand pressures extending beyond this period in line with the Asset Strategy. The capital programme is constrained by the affordability of borrowing within the revenue budget, and the Council's finite delivery capacity. Therefore, robust prioritisation methodology to prioritise projects in future years is under development.

- 2.6 For approval under the governance arrangements, schemes are assessed on the basis of business cases which follow the Treasury Green Book Five-Case Model, as set out below:

Strategic – there is a robust “case for change” which meets corporate objectives

Economic – the scheme delivers value for money

Financial – the scheme is affordable within capital and revenue resources

Commercial – procurement arrangements and any deal structure have been considered

Management – ensuring strong arrangements for the set-up and delivery of the project

3 Council’s Corporate Objectives and Priorities

- 3.1 The West Sussex Plan 2017-2022 sets out the five priority areas for the Council - **Best Start in Life, A Prosperous Place, Strong, Safe and Sustainable Place, Independent for Later Life and A Council that Works for the Community**. The capital programme sets out how the County Council proposes to invest in the delivery of the Council’s vision for the county and its commitment to the communities of West Sussex. The capital programme is aligned to the plan priorities, as set out in the paragraphs below.

Giving Children the Best Start in Life

The County Council is committed to ensuring that every child in West Sussex reaches their potential and aims to provide them with the foundation to do that. A key element of that is the provision of modern, maintained and fit for purpose educational facilities. The capital programme ensures that the correct numbers of school places are provided in the correct locations. The Council may also invest in residential facilities for children and care leavers where there is a strong business case to do so.

The capital programme also provides £6.7m for implementation of the SEND Strategy, focusing on provision for children with autistic spectrum disorder and social, emotional and mental health needs.

We will also plan a wide programme of schools capital maintenance works across the West Sussex schools estate to ensure that schools remain structurally safe, secure and provide an environment where children are able to thrive.

A Prosperous Place

West Sussex has a dynamic business community and we are committed to ensuring continued economic growth and prosperity, working with our partners to understand the needs of businesses and provide the infrastructure and skills for them to succeed and grow in West Sussex. The capital programme proposes a package of works designed to stimulate economic growth, by providing and contributing to significant job creation, delivering additional commercial floorspace in key locations and unlocking the potential for the provision of new homes. The County Council's investment leverages funding from the government as well as other public sector and private sector partners, to support businesses in difficult economic times and to ensure that West Sussex remains open for business and thrives.

In December 2016, the County Council purchased the former Novartis site in Horsham. We continue to plan, working with a range of external advisors, with up to £50m investment, including the site purchase in 2016/17, **of Horsham Enterprise Park**. The project aims to create high value jobs and business and provide new housing in the area.

The West Sussex local government area has been awarded pilot status in 2019/20 to trial the proposed 75% business rates retention scheme. The County Council and the Districts and Boroughs made a joint submission to Government seeking pilot status, and news of the success of this bid was contained in the provisional finance settlement announced on 13 December 2018. The extra business rates growth retained (estimated at **£19.1m** for 2019/20) will be pooled by participating local authorities and used to make a strategic investment in the county's economic infrastructure. It is anticipated the funds will be applied to enhance the digital infrastructure and connectivity for business and residents in the county, starting in 2020/21.

A Strong, Safe, and Sustainable Place

£44.5m further investment in an innovative sustainable energy programme of works is proposed to provide a revenue return for the County Council. As part of the Your Energy Sussex partnership, the County Council is proposing to invest in the installation of **Solar farms and battery storage** on unused Council land. In addition a **schools solar programme** will install solar panels on the schools estate helping to reduce energy bills for schools and provide a return on investment for the County Council.

Horsham Combined Blue-Light Centre: work in partnership with the district council to relocate the fire station, create residential development space in the town centre and provide income-generating training facilities.

Independence for Later Life

The County Council is committed to working closely with partners to enable older people to remain independent for longer. It aims to provide the technology and support structure to ensure that West Sussex remains a great place to grow older, by keeping people safe and secure. It also aims to address social isolation by trying to keep older residents connected within their communities.

A Council that Works for the Community

The County Council is committed to serving the people of West Sussex, making it easier and better when they contact us and improving services to meet their needs. The County Council is acutely aware that it is a guardian of its residents' money and aims to ensure that everything it does is best value for money.

The capital programme continues to invest in priority areas for local communities, including a continuation of the **Footway Improvements** programme (£4.5m) to address the condition of our footway assets in key areas across the county, aimed at reducing the number of slip, trips and falls in public places and helping to keep people safe and secure.

The County Council has secured government investment and partnership engagement in a programme of works called the **One Public Estate (OPE)**. Detailed planning has continued throughout 2018/19 and the programme aims to: improve service delivery through co-location and integration of services, rationalise the public estate, generate revenue savings and reductions in running costs, release land for new housing, jobs and economic growth, and secure capital receipts from the disposal of surplus land and assets. There is a capital allocation to deliver a wide range of projects. Initial schemes in progress that have been approved include:

- **Worthing (Centenary House):** Redevelopment of the site to provide new accommodation for WSCC and Sussex Police, a multi-agency hub offering integrated and co-located public services, a new library and Coroner's Court, community facilities, new housing and commercial or employment space.
- **Shoreham (Pond Road):** Redevelopment of derelict care home, existing health centre and existing library to provide new multi-

agency hub (including health), new library and community facilities, new housing and commercial space.

- **Regeneration of Crawley Town Centre:** The focus for WSCC is the redevelopment of County Buildings, Telford Place, Crawley Town Hall and the Library to provide extra commercial space and several hundred new homes. An expansion to this, to include the fire station and Crawley College is being considered.
- **Chichester (Southern Gateway regeneration):** This project centres on the redevelopment and regeneration of the Southern Gateway in Chichester, focusing on the area around the railway and bus stations, the former law courts, the WSCC-owned former Kingsham School, the Police Station and the canal frontage.
- **The Brow, Burgess Hill:** Redevelopment of The Brow, to provide new housing and a new health centre, potentially with co-located social care services.
- **Hurst Road, Horsham:** Releasing fire station at Hurst Road, Horsham for redevelopment.
- Further schemes are under development, including at Littlehampton Drayton where work is underway to develop a joint-highways and 'blue-light' emergency services fleet maintenance facility.

A programme of capital works to support the remodelling of **Community Hubs** (£5m) services is proposed. The programme will aim to transform existing sites into economic enablers, social hubs, cultural centres and digital connectors, whilst enhancing their role in supporting reading and learning for all ages.

£12m has already been included in the 2018/19 capital programme for the phased **purchase of commercial property**. A further £38m remains available for investment in properties meeting return criteria. The purpose is to secure long-term assets, which will not only produce capital growth but also revenue income for the County Council.

The capital programme continues to invest in the services that keep people safe, with a £13.8m investment in **Corporate and Fire Fleet** vehicles and £1.8m of **Fire Equipment** to support the work of the Fire and Rescue Service.

- 3.2 The capital programme comprises large schemes and development projects supplemented by routine investment in the core business of the Council. This latter activity is managed through asset management plans. Funding for such work is made through annual "block allocations" which are refreshed annually. Block allocations include property and highways asset maintenance, fleet and equipment asset replacement and other comparable projects. Block allocations are approved by the County Council on the basis

of a summary business case and subsequently planned and budgeted within the approved control totals.

- 3.3 The main new schemes introduced into the programme since the last approval by County Council in December 2017 are investment in LED Street Lighting (£22m), which provides for more energy-efficient lamps whose brightness can more easily be controlled, and in-house social care (£3m), leaving the County Council at less risk of market volatility in cost and supply of care places. Funding has also been provided for improved SEND provision at Woodlands Meed School, Burgess Hill (£20m) and the Horsham Combined Blue-Light Centre project (£25m). These are subject to final approval of a Full Business Case.

4 Expected Income, Costs and Resulting Contribution

- 4.1 The County Council's capital investment is not restricted to direct service provision through new community assets such as schools and highways. It also invests in Income Generating Initiatives—which generate a cashable return and thus reduce the Council's operating costs—and in cost-avoidance activities which minimise the future cost burden on local taxpayers. Examples of these activities include (as explored in more detail in Section 3):

Income Generating Initiatives

County Gigabit
Your Energy Sussex
Investment Property
Horsham Enterprise Park
Street-Lighting LED programme

Cost Avoidance (Core Programme)

SEND Development programme
In-house social care for care leavers
Woodlands Meed
Brookhurst Wood (Waste Infrastructure)
Operation Watershed
Community Hubs

- 4.2 Funding for Income Generating Initiatives is included in the capital programme, but is released only on approval of a Full Business Case. Cost-avoidance schemes are included within the core programme and are not subject to any additional governance.

5 Cost and Funding of Capital Strategy

5.1 The total value of schemes in the 2019/20—2023/24 capital programme is £705.0m. This comprises £534.7m of the “core programme” with the remaining £170.3m being “Income Generating Initiatives”, as set out by portfolio in the table below. These latter schemes are intended to generate revenue income for the County Council, and the will proceed subject only to the approval of a business case.

18/19		19/20	20/21	21/22	22/23	23/24	Total
£m		£m	£m	£m	£m	£m	£m
1.0	Adults and Health	1.5	1.6	1.7	1.5	0.1	6.4
0.0	Children & Young People	0.0	1.0	1.0	1.0	0.0	3.0
1.2	Corporate Relations	1.3	16.0	2.1	0.0	0.0	19.4
29.0	Education and Skills / Children & Young People	31.3	30.5	38.8	18.9	15.1	134.6
0.7	Environment	1.2	3.0	2.3	0.0	0.0	6.5
5.3	Finance and Resources	7.0	16.3	17.5	16.0	13.7	70.5
38.7	Highways and Infrastructure	33.8	45.0	57.9	35.7	37.5	209.9
5.8	Leader including Economy	7.7	8.2	4.0	12.0	2.0	33.9
4.9	Safer, Stronger Communities	9.0	16.7	7.7	8.0	9.1	50.5
86.6	Total Core	92.8	138.3	133.0	93.1	77.5	534.7
5.3	Corporate Relations	2.4	1.0	0.0	0.0	0.0	3.4
7.2	Environment	2.7	13.0	7.8	14.9	9.1	47.5
12.4	Finance and Resources	10.1	18.0	20.0	10.1	8.7	66.9
0.0	Highways and Infrastructure	0.0	3.7	3.7	7.6	7.0	22.0
1.4	Leader including Economy	1.0	6.8	7.7	15.0	0.0	30.5
26.3	Total IGIs & Bold Ideas	16.2	42.5	39.2	47.6	24.8	170.3
112.9	Total Programme	109.0	180.8	172.2	140.7	102.3	705.0

Further details of the individual schemes by portfolio are set out in Appendix A.

5.2 Capital expenditure may be financed from a range of internal and external sources. Internal sources include capital receipts, revenue contributions, reserves and internal borrowing. External sources include private sector contributions, such as S106/CIL developer contributions, Government grants (which may be ring-fenced for specific purposes or non-ring-fenced and available for general application by the County Council) and external borrowing.

5.3 The assumed funding profile for the programme to 2023/24 is shown below:

18/19		19/20	20/21	21/22	22/23	23/24	Total
£m		£m	£m	£m	£m	£m	£m
1.0	Capital Receipts	3.8	3.8	7.7	22.3	36.9	74.5
5.0	External Contributions including S106	5.8	9.7	11.1	11.8	11.3	49.7
27.4	Ringfenced Government Grant	5.8	17.4	18.2	9.5	1.3	52.2
51.9	Non-Ringfenced Government Grant	64.9	20.4	19.8	19.4	18.9	143.4
5.1	Revenue Contributions to Capital Outlay	2.1	19.4	6.8	2.3	10.5	41.1
1.2	Core Borrowing	13.5	69.0	76.2	33.3	7.4	199.4
21.3	IGI and Bold Ideas Borrowing	13.1	41.1	32.4	42.1	16.0	144.7
112.9	Total Financing	109.0	180.8	172.2	140.7	102.3	705.0

5.4 Capital plans (set out in paragraph 5.3) highlight that a borrowing requirement of £26.6m is required to finance the Council's capital expenditure plans in 2019/20, including:

- Borrowing of up to £13.5m relating to the core programme; and
- Additional borrowing of up to £13.1m relating to Income Generating Initiatives.

5.5 Revenue Impact: The revenue impact (capital financing cost as a percentage of net revenue streams) of the recommended borrowing strategy relating to the Council's 'core' capital programme (excluding IGIs, Bold Ideas, PFI and Finance Leases) is outlined below:

	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Net Revenue Expenditure	574.9	580.9	593.3	607.3	620.0
Capital Financing					
Charges – Excluding <i>IGIs, PFI and Finance Leases</i>	27.3	27.8	29.9	32.6	33.8
% Ratio	4.8%	4.8%	5.0%	5.4%	5.5%

- 5.6 The implications of the capital programme outlined in paragraphs 5.1 to 5.3 in terms of the council’s Authorised Borrowing Limit and Operational Boundary are detailed in the Treasury Management Strategy Statement which is set out in Appendix 7 of the main budget report.
- 5.7 The Council has considered long term capital planning and the implications this will have on both the level of borrowing and the revenue budget. As at 31 March 2018 the Council had external loans with the PWLB totalling £395.9m, with a maturity profile which stretches out to 2059. As originally approved within the 2018/19 Treasury Management Strategy Statement, the Council intends to repay any loan as it falls due; including the annual repayment of £7m in respect of the £70m PWLB loan taken out in April 2011. This can be demonstrated in Appendix C, which extends out to 2060 and assumes that from 2024/25 onwards the Council has an annual core programme borrowing requirement of £20m and continues to hold useable reserves, provisions and working capital (£130m each year from 2039/40 onwards). The Council’s external core programme debt at the end of this period would be £313m, as at today’s value, after utilising the internal cash balances relating to useable reserves, provisions and working capital. On a time value basis, taking into account the impact of inflation and other economic changes, the debt outstanding at 2060 is forecast to be around a quarter of its valuation at current prices (£77m). Appendix D graphically sets out the debt projections to 31 March 2060.
- 5.8 Within the IGI borrowing figures, the borrowing need gradually reduces over the period to 2060, due to both the application of capital receipts generated by some of the IGI projects, along with other projects generating revenue returns to reduce the associated borrowing need.
- 5.9 A list of the relevant Prudential Indicators for 2019/20 to 2022/23 is set out in Appendix 8 of the main budget report, including new commercial investment indicators.

6. Non-Treasury (Commercial) Investments

6.1 The Council's capital investment plans (Section 3) includes a portfolio of non-treasury (commercial) investments. This portfolio will generate a revenue return to the Council, which will meet the objectives of the West Sussex Plan (2017-2022) in supporting financial sustainability and protecting the provision of services to the residents of West Sussex. The Council's Income Generating Initiatives (and Bold Ideas) will only be agreed when supported by approved business cases and subject to members' obtaining appropriate assurance regarding the security of capital sums involved; scrutiny being undertaken by the Performance and Finance Select Committee.

6.2 Examples of the Council's non-treasury investments include (but are not limited to) the following:

- The purchase of land and property for investment purposes.
- Working in partnership with other Council's to improve energy efficiency and reducing energy costs for the local residents and small to medium-sized businesses in Sussex (including solar farms and solar panel installations).
- Third party loans and investments made for service purposes.

6.3 Business cases for all schemes will set-out the economic and/or regeneration benefits for the community, together with the funding arrangements and all associated revenue costs (for instance the cost of borrowing) applicable to the schemes. Business cases will demonstrate the ongoing stewardship, sustainability, affordability and benefits of any proposed project. Funding arrangements may include (but not limited to) the following:

- External borrowing; when evidenced that any income return will first cover all associated revenue (capital financing) costs.
- Share capital in companies associated with the project(s).
- Capital receipts generated by the project(s).

6.4 As part of the Capital Programme which was approved by County Council in February 2017, the Council planned to invest up to £50m in Commercial Property over the period 2018/19 to 2022/23; to meet the objectives of the West Sussex Plan (as set out in paragraph 3.1) along with maintaining and growing the capital value of the investment. The principles of the Council's Commercial Property strategy include:

- Ensuring the portfolio of assets is prudently balanced to minimise the risk of income fluctuation and loss of capital value. This will be achieved by investing in a range of assets and in a range of locations;

- Ensuring that the rate of return exceeds that which could be achieved through traditional sources of investments;
- A comprehensive due diligence process to minimise the risks in building an investment portfolio, to ensure both the quality of the asset and the incumbent tenant. This would include building and site specific surveys, estimates of future maintenance costs and estimates of any future capital refurbishment requirements; and
- Appropriate governance arrangements to ensure decisions are made in a streamlined and efficient way, within a transparent and risk aware environment.

6.5 The Council will act prudently in making any non-treasury (commercial) investment, including a rigorous evaluation of potential opportunities and risks against the principles outlined above. The assessment of the Council's income generating initiatives and the associated capital financing costs will be disclosed over the life-cycle of the MTFS as a minimum; but also assessed over the longer-term (as set out in the Prudential Indicators – Appendix 8 within the main budget report).

7. Risks

7.1 Preparation, financing and delivery of a multi-year capital programme involves a series of risks. The major ones, and their mitigations, are set out below:

Key Risk	Mitigation
Schemes' total costs are above budget	Preparation of monthly highlight reports scrutinised through the governance arrangements Reporting via monthly Total Performance Monitor
Lack of capacity prevents timely delivery of schemes	Use of multi-disciplinary consultancy (MDC) for professional services Monthly highlight reports for timely identification of slippage
Unaffordability of financing costs in revenue budget	Preparation of Treasury Management Strategy
Schemes taken forward do not support West Sussex Plan objectives	Inclusion of members on Capital & Assets Board to align prioritisation
High priority scheme not reflected in existing	Flexibility in capital governance to allow change in priorities

capital plans	
Expiry of time limited S106 contributions	Monitoring system in place to ensure that contributions are spent within appropriate time period
Spending is not in line with grant conditions (e.g. Local Growth Fund)	Monitoring of spending against agreed profiles and grant conditions Negotiation with grant-awarding bodies where conditions may not be met
Availability of feasibility and other revenue funding constrains capital plans	Creation of Feasibility Reserve Outline Business Cases to include feasibility funding requirement
Outline Business Cases do not fully reflect cost of scheme	Rigorous challenge of Outline Business Cases through the capital programme governance arrangements
Interest rate volatility regarding borrowing	Regular monitoring of interest rates Use of external advisors
Implications of Brexit both on delivery and financing of capital programme	Regular monitoring and awareness

8. Knowledge and Training

8.1 The Council uses professional advisory services as necessary in the preparation and delivery of its capital programme. For example, these include:

- Faithfull + Gould (multi-disciplinary consultant)
- Savills (property advisory services)
- Montagu Evans (valuers)
- Link (treasury management advisory)

8.2 CIPFA's Code of Practice requires that staff with responsibility for treasury management and property investment receive adequate training. Staff undergo regular professional training to ensure their skills are regularly updated. Future training needs are periodically reviewed as part of staff appraisals and personal development plans. Training options for officers include professional qualifications from CIPFA and other appropriate organisations; attendance at workshops and seminars run by the Council's appointed treasury management advisor; and on the job training.

Appendices

Appendix A – Capital Programme Portfolio Pages

Appendix B – Minimum Revenue Provision (MRP) Statement 2019/20

Appendix C - Illustrative External Debt/Internal Borrowing Projections

Appendix D – Graphical Illustration of Debt Projections to March 2060

CAPITAL PROGRAMME 2019/20 - 2023/24

2018/19 £000	CORE CAPITAL PROGRAMME (Expenditure)	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
1,009	Adults and Health	1,492	1,539	1,700	1,495	128	6,354
0	Children & Young People	0	1,000	1,000	1,000	0	3,000
1,181	Corporate Relations	1,282	16,000	2,141	0	0	19,423
28,966	Education and Skills	31,324	30,442	38,875	18,896	15,062	134,599
752	Environment	1,176	3,064	2,300	0	0	6,540
5,254	Finance and Resources	6,994	16,361	17,462	15,993	13,705	70,515
38,714	Highways and Infrastructure	33,830	44,981	57,869	35,746	37,463	209,889
5,787	Leader including Economy	7,670	8,278	4,000	12,000	2,000	33,948
4,889	Safer, Stronger Communities	9,042	16,663	7,650	7,996	9,144	50,495
86,552	TOTAL PROGRAMME	92,810	138,328	132,997	93,126	77,502	534,763

2018/19 £000	INCOME GENERATING INITIATIVES & BOLD IDEAS (Expenditure)	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
5,310	Corporate Relations	2,370	1,000	0	0	0	3,370
7,280	Environment	2,700	13,000	7,800	14,924	9,036	47,460
12,366	Finance and Resources	10,115	18,000	20,000	10,076	8,729	66,920
0	Highways and Infrastructure	0	3,700	3,700	7,600	7,000	22,000
1,420	Leader including Economy	1,000	6,780	7,720	15,000	0	30,500
26,376	TOTAL PROGRAMME	16,185	42,480	39,220	47,600	24,765	170,250

112,928	Total Capital Programme	108,995	180,808	172,217	140,726	102,267	705,013
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2018/19 £000	FINANCING	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
1,000	Capital Receipts	3,850	3,750	7,750	22,250	36,852	74,452
5,014	External Contributions including S106	5,812	9,732	11,050	11,820	11,300	49,714
27,461	Ringfenced Government Grant	5,856	17,349	18,210	9,490	1,328	52,233
51,901	Non-Ringfenced Government Grant	64,823	20,425	19,865	19,356	18,858	143,327
5,075	Revenue Contributions to Capital Outlay	1,032	3,432	4,632	2,377	10,532	22,005
0	Revenue Contributions to Capital Outlay from 75% Pilot	1,000	16,000	2,141	0	0	19,141
1,181	Core Borrowing	13,537	68,990	76,149	33,333	7,390	199,399
21,296	IGI & Bold Ideas Borrowing	13,085	41,130	32,420	42,100	16,007	144,742
112,928	TOTAL PROGRAMME	108,995	180,808	172,217	140,726	102,267	705,013

CAPITAL PROGRAMME 2019/20

FINANCED FROM	£000	£000	%
External Sources and Service Portfolio Direct Funding			
Government Grants			
Adults and Health	992		
Education and Skills	1,550		
Leader including Economy	734		
Highways and Infrastructure	2,580		
		5,856	5.37%
External Contributions			
Education and Skills	950		
Highways and Infrastructure	4,141		
Leader including Economy	721		
		5,812	5.33%
Total		11,668	10.71%
Corporate Funding			
- Capital Receipts	3,850		
- Government Grant	64,823		
- Revenue Contributions to Capital Outlay	1,032		
- Revenue Contributions to Capital Outlay from 75% Pilot	1,000		
- Borrowing - Corporate	26,622		
Total Corporate Funding		97,327	89.29%
TOTAL CAPITAL PAYMENTS		108,995	100%

Adults and Health

CAPITAL PROGRAMME 2019/20 to 2023/24

Project	Approved Budget Profiled					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
In-Flight Projects						
Boundary Close	136	0	0	0	0	0
NHS Transfer/A Place to Live - 38 Alinora Crescent	21	0	0	0	0	0
Tempe	102	0	0	0	0	0
Westergate Extra Care	750	750	0	0	0	0
Total In-Flight Approved Projects	1,009	750	0	0	0	0
Proposed Projects*						
In-House Social Care	0	500	500	1,000	1,000	0
NHS Capital Grants	0	242	700	700	495	128
Social Care Grant	0	0	339	0	0	0
Total Proposed Starts List	0	742	1,539	1,700	1,495	128
TOTAL PROGRAMME	1,009	1,492	1,539	1,700	1,495	128
Financing	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
Sources of Funding						
A Place to Live Grant	21	0	0	0	0	0
NHS Grant	136	242	440	0	0	128
Social Care Grant	750	750	339	0	0	0
Corporate Resources	102	500	760	1,700	1,495	0
External Contributions	0	0	0	0	0	0
Total Funding	1,009	1,492	1,539	1,700	1,495	128

* All projects approved subject to business case

Children & Young People

CAPITAL PROGRAMME 2019/20 to 2023/24

Project	Approved Budget Profiled					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
In-Flight Projects						
Total In-Flight Approved Projects	0	0	0	0	0	0
Proposed Projects*						
Care Leavers Accommodation	0	0	1,000	1,000	1,000	0
Total Proposed Starts List	0	0	1,000	1,000	1,000	0
TOTAL PROGRAMME	0	0	1,000	1,000	1,000	0
Financing	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
Sources of Funding						
Corporate Resources	0	0	1,000	1,000	1,000	0
Total Funding	0	0	1,000	1,000	1,000	0

* All projects approved subject to business case

Corporate Relations

CAPITAL PROGRAMME 2019/20 to 2023/24

Project	Approved Budget Profiled					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
In-Flight Projects						
Broadband	1,181	282	0	0	0	0
Total In-Flight Approved Projects	1,181	282	0	0	0	0
Proposed Projects*						
Digital Infrastructure (Business Rates Pilot)	0	1,000	16,000	2,141	0	0
Total Proposed Starts List	0	1,000	16,000	2,141	0	0
TOTAL PROGRAMME	1,181	1,282	16,000	2,141	0	0
Financing	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
Sources of Funding						
Corporate Resources	744	1,282	16,000	2,141	0	0
External Contributions	437	0	0	0	0	0
Total Funding	1,181	1,282	16,000	2,141	0	0
Income Generating Initiatives & Bold Ideas	Approved Budget Profiled					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
In-Flight Income Generating Projects						
County Gigabit	5,310	2,370	1,000	0	0	0
Total IGIs & Bold Ideas Projects	5,310	2,370	1,000	0	0	0

Education and Skills

CAPITAL PROGRAMME 2019/20 to 2023/24

Project	Approved Budget Profiled					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
In-Flight Projects						
Academies Programme	131	0	0	0	0	0
Age of Transfer - Storrington	431	0	0	0	0	0
Basic Need Programme	18,899	14,904	3,100	0	0	0
Community Schools Capital Maintenance Grant	7,095	0	0	0	0	0
Devolved Formula Capital Grant	1,694	0	0	0	0	0
Healthy Pupils Capital Fund	466	0	0	0	0	0
Schools Access Initiative	250	250	0	0	0	0
Total In-Flight Approved Projects	28,966	15,154	3,100	0	0	0
Proposed Projects*						
Future Years Basic Need	0	6,650	14,500	15,137	10,017	9,781
Future Years Capital Maintenance	0	6,720	6,187	5,538	5,034	4,081
Future Years DFCG	0	1,200	1,200	1,200	1,200	1,200
Manor Green Primary SEND Provision	0	250	200	0	0	0
SEND Development Programme	0	350	2,255	1,000	2,595	0
Titnore Lane - Land	0	0	0	0	50	0
Woodlands Meed	0	1,000	3,000	16,000	0	0
Total Proposed Starts List	0	16,170	27,342	38,875	18,896	15,062
TOTAL PROGRAMME	28,966	31,324	30,442	38,875	18,896	15,062
Financing	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
Sources of Funding						
Basic Need Grant	27,863	43,776	0	0	0	0
Capital Maintenance Grant	6,961	6,270	5,648	5,088	4,579	4,081
Devolved Formula Capital Grant	1,694	1,200	1,200	1,200	1,200	1,200
Special Educational Needs & Development Grant (SEND)	650	350	2,255	0	750	0
Healthy Pupils Capital Grant	466	0	0	0	0	0
Government Grant - Woodlands Meed	0	0	0	6,000	0	0
Corporate Resources	-11,170	-21,222	21,339	26,587	12,317	9,781
External Contributions	2,502	950	0	0	50	0
Total Funding	28,966	31,324	30,442	38,875	18,896	15,062

* All projects approved subject to business case

Environment

CAPITAL PROGRAMME 2019/20 to 2023/24

Project	Approved Budget Profiled					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
In-Flight Projects						
Carbon Reduction Programme	582	0	0	0	0	0
Downslink	71	0	0	0	0	0
Faygate	18	643	0	0	0	0
General Aftercare Works	30	33	34	0	0	0
Westhampnett Gas Scheme	51	0	0	0	0	0
Total In-Flight Approved Projects	752	676	34	0	0	0
Proposed Projects*						
Baystone Farm	0	0	550	0	0	0
Faygate	0	0	780	0	0	0
Brookhurst Wood - Site HA	0	500	1,700	2,300	0	0
Total Proposed Starts List	0	500	3,030	2,300	0	0
TOTAL PROGRAMME	752	1,176	3,064	2,300	0	0
Financing	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
Sources of Funding						
Local Enterprise Partnership Grant	20	0	0	0	0	0
Corporate Resources	732	1,176	3,064	2,300	0	0
External Contributions	0	0	0	0	0	0
Total Funding	752	1,176	3,064	2,300	0	0
Income Generating Initiatives & Bold Ideas	Approved Budget Profiled					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
In-Flight Income Generating Projects						
Your Energy Sussex - Halewick Lane	293	0	0	0	0	0
Your Energy Sussex - Schools Solar PV Programme	4,673	0	0	0	0	0
Your Energy Sussex - Westhampnett Solar Farm	2,314	0	0	0	0	0
Total In-Flight Projects	7,280	0	0	0	0	0
Proposed Income Generating Projects *						
Waste Infrastructure	0	0	1,200	1,800	0	0
Your Energy Sussex - Solar Farms and Battery Storage	0	2,700	11,800	6,000	14,924	9,036
Total Proposed Projects	0	2,700	13,000	7,800	14,924	9,036
Total IGIs & Bold Ideas Projects	7,280	2,700	13,000	7,800	14,924	9,036

* All projects approved subject to business case

Finance and Resources

CAPITAL PROGRAMME 2019/20 to 2023/24

Project	Approved Budget Profiled					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
In-Flight Projects						
Accommodation Optimisation - County Hall	81	0	0	0	0	0
Gypsy and Travellers Improvement Programme	450	0	0	0	0	0
Sumpting Waste Management	61	250	0	0	0	0
Staff Capitalisation - Property	1,225	0	0	0	0	0
Structural Maintenance	2,203	0	0	0	0	0
Targeted Minor Asset Improvement Plan	1,000	0	0	0	0	0
Electric Vehicles	59	0	0	0	0	0
North Mundham Alternative Provision	175	0	0	0	0	0
Total In-Flight Approved Projects	5,254	250	0	0	0	0
Proposed Projects*						
Accessibility Audit	0	500	1,500	0	0	0
Capital Improvements Programme	0	1,173	5,320	7,000	8,110	1,300
Future Years Staff Capitalisation - Property	0	1,021	1,041	1,062	1,083	1,105
Future Years Structural Maintenance	0	3,500	2,200	2,300	2,300	1,000
Future Years Gypsy and Travellers Improvement Programme	0	150	300	300	300	300
One Public Estate	0	400	6,000	6,800	4,200	10,000
Total Proposed Starts List	0	6,744	16,361	17,462	15,993	13,705
TOTAL PROGRAMME	5,254	6,994	16,361	17,462	15,993	13,705
Financing	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
Sources of Funding						
Corporate Resources	5,254	6,994	16,361	17,462	15,993	13,705
External Contributions	0	0	0	0	0	0
Total Funding	5,254	6,994	16,361	17,462	15,993	13,705
Income Generating Initiatives & Bold Ideas	Approved Budget Profiled					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
In-Flight Income Generating Projects						
Propco: Barnham	359	0	0	0	0	0
Propco: Orchard Street	83	115	0	0	0	0
Investment Properties - Churchill Court	11,924	0	0	0	0	0
Total In-Flight Projects	12,366	115	0	0	0	0
Proposed Income Generating Projects *						
Investment Property Opportunities	0	10,000	13,000	13,000	2,076	0
Propco Others	0	0	5,000	7,000	8,000	8,729
Total Proposed Projects	0	10,000	18,000	20,000	10,076	8,729
Total IGI's & Bold Ideas Projects	12,366	10,115	18,000	20,000	10,076	8,729

* All projects approved subject to business case

Highways and Infrastructure

CAPITAL PROGRAMME 2019/20 to 2023/24

Project	Approved Budget Profiled					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
In-Flight Projects						
A2300 Corridor Enhancement Capacity, Burgess Hill	1,030	1,020	0	0	0	0
A259 Corridor Enhancement Capacity, East Arun	5,313	6,899	1,311	0	0	0
A284 Lyminster Bypass	725	250	6,408	8,500	0	0
Annual Works Programme	24,082	2,858	0	0	0	0
On-Street Parking	200	0	0	0	0	0
Crawley Transport Package Phase 1	135	0	0	0	0	0
Flood Management	120	148	258	0	0	0
Footway Improvement Programme	1,369	0	0	0	0	0
National Cycle Network 2	258	0	0	0	0	0
Operation Watershed	300	0	0	0	0	0
Pothole Action Fund	2,392	0	0	0	0	0
Road Safety Improvements	893	1,532	0	0	0	0
Shoreham Footbridge Replacement	21	0	0	0	0	0
Staff Capitalisation	1,219	0	0	0	0	0
West of Horsham	625	1,666	4,011	0	0	0
Worthing Sustainable Transport Package	32	0	0	0	0	0
Total In-Flight Approved Projects	38,714	14,373	11,988	8,500	0	0
Proposed Projects*						
A2300 Corridor Enhancement Capacity, Burgess Hill	0	0	3,110	8,210	9,210	0
A259 Clypmwick Bridge	0	0	500	500	0	0
A27	0	0	0	0	0	10,000
A29 Re-alignment, Bognor Regis	0	1,350	11,250	22,500	10,100	10,300
Annual Works Programme	0	14,777	14,777	14,777	14,777	14,777
Development and Infrastructure Future Fund	0	0	0	0	0	1,000
Footways Improvement Programme	0	1,500	1,500	1,500	0	0
Future Years Operation Watershed	0	300	300	300	300	0
Future Years Staff Capitalisation	0	1,280	1,306	1,332	1,359	1,386
Traffic Signals Refurbishment Programme	0	250	250	250	0	0
Total Proposed Starts List	0	19,457	32,993	49,369	35,746	37,463
TOTAL PROGRAMME	38,714	33,830	44,981	57,869	35,746	37,463
Financing	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
Sources of Funding						
Flood & Coastal Erosion Grant	120	148	258	0	0	0
Pothole Grant	2,570	0	0	0	0	0
Road Safety Grant	893	1,532	0	0	0	0
Local Enterprise Partnership Grant	5,039	900	12,707	8,610	7,540	0
Local Transport Maintenance Grant	11,043	11,043	11,043	11,043	11,043	11,043
Additional Highways Maintenance Grant	6,083	0	0	0	0	0
Local Integrated Transport Grant	3,734	3,734	3,734	3,734	3,734	3,734
Local Transport Incentive Fund Grant	2,300	0	0	0	0	0
Corporate Resources	4,889	12,332	8,871	23,432	1,659	11,386
External Contributions	2,043	4,141	8,368	11,050	11,770	11,300
Total Funding	38,714	33,830	44,981	57,869	35,746	37,463

* All projects approved subject to business case

Income Generating Initiatives & Bold Ideas	Approved Budget Profiled					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
Proposed Income Generating Projects *						
LED Street lighting	0	0	3,700	3,700	7,600	7,000
Total IGI's & Bold Ideas Projects	0	0	3,700	3,700	7,600	7,000

Leader including Economy

CAPITAL PROGRAMME 2019/20 to 2023/24

Project	Approved Budget Profiled					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
In-Flight Projects						
Broadband (Growth Is Digital)	3	0	0	0	0	0
Chichester University	350	0	0	0	0	0
Crawley Growth Programme	1,280	796	1,164	0	0	0
Worthing Public Realm	231	169	0	0	0	0
Total In-Flight Approved Projects	1,864	965	1,164	0	0	0
Proposed Projects*						
Crawley Growth Programme	3,923	6,105	4,114	0	0	0
Growth Programme	0	600	3,000	4,000	12,000	2,000
Total Proposed Starts List	3,923	6,705	7,114	4,000	12,000	2,000
TOTAL PROGRAMME	5,787	7,670	8,278	4,000	12,000	2,000
Financing	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
Sources of Funding						
Local Enterprise Partnership Grant	3,923	734	0	0	0	0
Corporate Resources	1,864	6,215	7,414	4,000	12,000	2,000
External Contributions	0	721	864	0	0	0
Total Funding	5,787	7,670	8,278	4,000	12,000	2,000
Income Generating Initiatives (IGIs) & Bold Ideas	Approved Budget Profiled					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
In-Flight Income Generating Projects						
Bold Ideas - Creative Bognor	900	0	0	0	0	0
Horsham Enterprise Park	520	0	0	0	0	0
Total In-Flight Projects	1,420	0	0	0	0	0
Proposed Income Generating Projects *						
Experience West Sussex	0	0	500	0	0	0
Horsham Science Park	0	1,000	6,280	7,720	15,000	0
Total Proposed Projects	0	1,000	6,780	7,720	15,000	0
Total IGIs & Bold Ideas Projects	1,420	1,000	6,780	7,720	15,000	0

* All projects approved subject to business case

Safer, Stronger Communities

CAPITAL PROGRAMME 2019/20 to 2023/24

Project	Approved Budget Profiled					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
In-Flight Projects						
Accommodation Pressures WSFRS	114	0	0	0	0	0
Breathing Apparatus - Cleaning Facilities	50	0	0	0	0	0
Energy Efficiency	0	0	0	0	0	0
Equalities and Diversity	172	0	0	0	0	0
Fire Equipment	1,167	558	0	0	0	0
Fleet	3,286	2,000	1,405	0	0	0
Total In-Flight Approved Projects	4,789	2,558	1,405	0	0	0
Proposed Projects*						
Community Hubs	0	3,000	2,000	0	0	0
Future Years Fire Equipment	0	400	350	350	350	344
Future Years Fleet	0	684	2,208	2,300	3,846	4,800
Horsham Combined Blue Light Centre	100	1,900	10,200	5,000	3,800	4,000
Self-Service Library Terminals	0	500	500	0	0	0
Total Proposed Starts List	100	6,484	15,258	7,650	7,996	9,144
TOTAL PROGRAMME	4,889	9,042	16,663	7,650	7,996	9,144
Financing	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/34 £000
Sources of Funding						
Fire Grant	16	0	0	0	0	0
YES Grant	0	0	0	2,400	0	0
Corporate Resources	4,841	9,042	16,163	5,250	7,996	9,144
External Contributions	32	0	500	0	0	0
Total Funding	4,889	9,042	16,663	7,650	7,996	9,144

* All projects approved subject to business case

Minimum Revenue Provision (MRP) Statement – 2019/20

- 1.1 In accordance with the Local Authorities (Capital and Accounting) (England) Regulations 2003, the Council is required to make an annual contribution from revenue to repay long-term borrowing, namely its "Minimum Revenue Provision (MRP)". The 2008 amendment to these regulations gives local authorities the flexibility to set MRP at a level it considers to be prudent.
- 1.2 The Ministry of Housing, Communities and Local Government (MHCLG) has issued statutory guidance (updated 2018) on determining a prudent level of MRP, which presents four ready-made options for the calculation, but makes clear that other methodologies are permissible. The guidance distinguishes between historic capital expenditure notionally supported by central government through the provision of Revenue Support Grant ("supported borrowing"), and self-financed "unsupported" borrowing. Transitory provisions of the MHCLG guidance permit the treatment of any self-financed borrowing prior to 1 April 2008 as supported for the purposes of the MRP calculation.
- 1.3 The Council has adopted the Asset Life Annuity method (MHCLG option 3b) for the calculation of MRP on unsupported borrowing. Under this approach the debt is repaid over a period equal to the useful life of the asset financed by the borrowing. Annuity rates are linked to rates published by the Public Works Loans Board (PWLB). MRP on outstanding supported borrowing is made on a 2% annuity basis over a 40 year period.
- 1.4 Private Finance Initiatives and Finance Leases may be arranged to finance the acquisition of non-current assets as an alternative to borrowing where this is financially or operationally advantageous and is in accordance with the strategy for the capital programme. In line with MHCLG guidance and to mitigate the impact of the move to International Financial Reporting Standards (IFRS) on the Council's revenue account, it is the policy of West Sussex County Council to make an annual MRP charge equal to the portion of the PFI unitary charge or lease payment taken to the Balance Sheet to reduce the liability.

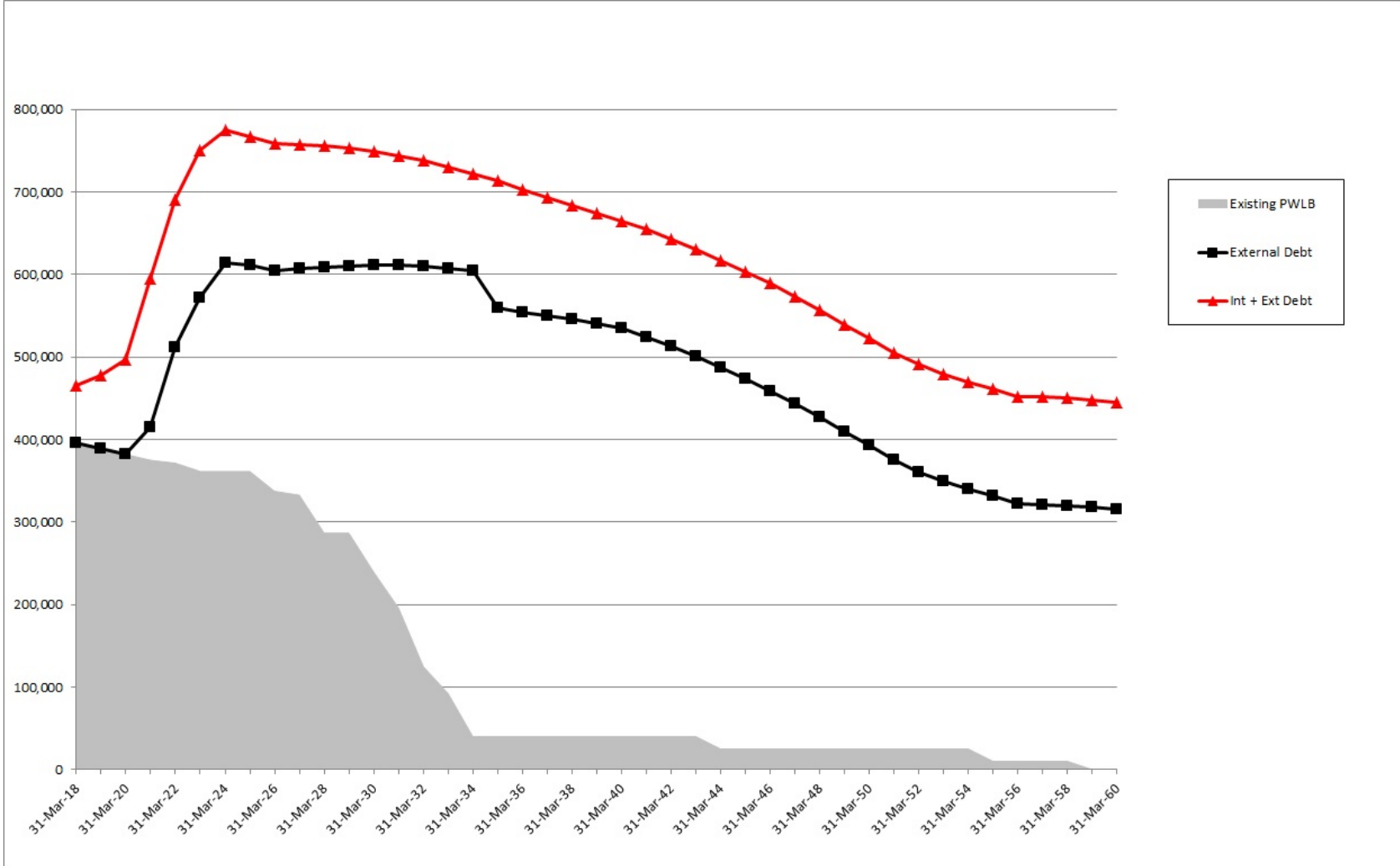
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Illustrative External Debt/Internal Borrowing Projections
(Excluding short-term borrowing from the Chichester Harbour Conservancy)

Year Ending	Existing PWLB Debt £'m	Core Borrowing (New) £'m	IGI Borrowing (New) £'m	New Borrowing (Total) £'m	Internal Borrowing £'m	Total Borrowing £'m
31 March 2019	388.8	0.0	0.0	0.0	89.4	478.2
31 March 2020	381.8	0.0	0.0	0.0	114.6	496.4
31 March 2021	374.8	0.0	40.6	40.6	179.7	595.1
31 March 2022	371.3	17.1	122.8	139.9	178.8	690.0
31 March 2023	361.3	47.7	163.3	211.0	177.7	750.0
31 March 2024	361.3	58.0	195.5	253.5	160.0	774.8
31 March 2025	361.3	66.0	183.8	249.8	156.5	767.6
31 March 2026	337.2	96.3	171.3	267.6	154.0	758.8
31 March 2027	332.5	108.0	167.4	275.4	149.9	757.8
31 March 2028	286.4	158.2	163.4	321.6	147.9	755.9
31 March 2029	286.4	164.5	159.2	323.7	142.9	753.0
31 March 2030	239.2	216.9	154.9	371.8	137.9	748.9
31 March 2031	195.9	264.7	150.4	415.1	132.9	743.9
31 March 2032	124.9	339.2	145.8	485.0	127.9	737.8
31 March 2033	92.2	374.3	141.1	515.4	122.9	730.5
31 March 2034	40.0	428.3	136.2	564.5	117.9	722.4
31 March 2035	40.0	389.0	131.1	520.1	152.9	713.0
31 March 2036	40.0	388.7	125.9	514.6	147.9	702.5
31 March 2037	40.0	389.2	120.5	509.7	142.9	692.6
31 March 2038	40.0	390.4	114.9	505.3	137.9	683.2
31 March 2039	40.0	391.7	109.2	500.9	132.9	673.8
31 March 2040	40.0	391.4	103.2	494.6	130.0	664.6
31 March 2041	40.0	387.3	97.1	484.4	130.0	654.4
31 March 2042	40.0	382.2	90.9	473.1	130.0	643.1
31 March 2043	40.0	375.9	84.5	460.4	130.0	630.4
31 March 2044	25.0	384.3	77.9	462.2	130.0	617.2
31 March 2045	25.0	376.6	72.0	448.6	130.0	603.6
31 March 2046	25.0	367.8	66.1	433.9	130.0	588.9
31 March 2047	25.0	357.8	60.7	418.5	130.0	573.5
31 March 2048	25.0	346.5	55.5	402.0	130.0	557.0
31 March 2049	25.0	334.0	50.7	384.7	130.0	539.7
31 March 2050	25.0	321.6	46.2	367.8	130.0	522.8
31 March 2051	25.0	308.5	41.8	350.3	130.0	505.3
31 March 2052	25.0	297.8	37.8	335.6	130.0	490.6
31 March 2053	25.0	290.1	34.1	324.2	130.0	479.2
31 March 2054	25.0	283.5	31.4	314.9	130.0	469.9
31 March 2055	10.0	291.4	30.0	321.4	130.0	461.4
31 March 2056	10.0	283.2	28.5	311.7	130.0	451.7
31 March 2057	10.0	284.3	27.1	311.4	130.0	451.4
31 March 2058	10.0	284.5	25.5	310.0	130.0	450.0
31 March 2059	0.0	293.7	23.9	317.6	130.0	447.6
31 March 2060	0.0	292.9	22.2	315.1	130.0	445.1

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Graphical Illustration of Debt Projections to 31 March 2060



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Draft Treasury Management Strategy Statement (2019/20)

1. Background

- 1.1 The Council is required to operate a balanced budget which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in counterparties, financial instruments or externally managed pooled funds commensurate with the Council's risk appetite, providing adequate liquidity initially before considering investment return.
- 1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure the Council can meet its capital spending obligations. The management of longer term cash may involve the arrangement of long and/or short term loans (external borrowing) or may use longer term cash flow surpluses in lieu of external borrowing (internal borrowing). On occasion, when it is prudent and economic, any external debt previously drawn may be repaid and/or restructured to meet the Council's risk or cost objectives.
- 1.3 In December 2017 CIPFA issued revised Prudential and Treasury Management Codes. As a consequence, from 2019/20 all local authorities are required to prepare a separate Capital Strategy report which will provide the following:
- A high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of service;
 - An overview of how the associated risk is managed; and
 - The implications for future financial sustainability.
- 1.4 The aim of the Capital Strategy is to ensure that all elected members of the County Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite. The Capital Strategy is reported alongside the budget report and the Treasury Management Strategy Statement for Council approval. Details of the Council's borrowing needs arising from the capital plans along with associated Prudential Indicators are also set out in the Capital Strategy.
- 1.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:
- "The management of the Council's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".*
- 1.6 Treasury management aims to manage risk; accordingly the successful identification, control and monitoring of risk are integral elements to treasury management activities and include credit and counterparty risk,

liquidity risk, market and interest rate risk, refinancing risk and legal and regulatory risk.

- 1.7 The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of external debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 1.8 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury investments (arising usually from capital expenditure) and are separate from the day-to-day treasury management activities. Further details are set out in the Capital Strategy.
- 1.9 Brexit: Currently it is expected that the overall balance of risks to the UK economy is probably neutral, based on a reasonably orderly Brexit through to the end of the original two-year negotiation period (March 2019) and the following transitional period ending around December 2020. The risks of a no-deal Brexit, or conversely a compromise agreement that removes all threats of economic and political disruption, may materially change the forecasts (in either direction) for both UK gilt yields (and related borrowing costs) and the path of the UK Bank Rate (and corresponding short-term investment rates). For example, in the event of an orderly non-agreement exit it is likely the Bank of England would take action to cut the UK Bank Rate from 0.75% in order to help economic growth deal with the adverse effect of this situation.
- 1.10 The Council's 2019/20 Treasury Management Strategy is recommended on the assumption of an agreement being reached between the UK and the European Union (EU) in accordance with the original Brexit timetable. Both the borrowing and investment strategies contained within the attached report (including forecasts for investment income) may need to be revisited if the current Brexit assumptions do not materialise. Additionally, dependent on how the UK exits from the EU, the Council may lose access to specific counterparties named within the Treasury Management Strategy (for example the European Investment Bank).

2. Reporting Requirements

- 2.1 Treasury Management Reporting: In accordance with CIPFA's "Treasury Management Code of Practice" the Council is required to receive and approve, as a minimum, three main reports each year, which incorporates a variety of policies, estimates and actuals, including:
 - (a) The Treasury Management Strategy Statement (TMSS) detailing how the Council's investments and borrowings are to be organised; including the annual investment strategy which approves the parameters on how investments are to be managed. Details of the

Council's capital plans (including relevant prudential indicators) and the Minimum Revenue Provision (MRP) policy (how residual capital expenditure is charged to revenue over time) are set out in the Council's Capital Strategy.

- (b) A Mid-Year Treasury Management Report – Updating the Council with the progress of the capital position, treasury management activity and performance, and whether any policies and/or prudential and treasury indicators require revision; delegated to the Performance and Finance Select Committee in accordance with governance arrangements approved in February 2014. Additionally, the Regulation, Audit and Accounts Committee receive quarterly reports on compliance with the treasury management strategy.
- (c) An Annual Treasury Management Report – Providing details of actual treasury operation as compared to the estimates within the strategy, together with a selection of actual prudential and treasury indicators; delegated to the Performance and Finance Select Committee as approved by County Council in July 2018.
- 2.2 Before recommendation to County Council, the TMSS report receives appropriate scrutiny from the Performance and Finance Select Committee. In addition, the Council maintains a Treasury Management Panel comprising the Cabinet Member for Finance and Resources and four other elected members. The Panel functions as an advisory body supporting the Director of Finance, Performance and Procurement in implementing the Council's borrowing and investment strategies and reviewing all treasury management reports.
- 2.3 Treasury management issues reported within the attached 2019/20 TMSS include the Council's:
- Capital Issues:
- Capital plans;
 - Borrowing and repayment strategy forecast projections.
- Treasury Management Issues:
- Current treasury position (**Appendix A**);
 - Treasury indicators which limit the treasury risk and activities of the Council;
 - Prospects for interest rates as provided by the Council's treasury management advisor (**Appendix B**);
 - The borrowing and repayment strategy;
 - Policy on borrowing in advance of need;
 - Debt rescheduling;
 - The investment strategy;
 - Creditworthiness policy; and
 - Policy on the use of external service providers.
- 2.4 These elements cover the requirements of the Local Government Act 2003; CIPFA's Prudential and Treasury Management Codes; and the Ministry of Housing, Communities and Local Government's (MHCLG) MRP and Investment Guidance.

3. Training

- 3.1 CIPFA's Code of Practice requires the Director of Finance, Performance and Procurement to ensure that members with responsibility for treasury management receive adequate training in treasury management. Future training for members responsible for the scrutiny of the Council's treasury management policies and activities, and members acting in an advisory role to the Director of Finance, Performance and Procurement, remain under constant review.
- 3.2 Additionally, the training needs of treasury management officers are periodically reviewed as part of staff appraisals and personal development plans. Ongoing training options for officers include professional qualifications from CIPFA and other appropriate organisations; attendance at workshops and seminars run by the Council's appointed treasury management advisor; and on the job training in line with the approved Treasury Management Practices (TMPs) as provided by the Principal Finance Officer (Treasury Management & Insurance).

4. Treasury Management Advisors

- 4.1 The Council uses Link Asset Services (Link Treasury Services Ltd) as its external treasury management advisor. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and therefore will ensure that undue reliance is not placed upon its external service providers. The Council recognises however that there is value in employing external providers of treasury management services in order to acquire access to a wide range of specialist skills and resources including:
- Credit advice;
 - Investment advice;
 - Debt management advice;
 - Capital and financial accounting advice; and
 - Economic and interest rate forecasting.
- 4.2 The Council will ensure that the terms of the appointment of external treasury management advisors and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review. The contract with Link Asset Services commenced on 1 November 2016 and is subject to triennial reviews, with the next review scheduled during 2019/20 (*to include an option to extend for an additional two years following a review of the service received across the period*).

5. Capital Programme (2019/20 to 2023/24)

- 5.1 The Council's capital expenditure and financing plans as contained within the approved Capital Programme set out in the Capital Strategy are the key drivers of treasury management activity. The output of the Capital Programme is reflected in the Council's prudential indicators (which are included within the Capital Strategy), which are designed to provide members with an overview and confirm such expenditure and financing plans.

5.2 The table below is a summary of the Council's capital expenditure plans, both those agreed previously and those forming part of the current budget cycle for approval by County Council in February 2019:

Capital Expenditure by Service	2018/19 Estimate £'m	2019/20 Estimate £'m	2020/21 Estimate £'m	2021/22 Estimate £'m	2022/23 Estimate £'m	2023/24 Est. (i) £'m
Adults and Health	1.0	1.5	1.6	1.7	1.5	0.1
Children & Young People	0.0	0.0	1.0	1.0	1.0	0.0
Corporate Relations	1.2	1.3	16.0	2.1	0.0	0.0
Education & Skills	29.0	31.3	30.5	38.8	18.9	15.1
Environment	0.7	1.2	3.0	2.3	0.0	0.0
Finance and Resources	5.3	7.0	16.3	17.5	16.0	13.7
Highways and Infrastructure	38.7	33.8	45.0	57.9	35.7	37.5
Leader	5.8	7.7	8.2	4.0	12.0	2.0
Safer, Stronger Communities	4.9	9.0	16.7	7.7	8.0	9.1
Core Programme	86.6	92.8	138.3	133.0	93.1	77.5
Income Generating Initiatives (ii)	26.3	16.2	42.5	39.2	47.6	24.8
Total Capital Expenditure	112.9	109.0	180.8	172.2	140.7	102.3

(i) 2023/24 estimate includes subsequent years spend.

(ii) IGI's represent the Council's non-treasury (commercial) investment plans.

5.3 Capital expenditure as reported above may be financed from a range of external and internal sources. External sources include private sector contributions (such as s106 developer contributions) as well as government grants; internal sources include capital receipts, revenue contributions and reserves set aside for capital purposes.

5.4 Borrowing is required to meet the cost of any capital expenditure not financed by internal and/or external funding sources. The table below summarises how the Council's capital expenditure plans will be financed across the period through to 2023/24, with any funding shortfall resulting in a borrowing requirement:

Financing the Capital Programme	2018/19 Estimate £'m	2019/20 Estimate £'m	2020/21 Estimate £'m	2021/22 Estimate £'m	2022/23 Estimate £'m	2023/24 Estimate £'m
Capital Expenditure	112.9	109.0	180.8	172.2	140.7	102.3
Financed By:						
Government Grants	-79.3	-70.7	-37.8	-38.0	-28.9	-20.2
External	-5.0	-5.8	-9.7	-11.1	-11.8	-11.3

Contributions						
Capital Receipts	-1.0	-3.8	-3.8	-7.7	-22.3	-36.9
Revenue Funding	-1.1	-2.1	-19.4	-6.8	-2.3	-10.5
Capital Expenditure Reserve	-4.0	0.0	0.0	0.0	0.0	0.0
Financing (Excl. Borrowing)	-90.4	-82.4	-70.7	-63.6	-65.3	-78.9
Borrowing (Core)	-1.2	-13.5	-69.0	-76.2	-33.3	-7.4
Borrowing (IGIs and Bold Ideas)	-21.3	-13.1	-41.1	-32.4	-42.1	-16.0
Total Financing	-112.9	-109.0	-180.8	-172.2	-140.7	-102.3

5.5 The above financing table excludes other long-term liabilities, such as existing PFI schemes (Crawley Schools; Street Lighting and Waste Management) and leasing arrangements which already include borrowing instruments within their contractual terms; and so the Council is not required to separately borrow for them.

6. Borrowing and Repayment Strategy

6.1 The capital expenditure plans set out in Section 5 provide details of the service activity of the Council. The treasury management function ensures that the cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the Council's cash flow and, where capital plans require, the organisation of appropriate borrowing facilities.

6.2 The borrowing strategy covers the relevant prudential and treasury indicators, and the current and projected debt positions. The key objectives of the Council's current borrowing strategy are:

- (1) Ensure that future external debt is affordable within revenue budget constraints; with the timing of when to arrange new debt governed by the Council's long-term cash flow forecasts (as per the requirements of the capital plans through to 2023/24); and
- (2) Potentially borrowing in advance of need so that external debt (fixed-rate funding) is arranged whilst interest rates are lower than they are projected to be over the next few years.

6.3 For all new external debt arrangements, the Council will first ensure that due diligence is given to both the affordability of such debt in the revenue budget and the future plans regarding the repayment of the debt; including the possible use of capital receipts or as per the agreed terms and conditions of any new debt arrangements (including 'annuity' and 'equal instalments of principal' loan structures).

6.4 Approved Funding Sources: The Council's primary objective when borrowing money is to strike an appropriately low risk balance between securing low interest borrowing costs whilst achieving cost certainty over the period for which funds are required. The flexibility to renegotiate

loans should the Council's long-term capital plans change is a secondary objective.

- 6.5 There is no counterparty risk associated with borrowing, except that associated with money laundering. In conjunction with advice received from its treasury management advisor the Council will keep under review the following fixed or variable rate long-term and short-term (in lieu of long-term) borrowing options as sources of finance for the approved capital programme, including:
- Borrowing against internal resources held by the Council (including usable reserves and working capital) in lieu of external borrowing;
 - Public Works Loan Board (PWLB) and any successor body;
 - Borrowing from other UK local authorities (particularly with regard to borrowing for Income Generating Initiatives on a short-term basis);
 - Borrowing from the money markets (institutional lenders authorised by the Prudential Regulation Authority and/or the Financial Conduct Authority to operate in the UK);
 - Borrowing from multilateral development banks (including the European Investment Bank); and
 - Borrowing from the UK Municipal Bond Agency plc and/or other special purpose companies created to enable local authority bond issue.
- 6.6 The Council is in the process of arranging forward starting loans in line with the approved 2018/19 borrowing strategy, where the interest rate is agreed in advance (fixed in context with current rates) but the cash is received in later years. The arrangement of such debt will therefore enable certainty of cost to be achieved without suffering an investment "cost of carry" in the intervening period. The approval to arrange forward starting loans will continue into 2019/20.
- 6.7 Capital finance may additionally be raised by other methods that are not borrowing but may be classed as other debt liabilities (including leasing).
- 6.8 Current Portfolio Position: In December 2010, County Council took a decision to introduce an internal borrowing strategy whereby the Council's capital borrowing need is not fully funded by external debt, but rather cash supporting the Council's usable reserves and working capital have been used as a temporary funding measure in lieu of external borrowing. The Council's internal borrowing at the end of 2017/18 amounted to £69.8m, and is forecast to rise to £89.4m by the end of 2018/19.
- 6.9 Capital plans (paragraph 5.4) highlight that a borrowing requirement of £26.6m is required to finance the Council's capital expenditure plans in 2019/20 including:
- Borrowing of up to £13.5m relating to the core programme; and
 - Additional borrowing of up to £13.1m relating to Income Generating Initiatives.
- 6.10 In accordance with CIPFA's Prudential Code, the Council's underlying borrowing need (the total historic outstanding capital expenditure which has not yet been financed) is represented by its Capital Financing Requirement (CFR). Capital expenditure financed through debt is subject

to a minimum revenue provision charge as set out in the Minimum Revenue Policy which is set out in the Capital Strategy.

6.11 An analysis of the Council's levels of usable reserves, provisions and working balances show these are likely to be sufficient to maintain an internal borrowing strategy throughout 2019/20, with the need to externally borrow for the capital programme thereafter. The table below details the estimates of these year-end balances through to 2023/24, assuming no new external debt or optional refinancing of existing debt is arranged:

Balance Sheet Projections (at 31 March)	2018/19 Estimate £'m	2019/20 Estimate £'m	2020/21 Estimate £'m	2021/22 Estimate £'m	2022/23 Estimate £'m	2023/24 Estimate £'m
Capital Financing Requirement	549.8	550.1	605.5	666.1	681.5	669.6
CFR – Commercial (IGIs)	36.6	52.0	92.1	122.8	163.3	195.5
Capital Financing Requirement	586.4	602.1	697.6	788.9	844.8	865.1
Less: PFI Schemes and Leases	-103.2	-100.2	-97.0	-93.4	-89.3	-84.8
Borrowing CFR (i)	483.2	501.9	600.6	695.5	755.5	780.3
Existing Borrowing Profile (PWLB)	-388.8	-381.8	-374.8	-371.3	-361.3	-361.3
Short-Term Borrowing (ii)	-5.0	-5.5	-5.5	-5.5	-5.5	-5.5
Over(-) / Under Borrowing	89.4	114.6	220.3	318.7	388.7	413.5
Usable Reserves	-175.6	-202.4	-143.4	-140.8	-138.0	-120.0
Provisions	-12.0	-11.0	-10.0	-10.0	-10.0	-10.0
Working Balances	-63.3	-64.9	-66.5	-68.2	-69.9	-70.0
Investment(-) / Borrowing	-161.5	-163.7	0.4	99.7	170.8	213.5

(i) The "Borrowing CFR" excludes other long-term liabilities (PFI schemes and finance leases) that form part of the Council's total borrowing requirement but include a borrowing facility so that the Council is not required to borrow separately for them.

(ii) Money held and invested on behalf of the Chichester Harbour Conservancy (CHC) and its associated charities; repayable to CHC on any given notice.

6.12 The Council has previously approved that a proportion of its usable reserves are held in long-term strategic investments (including PFI/MRMC reserve balances); as a result the Council's external debt and internal borrowing projections (including CFR forecasts; and internal borrowing as a percentage of the CFR) are summarised below:

Debt Projections	2018/19 Estimate £'m	2019/20 Estimate £'m	2020/21 Estimate £'m	2021/22 Estimate £'m	2022/23 Estimate £'m	2023/24 Estimate £'m
Gross External Debt (1-Apr)	506.2	497.0	487.5	517.9	610.1	667.1

Repayment of Existing Debt	-6.7	-6.5	-7.0	-3.5	-10.0	0.0
External Debt (Core Borrowing)	0.0	0.0	0.0	17.1	30.6	10.3
External Debt (IGIs)	0.0	0.0	40.6	82.2	40.5	32.2
PFI/Finance Lease Movement	-2.5	-3.0	-3.2	-3.6	-4.1	-4.5
Gross External Debt (31- Mar)	497.0	487.5	517.9	610.1	667.1	705.1
Internal Borrowing (at 31 March)	89.4	114.6	179.7	178.8	177.7	160.0
Capital Financing Requirement	586.4	602.1	697.6	788.9	844.8	865.1
Internal Borrowing (%)	15.2%	19.0%	25.8%	22.7%	21.0%	18.5%

6.13 The benefits of internal borrowing will be regularly monitored against the potential for incurring additional costs through deferring external borrowing into future years when long-term borrowing rates are forecast to rise. Whilst this strategy has remained prudent against a continual backdrop of low investment returns and heightened counterparty risk, there will be a future point in time when internal borrowing will have to be externalised. As shown in the table above, under the Council's current capital plans, usable reserves and long-term strategic investment assumptions, it is forecast that the Council will be required to reintroduce external borrowing in 2020/21.

6.14 Revenue Impact: The revenue impact (capital financing cost as a percentage of net revenue streams) of the recommended borrowing strategy relating to the Council's 'core' capital programme (excluding IGIs, Bold Ideas, PFI and Finance Leases) is outlined below:

	2019/20 Estimate £'m	2020/21 Estimate £'m	2021/22 Estimate £'m	2022/23 Estimate £'m	2023/24 Estimate £'m
Net Revenue Expenditure	574.9	580.9	593.3	607.3	620.0
Capital Financing Charges – Excluding IGIs, PFI and Finance Leases	27.3	27.8	29.9	32.6	33.8
% Ratio	4.8%	4.8%	5.0%	5.4%	5.5%

6.15 In accordance with this recommended borrowing strategy, the Council forecasts that the costs of external borrowing (interest charges) in 2019/20 will be:

- Core Programme: £17.5m (£17.8m in 2018/19)
- IGIs and Bold Ideas: Nil (unchanged from 2018/19)
- PFI schemes and finance leases: £9.7m (£9.9m in 2018/19)

6.16 Borrowing in Advance of Need: A decision to borrow in advance will be within forward approved CFR estimates and arranged to take advantage of favourable borrowing rates (given such rates are forecast to rise in the

future) thereby ensuring that value for money can be demonstrated and that the Council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through quarterly compliance reports (and annual report to the Performance and Finance Select Committee).

- 6.17 The Authorised Borrowing Limit (paragraph 6.20) constraints borrowing in advance of future capital need by limiting such borrowing to within CFR estimates over a three year planning period, therefore confirming that it is not being taken for revenue profit (investment of the extra sums borrowed) or speculative purposes.
- 6.18 Limits to Borrowing Activity: Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council ensures that its gross external debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus estimates for any additional CFR for 2019/20 and the following two financial years. Based on the gross external debt projections (paragraph 6.12) the Director of Finance, Performance and Procurement reports that the Council complied with this prudential indicator in 2018/19 and does not envisage difficulties over the period of the capital programme.
- 6.19 The "Operational Boundary" is the limit (Prudential Indicator) beyond which external debt is not normally expected to exceed, as set out in the table below:

Operational Boundary	Estimate 2018/19 £'m	Estimate 2019/20 £'m	Estimate 2020/21 £'m	Estimate 2021/22 £'m	Estimate 2022/23 £'m	Estimate 2023/24 £'m
External Debt (including CHC)	393.8	387.3	380.3	393.9	414.5	424.8
Income Generating Initiatives (IGIs)	0.0	0.0	40.6	122.8	163.3	195.5
PFI Schemes/ Finance Leases	103.2	100.2	97.0	93.4	89.3	84.8
Operational Boundary	497.0	487.5	517.9	610.1	667.1	705.1

- 6.20 The "Authorised Borrowing Limit" is a further key Prudential Indicator that reports the maximum level of borrowing. This represents the limit beyond which external debt (including overdrawn bank balances and short-term borrowing undertaken for unexpected cash flow movements) is prohibited, as approved by County Council. It reflects the level of external debt which, whilst not desired, could be afforded in the short-term (e.g. when borrowing in advance of capital need) but is not desirable in the long term.
- 6.21 This limit is a statutory limit determined under Section 3(1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans or those of a specific council; although to-date this power has not yet been exercised.

Authorised Borrowing Limit	Estimate 2018/19 £'m	Estimate 2019/20 £'m	Estimate 2020/21 £'m	Estimate 2021/22 £'m	Estimate 2022/23 £'m	Estimate 2023/24 £'m
Gross Debt (inc. IGIs)	454.7	549.9	610.1	651.7	655.8	660.3
PFI Schemes/ Finance Leases	103.2	100.2	97.0	93.4	89.3	84.8
Authorised Borrowing Limit	557.9	650.1	707.1	745.1	745.1	745.1

Gross debt estimates allow for external borrowing in advance of need for up to a maximum of two years; furthermore gross debt includes additional headroom (£40m) for unexpected cash flow movements. For example, the "Authorised Borrowing Limit" for 2019/20 (£650.1m) equals the maximum external debt forecast in any one financial year over a three year period (i.e. the "Operational Boundary" over the period 2019/20 to 2021/22; therefore £610.1m for 2021/22) plus £40m.

6.22 In addition, the 'Maturity Structure of Fixed Rate Borrowing' Treasury Indicator are limits that highlight the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates, and is designed to protect against excessive exposures to interest rate changes in any one period, in particular over the course of the next ten years. It is calculated as the amount of projected fixed rate borrowing that is maturing in each period as a percentage of total projected fixed rate borrowing. The maturity period of borrowing is determined by reference to the earliest date on which the lender can require payment.

6.23 The upper and lower limits for the maturity structure of fixed rate borrowing in 2019/20 (with actual split as at 30 September 2018 included for comparison) are set out below:

Treasury Management	Actual 30/09/18	Lower Limit 2019/20	Upper Limit 2019/20
Debt Maturity:			
Over 30 Years	6%	0%	40%
Over 25 to 30 Years	0%	0%	25%
Over 20 to 25 Years	4%	0%	25%
Over 15 to 20 Years	8%	0%	25%
Over 10 to 15 Years	54%	0%	65%
Over 5 to 10 Years	19%	0%	45%
Over 1 to 5 Years	6%	0%	35%
Under 12 Months	3%	0%	25%

6.24 Borrowing for Cash-flow Purposes: The Council continues to approve the use of short-term loans (normally for up to one to three months) to cover unexpected cash-flow shortages. Short-term borrowing for cash-flow purposes, up to a maximum of £40m, will be limited to the following external funding sources:

- Borrowing from other UK local authorities (excluding Police and Crime Commissioners, Fire Authorities and Local Authority Pension Funds);

- Borrowing from the money markets (financial institutions authorised by the Prudential Regulation Authority to operate in the UK).
- 6.25 Additionally, the Council holds and invests money on behalf of third parties including the Chichester Harbour Conservancy and its associated charities. The Council reports any such money as short-term borrowing given the requirement that it is available for repayment at any future point in time.
- 6.26 Debt Rescheduling: As short-term borrowing rates will be considerably cheaper than long-term fixed interest rates there may be opportunities to generate savings by switching from long-term debt to short-term debt. Any savings generated will need to be considered in light of the Council's current treasury position (Balance Sheet projections; paragraph 6.11) and the actual cost of debt repayment (premiums incurred). The rationale for undertaking any debt repayment or rescheduling would be one or more of the following:
- The generation of cash savings and/or discounted cash flow savings;
 - Helping to fulfil the treasury management strategy;
 - Enhancing the balance of the debt portfolio (amending the maturity profile and/or the balance of volatility).
- 6.27 Reporting: All borrowing (and rescheduling) activity will be reported quarterly to the Regulation, Audit and Accounts Committee and Treasury Management Panel meetings within the prescribed compliance reports.
- 6.28 As at 31 March 2018 the Council had external loans with the PWLB totalling £395.9m, with a maturity profile which stretches out to 2059. As originally approved within the 2018/19 Treasury Management Strategy, the Council intends to repay any loan as it falls due; including the annual repayment of £7m in respect of the £70m PWLB loan taken out in April 2011. A projection of the Council's longer term borrowing requirement up to 2060 is set out in the Capital Strategy and this assumes an annual core programme borrowing requirement of £20m from 2024/25 and useable reserves, provisions and working capital of £130m from 2039/40 onwards.

7. Annual Investment Strategy (Treasury Investments)

- 7.1 CIPFA and the MHCLG have extended the meaning of 'investments' to include both financial and non-financial investments. This section deals solely with financial investments, as managed by the Council's Treasury Management Team. Non-financial investments are dealt with in the separate Capital Strategy report.
- 7.2 The Council's main treasury management activity continues to be the investment of its surplus funds, representing income received in advance of expenditure plus balances and reserves held; all treasury investments are made under statutory provisions granted to the Council by the Local Government Act 2003 (Section 12; "Power to Invest").
- 7.3 At 30 September 2018 the Council's investments amounted to £266.8m (**Appendix A**). In the past twelve months the Council's average

investment balance was £293m (including Local Enterprise Partnership monies) but is forecast to average around £175m throughout 2019/20.

- 7.4 The Council's investment policy has regard to the CIPFA Treasury Management Code of Practice and MHCLG's Guidance on Local Government Investments. The Council's investment priorities will be the security first, liquidity second and then investment return ("SLY" investment principles). Accordingly the Council will look to strike an appropriate balance between risks and return; minimising the risk of incurring losses from defaults against the risk of receiving unsuitably low investment income.
- 7.5 In accordance with the CIPFA and MHCLG guidance, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of high creditworthy counterparties which also enables diversification and thus avoidance of concentration risks. In assessing credit ratings (as provided by Link Asset Services) the Council employs the 'Lowest Common Denominator (LCD)' approach, meaning that it uses the lowest rating of those published by Fitch Ratings Ltd, Moody's Investors Service Ltd or Standard & Poor's.
- 7.6 Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of markets. To achieve this consideration the Council will engage with its treasury management advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of credit ratings.
- 7.7 Other information sources used will include the financial press, share price and other such information pertaining to institutions (banks, corporates etc.) in order to establish the most robust scrutiny process on the suitability of potential investment counterparties. The Council continues to remain alert for any signs of credit or market distress that might adversely affect its treasury management activities and corrective action will be taken when deemed appropriate to ensure the security of the total investment portfolio.
- 7.8 Accordingly, the Director of Finance, Performance and Procurement will comply with the following strategy when investing funds, whether directly or via the London money market. Investments arranged via the London money market will be made through approved brokers. The current list of approved brokers comprises:
- BGC Partners (including Martin Brokers)
 - CBRE Limited
 - Institutional Cash Distributors (ICD) Ltd
 - King and Shaxson Limited
 - Tradition (UK) Limited
 - TP ICAP plc (including ICAP and Tullett Prebon Europe Ltd)
- 7.9 Creditworthiness Policy: The primary objective governing the Council's investment criteria is the security of its investments, although the yield or

investment return is also a key consideration (paragraph 7.4). After this objective the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security (including monitoring their security); and
- It has sufficient liquidity in its investments; for this purpose it will set out procedures for determining maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

- 7.10 The credit risks associated with making unsecured bank deposits remain evident (due to bail-in legislation) relative to the risks of other investment options available to the Council (including bank secured, local authority and non-bank corporate deposits). In addition to the risks associated with bail-in, from January 2019 the largest UK banks (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits) are required by UK law to separate core retail banking services from their investment and international banking activities; this being known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt-up. Several banks are very close to the threshold so may come into scope in the future regardless.
- 7.11 Ring-fencing is a regulatory initiative created in response to the global financial crisis to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank will be focused on lower risk, day-to-day core transactions; whilst more complex and "riskier" activities are required to be housed in a separate non-ring-fenced bank. This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.
- 7.12 While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The probability of a bail-in of a ring-fenced bank is smaller than a non-ring-fenced entity from the same banking group; but the loss incurred as a result of a bail-in would likely be higher. This is because retail (ring-fenced) banks will typically have more capital to protect against losses, but fewer wholesale deposits and senior unsecured creditors to share losses with. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings (and other credit metrics considered, paragraphs 7.6 and 7.7) will be considered for investment purposes.
- 7.13 At 30 September 2018, 57.1% of the Council's investment portfolio is invested in short-term unsecured bank deposits and short-term money market funds (excluding externally managed pooled funds) in accordance with the policies as contained within the 2018/19 TMSS. The Director of Finance, Performance and Procurement confirms that the Council will not be holding any investment at 31 March 2019 that will be in breach of the recommended 2019/20 strategy.

7.14 Under MHCLG Investment Guidance investments are categorised as either '**Specified**', '**Non Specified**' (both categories being approved as suitable for Council treasury investment) or '**Loans**'. Specified investments are designed to offer high security and high liquidity, with the minimum of formalities. The MHCLG Guidance defines specified investments as those:

- Denominated in Sterling;
- With a maximum maturity of one year (365 days);
- Not defined as capital expenditure by legislation; and
- Invested with one of:
 - The UK Government (including Gilts, Treasury Bills and DMADF).
 - A local authority in England, Wales, Scotland or Northern Ireland.
 - An institution or investment scheme of 'high credit quality'.
 - Supranational Institutions (e.g. The European Investment Bank).

7.15 For investments to be regarded as specified, the Council defines 'high credit quality' as institutions and securities meeting the following criteria:

- (a) UK Institutions (Banks, Building Societies and Corporates): Minimum long-term credit rating of **A-**; rated by at least two of the three rating agencies; Fitch, Moody's and Standard & Poor's (S&P).
- (b) Non-UK Banks: Minimum long-term credit rating of **A+**; rated by at least two of the three rating agencies (Country holding a sovereign rating of at least **AA+**).
- (c) Non-UK Corporates: Minimum long-term credit rating of **A-**; rated by at least two of the three rating agencies (Country holding a sovereign rating of at least **AA+**).
- (d) Money Market Funds: Holding a **AAA** credit rating; rated by at least two of the three rating agencies and holding assets exceeding £1bn. New EU regulations implemented in 2018/19 changed fund valuation methodology from only Constant Net Asset Valuation (CNAV) to both Low Volatility Net Asset Valuation (LVNAV) and CNAV. As a consequence the Council approves the use of Money Market Funds that operate under a CNAV (funds that invest exclusively in government securities) or operate under a LVNAV (all other liquidity funds).
- (e) UK Local Authorities: Assumed **AA-** rating (unless actual rating exists from any of the three rating agencies).
- (f) UK Registered Social Landlords (formerly Housing Associations): Minimum long-term credit rating of **A-**; rated by at least one of the three rating agencies.
- (g) Externally Managed Pooled Funds: Holding a **AAA** credit rating; rated by at least one of the three rating agencies.

7.16 Any investment not meeting the 'Specified' investment criteria listed above will be treated as if it were unrated ('Non-Specified' investment; paragraph 7.45). For secured investments the credit rating relevant to the specific investment (covered bonds) or underlying collateral (reverse

repurchase agreements) will be used as opposed to the individual rating of the bank/building society issuing the security.

- 7.17 Monitoring Credit Quality: Credit rating information is supplied by Link Asset Services (the Council's treasury advisor) on all active counterparties that comply with the criteria listed above. Any counterparty falling to meet the criteria will be omitted from the counterparty (dealing) list. Any rating changes, rating 'watches' (notification of a likely change) or rating 'outlooks' (notification of the longer term bias outside the central rating view) are provided to officers almost immediately they occur and this information is considered before actual dealing arrangements. Where an institution has its credit rating downgraded so that it fails to meet any of the approved investment criteria then:
- No new investments will be made after the date of notification;
 - Any existing investments that can be immediately recalled or sold at no cost (financial penalty) will be;
 - Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty; and
 - Details will be reported to the Director of Finance, Performance and Procurement, the Cabinet Member for Finance and Resources and Treasury Management Panel members (and all authorised signatories).
- 7.18 Where an institution is placed on negative rating watch (notification of a possible rating downgrade) the reasons for the rating action will be evaluated. Unless there is sufficient cushion to absorb a two-notch downgrade to the long-term credit rating (to remain at or above the Council's minimum approved rating criteria) then decisions on new investments will be subject to approval by the Director of Finance, Performance and Procurement. This policy will not apply to negative 'outlooks', which indicate a longer term view rather than an imminent change to an institution's rating.
- 7.19 If an institution is placed on negative rating watch and is at (or likely to fall below) the Council's minimum rating criteria then no investments will be arranged until the outcome of the review is announced. Again, this policy will not apply to negative 'outlooks'.
- 7.20 Additional requirements under the CIPFA Treasury Management Code require the Council to supplement credit rating information. Whilst the above policies rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use; additional market information (see paragraphs 7.6 and 7.7) will be applied before making any specific investment decisions from the approved pool of counterparties. This additional market information will be applied to compare the relative security of differing investment counterparties.
- 7.21 The Director of Finance, Performance and Procurement and the Council's treasury management advisor will continue to analyse and monitor market indicators and credit developments on a regular basis and respond as necessary to ensure the security of the capital sums invested. No investments will be made with an organisation if there are substantive concerns about its credit quality, even though it may meet the approved minimum credit rating criteria (as set out in paragraphs 7.15 and 7.25).

- 7.22 **Liquidity Management:** The Council uses purpose-built short-term cash flow forecasting software (SAP Treasury Management Module) to determine the maximum period for which funds may prudently be invested. The cash flow forecast is entered on a prudent basis with income under-estimated and expenditure over-estimated. Additionally, the Council seeks to maintain a smooth profile of maturing investments, allowing it to cover unexpected items of expenditure and to react to favourable market conditions as they arise. Monetary limits on long-term investments are set by reference to the Council's Medium Term Financial Strategy (MTFS) and long-term forecasts of usable reserve balances.
- 7.23 To assist liquidity management the Council operates a number of interest paying bank call (instant-access) accounts and money market funds where cash is deposited at competitive overnight interest rates and can be withdrawn without notice; these funds are therefore highly liquid.
- 7.24 **Investment Policy:** The Director of Finance, Performance and Procurement, in consultation with the Cabinet Member for Finance and Resources and the Treasury Management Panel, recommends a continuation of the existing investment strategy be approved in 2019/20.
- 7.25 The Director of Finance, Performance and Procurement will undertake the most appropriate form of investments in keeping with the approved strategy objectives, income and risk management requirements and the Council's Treasury Indicators. Accordingly the Council may invest its surplus funds over a range of maturity periods with any of the approved counterparty types listed below, subject to maximum monetary and duration limits (covering both 'Specified' and 'Non-Specified' investments) as shown, to ensure that prudent diversification of the investment portfolio is achieved:

Institution/Issue Credit Rating	Unsecured Bank Deposits		Secured Bank, Government Issues, UK Local Authorities and Non-Bank	
	Cash Limit	Time Limit	Cash Limit	Time Limit
UK Government			Unlimited	50 Years
Local Authorities			£25m	20 Years
AAA	£15m	2 Years	£25m	10 Years
AA+	£15m	1 Year	£25m	5 Years
AA	£15m	1 Year	£25m	4 Years
AA-	£15m	1 Year	£25m	3 Years
A+	£15m	1 Year	£15m	2 Years
A	£15m	6 Months	£15m	1 Year
A-	£15m	100 Days	£15m	6 Months
BBB+	No Approval		£10m	100 Days
RBS Banking Group - Ring-Fenced Bank only (Part Nationalised)	£15m	1 Year	(as AAA rating above)	
Money Market Funds	£25m (i)	Overnight	£25m (ii)	Overnight
Housing Associations (rated A- or higher)			£15m	5 Years

- (i) *Maximum monetary limits per fund approved as £25m or 0.5% of the fund's total assets under management (AUM), whichever is lower.*
- (ii) *Maximum monetary limits per fund that invest in government securities only approved as £25m or 2% of the fund's total assets under management (AUM), whichever is lower.*

Externally Managed	Cash Limit	Time Limit
Pooled Funds	See Note (iii)	No Defined Maturity. Withdrawals made on: -Liquidity requirements -Fund performance

- (iii) *Maximum monetary limits for externally managed pooled funds (including ultra-short dated bond, equity, multi-asset and property funds) will be approved as £25m (AAA rated funds), £15m (all other funds) or 5% of the fund's total assets under management (AUM), whichever is lower.*

- 7.26 **Banks Unsecured:** Includes bank current accounts, call (instant-access) accounts, notice accounts, fixed-term deposits, certificate of deposits and senior unsecured bonds with banks and building societies, other than multilateral development banks (for example the European Investment Bank). These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.
- 7.27 **Banks Secured:** Includes covered bonds, reverse repurchase agreements (repos) and other collateralised arrangements with banks and building societies. These investment types are secured against the bank's assets, which consequently limits the potential losses in the unlikely event of insolvency and means that they are exempt from bail-in. Covered bonds will be considered when secured against a 'pool' of residential and/or low loan-to-value mortgages held by the issuing bank. Covered bonds differ from mortgage or asset-backed securities because the bank which issues the bond remains responsible at all times for paying dividends and repaying capital. The Council's investments are therefore protected firstly by having a direct call on the 'pool' and secondly by a call on the general assets of the issuer.
- 7.28 The Council accepts repo/reverse repo as a form of collateralised lending and will be based on the GMRA 2000 ("Global Master Repo Agreement"). Should any investment counterparty not meet the Council's senior unsecured rating (as set out in paragraph 7.25) then a 102% collateralisation will be required. Acceptable collateral will include index linked gilts, conventional gilts, UK treasury bills, delivery by value (a basket of gilts covering differing maturity periods) and corporate bonds (subject to a minimum A- bond issue rating).
- 7.29 For secured bank deposits, where there is no investment specific credit rating but the collateral upon which the investment is secured has a credit rating, then the higher of the collateral credit rating or the counterparty credit rating will be used in determining monetary and duration limits (as set out in paragraph 7.25). The combined secured and unsecured investments in any one bank will not exceed the monetary limit approved for secured investments.

- 7.30 Government Backed: Loans, deposits, bonds and/or bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in and there is an insignificant risk of insolvency; statutory provisions set out in the Local Government Act 2003 preventing a UK local authority default. Investments with UK local authorities can be made for up to twenty years (but may include early repayment conditions for both lender and borrower). The Director of Finance, Performance and Procurement will approve a local authority as suitable for long-term investment (greater than one year) before the investment is placed.
- 7.31 In any future period of significant market stress the Council will maintain required levels of security by restricting new investments to those organisations of high credit quality only and reducing maximum duration limits in accordance with the prevailing market conditions. If there are insufficient financial institutions of high credit quality then the Council's surplus cash will be deposited with the UK Government, via the Debt Management Office (DMO) and UK treasury bills, or other local authorities.
- 7.32 Registered Social Landlords (RSLs): Loans, deposits and/or bonds either issued on an unsecured basis, or guaranteed by or secured against the assets of the RSL (formerly known as Housing Associations). These bodies are tightly regulated by the Homes and Communities Agency and as providers of public services they retain a likelihood of receiving government support if needed.
- 7.33 Corporates: Loans, bonds and/or commercial paper issued by companies other than banks, building societies and RSLs. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent. The Council approves the use of investments issued by corporates that hold credit ratings in accordance with the approved investment policy (as set out in paragraphs 7.15 and 7.25) up to a maximum of £15m per company (£10m for corporates rated BBB+).
- 7.34 Money Market Funds: Pooled investment vehicles consisting of unsecured money market deposits and similar instruments, unless the fund consists of government securities only (paragraph 7.36). Such funds have the advantage of providing wide diversification of investment risks and high liquidity, coupled with the services of a professional fund manager. Fees of between 0.10% and 0.20% per annum are deducted from the interest paid to the Council.
- 7.35 The Council continues to use short-term money market funds that offer same-day liquidity and aim for no (or very low) asset value volatility as an alternative to instant access bank accounts, subject to approved monetary limits per fund set as £25m or 0.5% of the fund's total assets under management (calculated against the previous working day's closing assets total) whichever is lower.
- 7.36 In times of significant market stress the Council may consider the use of money market funds that invest in government securities only as an alternative to Debt Management Office (DMO) deposits, up to a limit per fund of £25m or 2% of the fund's total assets under management, whichever lower (calculated as per paragraph 7.35). Such funds will be

treated as a separate counterparty to a standard cash money market fund provided by the same sponsor.

- 7.37 Externally Managed Pooled Funds: Shares in diversified investment vehicles which may consist any of the investment types listed above (paragraphs 7.26 to 7.33) plus (but not limited to) equity shares, emerging market debt, and infrastructure/property. These funds allow the Council to diversify its investment portfolio into asset classes other than cash without the need to own and manage the underlying investments (undertaken by a professional fund manager in return for a fee).
- 7.38 Ultra-short dated bond funds (enhanced cash funds) provide an alternative to short-term money market funds in the management of cash-flow liquidity (up to 12 months) with the potential of increasing investment returns; whilst introducing the potential for short-term capital volatility not evident in money market funds. Equity, multi-asset and property funds provide the potential for enhanced returns over the longer-term, but are significantly more volatile when viewed in the short-term. Consequently all externally managed pooled funds may experience times of displaying capital losses when viewed over a short-term horizon, contravening "SLY" investment principles.
- 7.39 Selection of funds will be subject to credit risk appraisal undertaken by the Director of Finance, Performance and Procurement and will be reported to the Cabinet Member for Finance and Resources and the Treasury Management Panel. The Council's current investments in such funds are listed in **Appendix A**.
- 7.40 Because these funds have no defined maturity date and may be subject to experiencing periods of capital loss, their performance and continued suitability in meeting the Council's investment objectives will be regularly monitored by the Director of Finance, Performance and Procurement. Any compliance issues arising from pooled fund investments (for instance periods of capital loss) will be reported within quarterly compliance reports to the Regulation, Audit and Accounts Committee.
- 7.41 The Council's Main Provider of Banking Services: The Council currently banks with Lloyds Bank plc (Lloyds ring-fenced bank), the contract being effective up to 30 September 2022. Lloyds currently meets the Council's minimum credit criteria, however should its credit rating fall below the minimum rating criteria as prescribed in this strategy report (paragraph 7.15) the provider may continue to be used for short-term (overnight) liquidity requirements and business continuity arrangements.
- 7.42 Balances held within current accounts will be aggregated together with investments held with the Council's banker on a daily basis, and should remain within set counterparty monetary limits as prescribed within this strategy report (paragraphs 7.25 and 7.43). Occasionally however, the Council is in receipt of 'large' amounts of income which cannot be deposited into separate investment counterparties due to intra-day dealing deadlines. In such instances the Council approves that an operational breach of the Council's main banker's set monetary limits may occur for a maximum period of one working day, with corrective action being taken on the next available working day as appropriate.

7.43 Country, Group and Sector Limits: Due care will be taken to consider the county, group and sector exposure (in addition to duration and monetary exposure). Specific limits for which investments may be placed are set out below:

	Cash Limit
UK Central Government	Unlimited
Any single UK Local Authority (excluding individual Fire Authorities and Police and Crime Commissioners)	£25m
Any single financial institution, including UK building societies	£25m
Any single corporate or RSL: Rated A- or above	£15m
Any single corporate (including RSLs): Rated BBB+	£10m
Maximum % invested in UK domiciled institutions/organisations	100%
Maximum investment amount per banking group	£25m
Maximum corporate exposure	£50m
Maximum RSL exposure (rated above A-)	£25m
Maximum money market fund exposure (excluding pooled funds)	£115m
Maximum externally managed pooled fund exposure	£100m
Maximum investment total for non-UK countries	£90m
Maximum investment per individual non-UK country	£30m
Maximum invested in negotiable instruments held in a broker's (including King & Shaxson) nominee account	£100m

7.44 Investments in multilateral development banks, short-term money market funds and externally managed pooled funds do not count against the limit for any single non-UK country as shown above (£30m), since the risk is diversified across many countries.

7.45 Non-Specified Investments: Any investment not meeting the MHCLG definition of a 'Specified' investment (or 'Loan') is classified as 'Non-Specified'. Having considered the rationale and risks associated with non-specified investments, the following have been determined appropriate for the Council's use:

- Long-term (greater than one year) investments
- Investments with credit ratings below A- (corporates)
- Investments in externally managed pooled funds (not rated AAA)
- Investments denominated in foreign currencies (Euros)
- Investments that are defined by legislation as capital expenditure

7.46 The following monetary limits will be applied to Non-Specified treasury investments in 2019/20; including a continuation of the £75m limit approved as being available for long-term investment (originally approved in 2018/19):

Investment Type	Cash Limit £'m
Total long-term investments (greater than one year)	75.0
Total investments with corporates rated below A-	30.0
Total investments within externally managed pooled funds, including ultra-short dated bond funds (not rated AAA);	60.0
Total investments denominated in foreign currencies	2.8

Total investments defined as capital expenditure	0.2
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7.47 Long-Term Investments: Long-term investments including gilts, covered bonds, corporate bonds, supranational bank bonds, local authority loans, RSLs deposits/bonds, externally managed pooled funds and an equity investment with the UK Municipal Bond Agency are approved by the Council. The maximum monetary limit for long-term investments with any one organisation is set at £15m (£25m for individual UK local authorities). At 30 September 2018 the Council had £58.1m invested for greater than one year including:

- £26.0m invested with three UK local authorities;
- £24.0m invested in externally managed property funds;
- £7.9 invested in a Nationwide Building Society covered bond; and
- £0.2m equity held with the UK Municipal Bond Agency.

7.48 As required by the Prudential Code, the Council is required to set limits for total funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for the early sale of an investment (potentially incurring additional costs) and are based on the availability of funds after each year-end (as detailed in the Council's Balance Sheet Projections; paragraph 6.11). The resulting treasury indicator is shown below:

	Upper Limit 2018/19	Upper Limit 2019/20	Upper Limit 2020/21	Upper Limit 2022/22	Upper Limit 2022/23	Upper Limit 2023/24
Maximum Invested for a Year or longer (£)	£75m	£75m	£65m(i)	£55m	£45m	£45m

(i) Upper limits for future years to be reviewed on an annual basis.

7.49 No long-term investment will be arranged with any bank or building society on an unsecured basis.

7.50 Non-Sterling Investments: Occasionally the Council may receive grant funding denominated in Euros and subsequently incurs expenditure in Euros. To remove the exchange rate risk associated with converting such funds into Sterling, these can be held in a Euro denominated bank account. The Director of Finance, Performance and Procurement may therefore make investments denominated in Euros up to a maximum limit of €3.2m (£2.8m equivalent based on a 1.1428 exchange rate).

7.51 Investments Defined as Capital Expenditure: Investments defined by legislation as capital expenditure, such as company shares, are covered by the Council's non-treasury (commercial) investment policy as set out in the Capital Strategy. The Council does however hold a £0.2m equity investment in the UK Municipal Bond Agency plc; a capital finance company established in 2014 by the Local Government Association. This capital investment was originally approved in February 2015 in light of the Council's significant borrowing requirement in the period up to 2025, having the aim of providing the Council with a viable borrowing alternative to the Public Works Loan Board (PWLb).

- 7.52 Policy on Financial Derivatives: The Council has previously made use of financial derivatives that are embedded into investments, to reduce interest rate risks through the use of forward dated deals and to increase income through the use of callable deposits. The 'General Power of Competence' in Section 1 of the Localism Act 2011 removed much of the uncertainty over local authorities' use of standalone financial derivatives (those not embedded into an investment), including swaps and options. The CIPFA Treasury Management Code of Practice requires the Council to clearly state their policy on the use of financial derivatives in the annual strategy.
- 7.53 The Council does not intend to use standalone financial derivatives unless they can be clearly demonstrated to reduce the overall level of financial risks the Council is exposed to. Embedded derivatives, including those present in externally managed pooled funds and forward starting investments, will not be subject to this policy; however the risks they present will be managed in line with the overall treasury risk management strategy. Should this position change the Director of Finance, Performance and Procurement, after seeking a legal opinion on the use of standalone financial derivatives, will develop a detailed and robust risk management framework governing their use and will ensure that treasury management officers have the appropriate training.
- 7.54 Loans: Loans to third parties (individuals and/or non-rated companies) will be approved based on the economic and social benefits to the Council and the residents of West Sussex; or following an external credit assessment of the company involved. At 31 March 2018 the Council had one outstanding loan with the Littlehampton Harbour Board, which commenced in March 2015 and is being repaid annually over a period of twenty years. Interest applicable to this loan is being received to fully recover costs incurred by the Council and not to generate additional income.

8. Investment Income (2019/20)

- 8.1 In accordance with interest forecasts provided by Link Asset Services (**Appendix B**) the Bank of England's Bank Rate is expected to average around 1.00% during 2019/20; a consequence of two 0.25% rate increase during the period (forecast in May 2019 and February 2020).
- 8.2 The Council is expected to have an average investment portfolio of £175m throughout 2019/20 (paragraph 7.3). Given the Bank Rate forecast and the continuation of the Council's 2018/19 investment strategy (approval to invest up to £75m in long-term local authority investments and externally managed pooled funds) it is forecast that the portfolio will attract an average interest rate of 1.69%. The Council therefore expects to receive investment income totalling £2.0m in 2019/20 (as shown in the table below):

	Average Portfolio £'m	Interest Rate (%)	Interest £'m
Liquidity Portfolio	35.0	0.97	0.3

Short-Term Investment Portfolio	90.0	1.16	1.1
Long-Term Investment Portfolio	50.0	3.10	1.6
Gross Interest Return	175.0	1.69	3.0
Less transfers to specific reserves			-1.0
Investment Income (2019/20)			2.0

8.3 If actual levels of investments and interest rates differ from the forecasts then performance against the budget will be correspondingly different. Given the constraints on the Council's 2019/20 revenue budget, the Director of Finance, Performance and Procurement will monitor the investment income budget throughout the period and report any changes to the above forecast within monthly Total Performance Monitors (TPMs).

9. Resource and Value for Money Implications

9.1 Covered in main body of report.

10. Risk Management Implications

10.1 Covered in main body of report.

11. Human Rights Act Implications

11.1 Not applicable.

12. Crime and Disorder Act Implications

12.1 Not applicable

Katharine Eberhart

Director of Finance, Performance and Procurement

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Appendices

A West Sussex County Council - Treasury Portfolio

B Economic and Interest Rate Forecast (Link Asset Services)

Background Papers

None

West Sussex County Council - Treasury Portfolio

	30/09/18 Portfolio £'m
External Borrowing:	
- Fixed Rate: Public Works Loan Board (PWLB)	392.1
- Fixed Rate: PWLB (on behalf of the Littlehampton Harbour Board)	0.3
- Variable Rate: Short-Term (<i>Chichester Harbour Conservancy</i>)	4.6
Total External Borrowing	397.0
Other Long Term Liabilities (i):	
- PFI	101.5
- Finance Leases	1.7
Total Gross External Debt	500.2
Internally Managed Investments:	
(i) Bank Unsecured (Short Term)	
- Cash Deposits (Fixed-Term)	75.0
- Cash Deposits (Notice Accounts)	14.7
- Certificate of Deposits	10.0
- Short Term Money Market Funds	52.5
(ii) Bank Secured	
- Long Term Covered Bonds	7.9
(iii) Local Authority	
- Short Term Investments	42.0
- Long Term Investments	26.0
(iv) Non-Bank	
- Corporate Bond (Senior Unsecured)	4.5
- UK Municipal Bond Agency: Long Term Equity	0.2
Externally Managed Investments:	
- Federated Cash Plus Fund (Ultra-Short Dated Bond Fund)	10.0
- Hermes Property Unit Trust (Property Fund)	9.5
- Lothbury Property Trust (Property Fund)	4.8
- The Local Authorities' Property Fund / CCLA (Property Fund)	9.7
Total Investments	266.8

(i) Other Long Term Liabilities: Expected position at 31 March 2019.

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Economic and Interest Rate Forecast (Link Asset Services)

1 Prospect for Interest Rates

- 1.1 The Council has appointed Link Asset Services (Link Treasury Services Ltd) as its treasury advisor and part of their service is to assist the Council in formulating a view on interest rates. The following table gives their central view (updated November 2018):

Link Asset Services Interest Rate View														
	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	0.90%	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.10%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

- 1.2 The flow of generally positive economic statistics after the quarter ending 30 June 2018 meant that it came as no surprise that the Bank of England's Monetary Policy Committee (MPC) came to a decision in August 2018 to make the first increase in Bank Rate above 0.5% since the financial crash (to 0.75%). At this meeting the MPC emphasised again that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate (where monetary policy is neither expansionary or contractionary) than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time but they declined to give a medium term forecast.
- 1.3 UK Growth whilst remaining healthy since that meeting is expected to weaken somewhat during the last quarter of 2018. At their November 2018 meeting the MPC left the Bank Rate unchanged but expressed some concerns regarding future inflationary pressures. Against this backdrop Link Asset Services do not consider that the MPC will increase Bank Rate in February 2019 ahead of the March deadline for Brexit, but forecast the next increase in May 2019 (+0.25%) followed by increases in February and November 2020, before ending up at 2.0% in February 2022. However, the cautious pace of these rate increases is dependent on a reasonably orderly Brexit.
- 1.4 The overall longer run future trend is for UK gilt yields and PWLB borrowing rates to rise, albeit gently. However, over about the last 25 years we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and central banks implemented substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets.

- 1.5 In 2016 we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016; yields then rose further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.00 – 2.25% in September 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing when they mature. We have therefore seen US 10-year bond Treasury yields rise above 3.2% during October 2018 and also seen investors causing a sharp fall in equity prices as they sold out of holding riskier assets.
- 1.6 Rising bond yields in the US have also caused some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure has been dampened by how strong or weak the prospects for economic growth and rising inflation are in each country and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures. From time to time, gilt yields (and therefore PWLB borrowing rates) can additionally be subject to exceptional levels of volatility due to geopolitical, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.
- 1.7 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. Interest rate forecasts (and future MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments (especially in the EU) could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

2 Investment and Borrowing Rates

- 2.1 Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years. The suggested budgeted earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Average Earnings per Financial Year	Nov-18 Forecast
2018/19	0.75%
2019/20	1.00%
2020/21	1.50%
2021/22	1.75%
2022/23	1.75%
2023/24	2.00%
Later years	2.50%

- 2.2 Borrowing Advice: Borrowing rates have been volatile so far in 2018/19 and have increased modestly since the summer. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. This however needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- 2.3 There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

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PRUDENTIAL INDICATORS 2019/20

Capital Programme	Actual 31-Mar-18 £000	Estimate 2018/19 £000	Estimate 2019/20 £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000
Capital Expenditure - Service (Core)	87,346	86,552	92,810	137,828	126,997	97,281	78,002
Income Generating Initiatives (Commercial Investment)	11,420	26,376	16,185	42,480	39,220	47,600	24,765
Capital Expenditure (i)	98,766	112,928	108,995	180,308	166,217	144,881	102,767
Capital Financing Requirement (CFR) - Service	560,500	549,794	550,084	605,525	666,091	681,553	669,609
CFR - Income Generating Initiatives (Commercial)	15,404	36,608	52,016	92,114	122,816	163,292	195,472
Capital Financing Requirement (Closing Balance)	575,904	586,402	602,100	697,639	788,907	844,845	865,081
Gross External Debt	400,489	393,850	387,335	380,319	393,901	414,495	424,765
Income Generating Initiatives (Commercial)	0	0	0	40,587	122,816	163,292	195,472
PFI Schemes and Finance Leases	105,656	103,161	100,235	97,020	93,407	89,342	84,885
Actual Debt/Operational Boundary (ii)	506,145	497,011	487,570	517,926	610,125	667,130	705,122
Gross External Debt (inc. Commercial)		454,765	549,890	610,110	651,715	655,779	660,237
PFI Schemes and Finance Leases		103,161	100,235	97,020	93,407	89,342	84,885
Authorised Borrowing Limit	N/A	557,926	650,125	707,130	745,122	745,122	745,122

Revenue Impact	Actual 2017/18 £000	Estimate 2018/19 £000	Estimate 2019/20 £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000
Capital Financing Costs (Corporately Funded)	26,673	27,213	27,334	27,750	29,938	32,634	33,805
Net Revenue Expenditure	530,308	533,943	574,917	580,938	593,295	607,319	620,000
Ratio (%)	5.0%	5.1%	4.8%	4.8%	5.0%	5.4%	5.5%

(i) 2017/18 actual capital expenditure includes PFI notional investment, as per Note 6 of the Council's "Statement of Accounts"
(ii) The *Operational Boundary* represents the Council's forecast of its gross external debt (including PFI and Finance Lease liabilities)

Commercial Investments (iii)	Actual 31-Mar-18 £000	Estimate 2018/19 £000	Estimate 2019/20 £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000
Forecast Income			2,695	4,366	5,680	6,786	7,387
Net Revenue Expenditure			574,917	580,938	593,295	607,319	620,000
Commercial Income to Net Service Ratio (%)			0.5%	0.8%	1.0%	1.1%	1.2%
Forecast Income			2,695	4,366	5,680	6,786	7,387
Cost of Borrowing (Capital Financing)			1,594	2,174	3,471	4,502	5,496
Investment Cover Ratio			1.7	2.0	1.6	1.5	1.3

(iii) New investment property opportunities and Your Energy Sussex (inc. solar farms and solar panels) income generating schemes only.

TREASURY MANAGEMENT INDICATORS

Maximum % Gross Borrowing at Fixed and Variable Rates	Actual 31-Mar-18 £000	Estimate 2018/19 £000	Estimate 2019/20 £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000
Maximum % Gross Borrowing at Fixed Rates	99%	100%	100%	100%	100%	100%	100%
Maximum % Gross Borrowing at Variable Rates	1%	25%	25%	25%	25%	25%	25%

Internal Borrowing Forecast	Actual 31-Mar-18 £000	Estimate 2018/19 £000	Estimate 2019/20 £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000
Under/Over (-) Borrowing (iv)	69,759	89,391	114,530	179,713	178,783	177,716	159,959
Under/Over (-) Borrowing as a % of CFR	12.1%	15.2%	19.0%	25.8%	22.7%	21.0%	18.5%

Maturity Structure of External Debt	Actual 31-Mar-18	Lower Limit 2018/19	Upper Limit 2018/19	Lower Limit 2019/20	Upper Limit 2019/20
Debt Maturity (v):					
Over 30 Years	6%	0%	30%	0%	40%
Over 25 to 30 Years	4%	0%	30%	0%	25%
Over 20 to 25 Years	0%	0%	30%	0%	25%
Over 15 to 20 Years	13%	0%	30%	0%	25%
Over 10 to 15 Years	48%	0%	70%	0%	65%
Over 5 to 10 Years	19%	0%	40%	0%	45%
Over 1 to 5 Years	7%	0%	35%	0%	35%
Under 12 months	3%	0%	25%	0%	25%

(iv) The Council's gross external debt as compared with the Capital Financing Requirement
(v) These percentages reflect maximum values to allow for new external and/or debt restructuring. They do not reflect actual maturity values.

Upper Limit for Principal Sums Invested over 365 Days	Actual 31-Mar-18	Upper Limit 2018/19	Upper Limit 2019/20	Upper Limit 2020/21	Upper Limit 2021/22	Upper Limit 2022/23	Upper Limit 2023/24
Maximum invested for a year or longer (£)	£33.8m	£75m	£75m	£65m (vi)	£55m	£45m	£45m

(vi) The upper limits for future years to be reviewed on an annual basis.

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ADULTS AND HEALTH

REVENUE BUDGET 2019/20

Net Expenditure 2018/19 £000		Gross Expenditure 2019/20 £000	Sales, Fees and Charges 2019/20 £000	Other Income 2019/20 £000	Specific Government Grants 2019/20 £000	Net Expenditure 2019/20 £000	Net Expenditure Change from 2018/19 %
Older People							
<i>Commissioned Costs</i>							
21,866	Nursing Care (OP)	36,160	-14,953	0	0	21,207	-3.0%
29,568	Residential Care (OP)	69,332	-19,398	-622	-13,513	35,799	21.1%
15,216	Personal Budgets - Council Managed (OP)	21,462	-6,032	-1,839	-879	12,712	-16.5%
4,610	Personal Budgets - Direct Payments (OP)	7,483	-1,458	0	-114	5,911	28.2%
<i>Other Costs</i>							
2,511	In-House Day and Residential Care	2,771	-106	-27	-388	2,250	-10.4%
10,390	Social Care Activities (OP)	16,428	0	-4,840	-1,261	10,327	-0.6%
84,161		153,636	-41,947	-7,328	-16,155	88,206	4.8%
Physical and Sensory Impairment							
<i>Commissioned Costs</i>							
1,167	Nursing Care (PSI)	1,730	-206	0	0	1,524	30.6%
3,954	Residential Care (PSI)	5,622	-676	0	0	4,946	25.1%
3,024	Personal Budgets - Council Managed (PSI)	4,494	-637	0	-103	3,754	24.1%
7,832	Personal budgets - Direct Payments (PSI)	9,910	-624	0	-1,068	8,218	4.9%
15,977		21,756	-2,143	0	-1,171	18,442	15.4%
Learning Disabilities							
982	Nursing Care (LD)	888	-126	0	0	762	-22.4%
38,570	Residential Care (LD)	46,314	-3,406	0	-1,200	41,708	8.1%
27,082	Personal Budgets - Council Managed (LD)	35,053	-2,718	0	-2,432	29,903	10.4%
6,129	Personal Budgets - Direct Payments (LD)	8,599	-550	0	-1,084	6,965	13.6%
711	Preventative Services (LD)	1,362	0	-1,362	0	0	-100.0%
	In-House Day and Residential Care						
9,718	Recharges (LD)	10,277	0	0	0	10,277	5.8%
3,767	Health Services (LD)	4,476	0	-380	-125	3,971	5.4%
<i>Other Costs</i>							
3,144	Social Care Activities (LD)	3,191	0	0	0	3,191	1.5%
-17,729	CCG Contribution to Pooled Budget	0	0	-18,616	0	-18,616	5.0%
72,374		110,160	-6,800	-20,358	-4,841	78,161	8.0%

ADULTS AND HEALTH

REVENUE BUDGET 2019/20

Net Expenditure 2018/19 £000		Gross Expenditure 2019/20 £000	Sales, Fees and Charges 2019/20 £000	Other Income 2019/20 £000	Specific Government Grants 2019/20 £000	Net Expenditure 2019/20 £000	Net Expenditure Change from 2018/19 %
Working Age Mental Health							
<i>Commissioned Costs</i>							
1,129	Nursing Care (MH)	1,588	-74	0	0	1,514	34.1%
5,445	Residential Care (MH)	7,736	-564	0	0	7,172	31.7%
2,009	Personal Budgets - Council Managed (MH)	2,713	-207	0	-32	2,474	23.1%
805	Personal Budgets - Direct Payments (MH)	1,054	-62	0	-31	961	19.4%
-9,388	Recharges To Health	0	0	-12,121	0	-12,121	29.1%
<i>Other Costs</i>							
0	Social Care Activities (MH)	2,602	0	-2,602	0	0	N/A
8,711	County Council Contribution to Pooled Budget	8,821	0	0	0	8,821	1.3%
8,711		24,514	-907	-14,723	-63	8,821	1.3%
Assistive Equipment and Technology							
0	Community Equipment	7,435	0	-7,435	0	0	N/A
0	Telecare	861	0	-861	0	0	N/A
0		8,296	0	-8,296	0	0	N/A
Universal Services							
0	Community Reablement Service	2,635	0	-2,635	0	0	N/A
0	Occupational Therapy & Sensory Services	4,945	0	-4,554	-391	0	N/A
0	Meals on Wheels	720	-720	0	0	0	N/A
2,243	Support for Carers	4,736	0	-1,824	-857	2,055	-8.4%
0	Information and Early Intervention	741	0	-741	0	0	N/A
2,243		13,777	-720	-9,754	-1,248	2,055	-8.4%

ADULTS AND HEALTH

REVENUE BUDGET 2019/20

Net Expenditure 2018/19 £000	Gross Expenditure 2019/20 £000	Sales, Fees and Charges 2019/20 £000	Other Income 2019/20 £000	Specific Government Grants 2019/20 £000	Net Expenditure 2019/20 £000	Net Expenditure Change from 2018/19 %
Other Responsibilities						
	Independent Mental Capacity					
1,345	1,466	0	0	-112	1,354	0.7%
807	200	0	0	0	200	-75.2%
5,902	4,656	0	-396	0	4,260	-27.8%
0	1,267	0	-894	0	373	N/A
367	1,214	0	-222	-200	792	115.8%
2,520	2,734	0	-203	-231	2,300	-8.7%
351	488	-13	-134	0	341	-2.8%
0	155	0	0	-155	0	N/A
0	1,054	0	-1	0	1,053	N/A
11,292	13,234	-13	-1,850	-698	10,673	-5.5%
Public Health						
0	2,830	0	0	-2,830	0	N/A
0	40	0	0	-40	0	N/A
0	157	0	0	-157	0	N/A
0	5,149	0	0	-5,149	0	N/A
0	92	0	0	-92	0	N/A
0	3,953	0	0	-3,953	0	N/A
15	2,075	0	-245	-1,820	10	-33.3%
0	353	0	0	-353	0	N/A
15	14,649	0	-245	-14,394	10	-33.3%
194,773	360,022	-52,530	-62,554	-38,570	206,368	6.0%
PORTFOLIO TOTAL						

Agenda Item 5
Annex 3

ADULTS AND HEALTH

CHANGE IN SPENDING

As analysed in the table below, the increase in spending is £11.595m or 6%

	£000	£000	%
Allowance for Pay and Price Increases			
Pay and price rise allowance	4,724		
Improved Better Care Fund Adjustment	<u>1,300</u>		
		6,024	3.1
Committed and Service Changes			
Adults demand pressure	3,950		
National Living Wage	3,400		
Improved Better Care Fund Adjustment	2,300		
Customer contributions towards social care	-500		
Reversal of 2018/19 transfer from Adult Social Care and Health Demand Pressures Reserve	-668		
2019/20 transfer from the Adult Social Care and Health Demand Pressures Reserve	<u>66</u>		
		8,548	4.4
Balancing the Budget - detail provided in Appendix 3			
Strategic Decisions	-2,960		
Efficiencies	<u>-1,675</u>		
		-4,635	-2.4
Funding from Central Government			
Reduction in the Public Health Grant		900	0.5
Transfers between Portfolios			
Supported Housing Southwark Judgement Quick Access Beds funding to Children and Young People	-37		
Direct Payments Support Service contract saving to Finance and Resources	-126		
Reduction in agency staffing contracts to Finance and Resources	-25		
Transfer of HM Coroner service from Safer, Stronger Communities	1,049		
Direct Payment Prepaid Card contract funding from Children and Young People	12		
Realignment of pay awards	57		
Driver and vehicle service increased charge from Highways and Infrastructure	59		
Transfer of funding to Children and Young People for Directorate purposes	-200		
Personal Assistant position to Leader	<u>-31</u>		
		758	0.4
TOTAL CHANGE IN SPENDING		<u><u>11,595</u></u>	<u><u>6.0</u></u>

CHILDREN AND YOUNG PEOPLE

REVENUE BUDGET 2019/20

Net Expenditure 2018/19		Gross Expenditure 2019/20	Sales, Fees and Charges 2019/20	Other Income 2019/20	Specific Government Grants 2019/20	Net Expenditure 2019/20	Net Expenditure Change from 2018/19
£000		£000	£000	£000	£000	£000	%
<u>Local Authority Funding</u>							
Services for Children with Disabilities							
5,970	In House Residential & Fostercare	5,678	0	-25	0	5,653	-5.3%
	Externally Commissioned Residential & Fostercare	4,674	0	-359	-400	3,915	12.9%
3,468							
1,743	Disability Short Breaks	1,859	0	0	0	1,859	6.7%
3,386	Direct Payments	3,726	0	-367	0	3,359	-0.8%
883	Client Expenditure	858	0	-11	0	847	-4.1%
Services for Children without Disabilities							
7,291	In House Residential & Fostercare	6,815	0	0	0	6,815	-6.5%
	Externally Commissioned Residential & Fostercare	14,487	0	-50	0	14,437	-0.9%
14,569							
4,409	Adoption & Special Guardianship	4,964	0	-81	0	4,883	10.8%
400	Complex Adolescents	318	0	0	0	318	-20.5%
816	Client Expenditure	699	0	0	0	699	-14.3%
824	Supervised Contact	813	0	0	0	813	-1.3%
Services for Asylum Seekers							
750	In House Residential & Fostercare	484	0	0	0	484	-35.5%
	Externally Commissioned Residential & Fostercare	2,505	0	0	0	2,505	5.7%
2,371							
260	Client Expenditure	274	0	0	0	274	5.4%
-2,620	Asylum Grant	0	0	0	-2,658	-2,658	1.5%
31,771	Social Care Activities	39,859	0	-129	-1,990	37,740	18.8%
Services for Care Leavers							
2,704	Care Leavers Accommodation & Support	3,181	0	-62	-236	2,883	6.6%
1,113	Care Leavers Staffing	1,277	0	0	-72	1,205	8.3%

CHILDREN AND YOUNG PEOPLE

REVENUE BUDGET 2019/20

Net Expenditure 2018/19		Gross Expenditure 2019/20	Sales, Fees and Charges 2019/20	Other Income 2019/20	Specific Government Grants 2019/20	Net Expenditure 2019/20	Net Expenditure Change from 2018/19
£000		£000	£000	£000	£000	£000	%
1,709	Children's Safeguarding	1,699	0	-102	0	1,597	-6.6%
802	Youth Offending Service	1,479	0	-226	-500	753	-6.1%
1,102	Child & Adolescent Mental Health Services	1,845	0	-749	0	1,096	-0.5%
10,059	Integrated Prevention & Earliest Help Services	12,400	0	-772	-3,353	8,275	-17.7%
0	Healthy Child Programme	10,794	0	0	-10,794	0	N/A
1,563	Intentionally Homeless	2,581	0	-550	0	2,031	29.9%
336	Domestic Abuse Services	251	0	0	0	251	-25.3%
164	Young Carers	463	0	-282	-28	153	-6.7%
95,843	Local Authority Funding	123,983	0	-3,765	-20,031	100,187	4.5%
	<u>Dedicated Schools Grant Funding</u>						
	DSG Early Years						
4,702	2 year old entitlement	4,561	0	0	0	4,561	-3.0%
41,342	3 & 4 year old entitlement	40,171	0	0	0	40,171	-2.8%
1,134	Early Years Central Expenditure	1,145	0	0	0	1,145	1.0%
	Other DSG						
1,065	Integrated Prevention & Earliest Help	1,173	0	0	0	1,173	10.1%
1,074	Children's Social Care	1,074	0	0	0	1,074	0.0%
-49,317	Dedicated Schools Grant	0	0	0	-48,124	-48,124	-2.4%
0	Dedicated Schools Grant and Other Schools Funding	48,124	0	0	-48,124	0	N/A
95,843	PORTFOLIO TOTAL	172,107	0	-3,765	-68,155	100,187	4.5%

CHILDREN AND YOUNG PEOPLE

CHANGE IN SPENDING

As analysed in the table below, the increase in spending is £4.344m or 4.5%

	£000	£000	%
Allowance for Pay and Price Increases			
Pay and price rise allowance		2,198	2.3
Committed and Service Changes			
Demand Growth - Children Looked After Placements	170		
Demand Growth - Intentionally Homeless	300		
Children's Social Worker Recruitment & Retention	190		
Adoption - Interagency Fee Increases	90		
Reduction of Think Family income	560		
Adjustment to Public Health Grant recharges	992		
Increase in Asylum Grant income	-200		
Additional investment in children's social work	5,500		
Temporary budget mitigation for Beechfield closure	460		
2019/20 transfer from High Needs Strategic Planning Fund reserve	30		
Temporary budget mitigation for Cissbury Lodge closure	1,000		
Social Care Support Grant funding for Cissbury Lodge closure	-400		
		8,692	9.1
Committed and Service Changes (Dedicated Schools Grant)			
Reduction in Early Years expenditure following January 2018 census numbers	-1,301		
Reduction to Early Years grant allocation 2019/20	1,301		
Accounting adjustment in relation to Central Schools Services block grant allocation	-108		
Integrated Prevention & Earliest Help staffing	108		
		0	0.0
Balancing the Budget - detail provided in Appendix 3			
Strategic Decisions	-3,340		
Efficiencies	-3,020		
		-6,360	-6.6
Transfers between Portfolios			
Family Support Lead position to Education and Skills	-42		
Transfer of Capita Supervised Contact Team from Corporate Relations	39		
Direct Payment Prepaid Card contract funding to Adults and Health	-12		
Realignment of pay awards	-109		
Two Contract Officer positions from Education and Skills	85		
Supported Housing Southwark Judgement Quick Access Beds funding from Adults and Health	37		
Adjustment to Domestic Abuse Support recharge with Safer, Stronger Communities	-130		
Reduction in agency staffing contracts to Finance and Resources	-160		
Communications position to Leader	-38		
Transfer of funding from Adults and Health for directorate purposes	200		
Personal Assistant positions to Leader	-56		
		-186	-0.2
TOTAL CHANGE IN SPENDING		4,344	4.5

CORPORATE RELATIONS

REVENUE BUDGET 2019/20

Net Expenditure 2018/19		Gross Expenditure 2019/20	Sales, Fees and Charges 2019/20	Other Income 2019/20	Specific Government Grants 2019/20	Net Expenditure 2019/20	Net Expenditure Change from 2018/19
£000		£000	£000	£000	£000	£000	%
	Commercial Services						
22,291	Commercial Services	21,339	-637	-9	0	20,693	-7.2%
	Information Technology						
1,815	Information Technology	2,032	0	0	0	2,032	12.0%
87	Information Technology Strategic Client	87	0	0	0	87	0.0%
1,902		2,119	0	0	0	2,119	11.4%
	Digital Infrastructure						
292	Digital Infrastructure	368	0	-81	0	287	-1.7%
	Facilities Management						
6,640	Facilities Management	7,582	-138	-465	0	6,979	5.1%
	Catering Service						
26	Catering Service	388	-297	-104	0	-13	-150.0%
	Human Resources and Organisational Change						
6,056	Human Resources and Organisational Change	5,013	-3	-104	0	4,906	-19.0%
	Transformation Portfolio Office						
0	Transformation Portfolio Office	734	0	0	0	734	N/A
0	Whole Council Design	-1,500	0	0	0	-1,500	N/A
0		-766	0	0	0	-766	N/A
	Legal Services						
4,686	Legal Services	5,231	-474	-105	0	4,652	-0.7%
	Democratic Services						
1,070	Democratic Services	1,383	0	-172	0	1,211	13.2%
26	Elections	26	0	0	0	26	0.0%
1,434	Members Allowances and Expenses	1,409	0	0	0	1,409	-1.7%
2,530		2,818	0	-172	0	2,646	4.6%
44,423	PORTFOLIO TOTAL	44,092	-1,549	-1,040	0	41,503	-6.6%

CORPORATE RELATIONS

CHANGE IN SPENDING

As analysed in the table below, the decrease in spending is £2.92m or 6.6%

	£000	£000	%
Allowance for Pay and Price Increases			
Pay and price rise allowance		994	2.2
Committed and Service Changes			
Office 365 migration	114		
Electronic Records Management	54		
General Data Protection Regulation staffing costs	150		
Increase to Property Reactive Maintenance Budget	150		
Business Mileage - deferral of 2018/19 efficiency saving	200		
IT Licences for Whole Council Design	400		
Reversal of 2018/19 transfer to Elections reserve	200		
Reversal of 2018/19 transfer from Business Infrastructure Reserve	-292		
2019/20 transfer to the Elections Reserve	-200		
		776	1.7
Balancing the Budget - detail provided in Appendix 3			
Efficiencies		-3,339	-7.5
Transfers between Portfolios			
Customer Experience to Safer, Stronger Communities	-236		
Transfer of Capita Supervised Contact Team to Children and Young People	-39		
Property Services redesign from Safer, Stronger Communities	91		
Property Services redesign from Finance and Resources	11		
Realignment of pay awards	-84		
Senior Management Group realignment of pay from Finance and Resources	22		
Personal Assistants to Leader	-390		
Commercial Marketing position from Leader	33		
Fire and Rescue Information Technology position from Safer, Stronger Communities	23		
Adjustment to DSG recharge to Education and Skills	-33		
General Data Protection Regulations position from Safer, Stronger Communities	49		
Refuse service to Environment	-144		
Digital Infrastructure from Leader	170		
Digital Infrastructure from Finance and Resources	50		
Mosaic Licences efficiency saving to Finance and Resources	-80		
Reduction in agency staffing contracts to Finance and Resources	-7		
Property Services redesign from Safer, Stronger Communities	99		
Commercial Marketing to Finance and Resources	-10		
Contract Management to Finance and Resources	-876		
		-1,351	-3.0
TOTAL CHANGE IN SPENDING		-2,920	-6.6

EDUCATION AND SKILLS

REVENUE BUDGET 2019/20

Net Expenditure 2018/19		Gross Expenditure 2019/20	Sales, Fees and Charges 2019/20	Other Income 2019/20	Specific Government Grants 2019/20	Net Expenditure 2019/20	Net Expenditure Change from 2018/19
£000		£000	£000	£000	£000	£000	%
Local Authority Funding							
School Budgets							
1	Government Grants to Schools	16,804	0	0	-16,804	0	-100.0%
Education and Skills Service							
60	Director of Education	64	0	0	0	64	6.7%
1,132	Post-16 & Compliance	1,454	0	0	-233	1,221	7.9%
945	School Effectiveness	2,297	0	-135	-777	1,385	46.6%
1,201	Inclusion	1,513	0	0	0	1,513	26.0%
0	Pupil Entitlement	74	0	0	0	74	N/A
School Transport							
369	Transport Management	369	0	0	0	369	0.0%
2,930	Mainstream Transport	3,420	-121	-40	0	3,259	11.2%
9,674	SEND Transport	12,644	0	-170	-449	12,025	24.3%
191	Post-16 Transport	282	-104	0	0	178	-6.8%
303	School Crossing Patrols	310	0	-1	0	309	2.0%
Support to Schools							
-18	School Catering	8,278	-157	-235	-7,900	-14	-22.2%
850	Crawley PFI	5,532	0	0	-4,532	1,000	17.6%
0	Pupil Premium (Children Looked After)	1,182	0	0	-1,182	0	N/A
1,313	School Redundancies & Pensions	1,486	0	-7	-120	1,359	3.5%
Other							
-38	Adult Education	3,080	-62	0	-3,058	-40	5.3%
0	LA Contribution to DSG	1,059	0	0	0	1,059	N/A
-2,236	Overheads & Recharges	-1,499	0	0	0	-1,499	-33.0%
16,677	Local Authority Funding	58,349	-444	-588	-35,055	22,262	33.5%

EDUCATION AND SKILLS

REVENUE BUDGET 2019/20

Net Expenditure 2018/19		Gross Expenditure 2019/20	Sales, Fees and Charges 2019/20	Other Income 2019/20	Specific Government Grants 2019/20	Net Expenditure 2019/20	Net Expenditure Change from 2018/19
£000		£000	£000	£000	£000	£000	%
<u>Dedicated Schools Grant Funding</u>							
School Budgets							
446,060	Mainstream Schools	473,578	0	0	-13,029	460,549	3.2%
34,334	Special Schools & APC	37,910	0	0	-2,584	35,326	2.9%
Education and Skills							
538	Director of Education	541	0	0	0	541	0.6%
386	Post-16 & Compliance	414	0	-21	0	393	1.8%
1,906	School Effectiveness	1,403	0	0	0	1,403	-26.4%
2,277	Inclusion	2,315	-18	0	0	2,297	0.9%
1,798	Pupil Entitlement	1,918	0	-112	0	1,806	0.4%
265	Capital Planning & Transport	431	0	0	0	431	62.6%
Special Educational Needs							
18,695	Independent & Non-Maintained Schools	22,065	0	0	0	22,065	18.0%
563	Other Local Authority Schools	732	0	0	0	732	30.0%
4,278	Post-16 Placements	5,144	0	0	0	5,144	20.2%
6,802	Alternative Provision	7,035	0	-240	0	6,795	-0.1%
1,168	Specialist Support	1,325	0	0	0	1,325	13.4%
Support to Schools							
931	Collaborative Inclusion & Improvement	794	0	0	0	794	-14.7%
3,800	Growth Fund	3,800	0	0	0	3,800	0.0%
648	Transport (Alternative Provision)	648	0	0	0	648	0.0%
132	School Catering	132	0	0	0	132	0.0%
980	School Redundancies & Pensions	980	0	0	0	980	0.0%
907	Other Support to Schools	822	0	0	0	822	-9.4%
Other							
0	LA Contribution to DSG	-1,059	0	0	0	-1,059	N/A
3,053	Overheads & Recharges	1,568	0	0	0	1,568	-48.6%
Government Grant							
-532,481	Dedicated Schools Grant	0	0	0	-548,974	-548,974	3.1%
-2,960	Dedicated Schools Grant	562,496	-18	-373	-564,587	-2,482	-16.1%
13,717	PORTFOLIO TOTAL	620,845	-462	-961	-599,642	19,780	44.2%

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Annex 3

EDUCATION AND SKILLS

CHANGE IN SPENDING

As analysed in the table below, the increase in spending is £6.063m or 44.2%

	£000	£000	%
Allowance for Pay and Price Increases			
Pay and price rise allowance		549	4.0
Committed and Service Changes			
Home to School Transport pressures 2018/19	2,000		
Home to School Transport pressures 2019/20	400		
Post-16 School Transport Review	-18		
Increased demand for independent special educational needs placements	2,155		
Increased capacity for in-house special educational needs placements	1,845		
Redistribution of historical DSG central share costs	1,500		
Replacement funding for SENAT following cessation of SEND Reform grant	360		
Reversal of 2018/19 one year funding for Social Mobility	-200		
Associate Education Advisors	75		
Education Capital Planning Team	104		
2019/20 Transfer to Special Support Centre Reserve	-1,845		
2019/20 Transfer from Crawley Schools PFI (Private Finance Initiative) Reserve	53		
		6,429	46.9
Balancing the Budget - detail provided in Appendix 3			
Strategic Decisions	-201		
Efficiencies	-710		
		-911	-6.6
Funding from Central Government			
Expenditure:			
Directly allocated to schools	15,605		
Special educational needs placements	3,030		
Increase in cost of business rates	300		
Not in Education, Employment or Training (NEET)	233		
Home to School Transport	91		
Support to schools	-244		
Other minor variations	40		
Financed by:			
Dedicated Schools Grant	-16,493		
16-19 Sixth Form Grant	-1,018		
Teachers Pay Grant	-2,700		
Pupil Premium Grant	1,396		
European Structural and Investment Fund	-233		
Extended Rights to Free Travel	-91		
School Improvement Monitoring & Brokerage Grant	-50		
Golden Hellos	100		
Moderation and Phonics Key Stage 2	34		
		0	0.0
Transfers between Portfolios			
Family Support Lead position from Children and Young People	42		
Adjustment to DSG recharge from Corporate Relations	33		
Two Contract positions to Children and Young People	-85		
Six School Support positions to Finance and Resources	-183		
Two Traded Services positions from Finance and Resources	104		
Reduction in agency staffing contracts to Finance and Resources	-7		
Driver and vehicle service increased charge from Highways and Infrastructure	92		
		-4	0.0
TOTAL CHANGE IN SPENDING		6,063	44.2

ENVIRONMENT

REVENUE BUDGET 2019/20

Net Expenditure 2018/19		Gross Expenditure 2019/20	Sales, Fees and Charges 2019/20	Other Income 2019/20	Specific Government Grants 2019/20	Net Expenditure 2019/20	Net Expenditure Change from 2018/19
£000		£000	£000	£000	£000	£000	%
Energy, Waste and Environment							
2,727	Energy and Sustainability	3,766	-1,195	-289	0	2,282	-16.3%
24,508	Waste Recycling	28,305	-2,100	-451	-2,124	23,630	-3.6%
33,089	Waste Disposal	34,439	-446	-141	0	33,852	2.3%
985	Waste Strategy and Support	994	0	0	0	994	0.9%
61,309		67,504	-3,741	-881	-2,124	60,758	-0.9%
Other Responsibilities							
1,421	Countryside Services (Including Public Rights of Way)	1,490	-18	-17	-47	1,408	-0.9%
620	Planning Services	3,315	-2,434	-1,093	0	-212	-134.2%
63,350	PORTFOLIO TOTAL	72,309	-6,193	-1,991	-2,171	61,954	-2.2%

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ENVIRONMENT

CHANGE IN SPENDING

As analysed in the table below, the decrease in spending is £1.396m or 2.2%

	£000	£000	%
Allowance for Pay and Price Increases			
Pay and price rise allowance		1,843	2.9
Committed and Service Changes			
Reversal of 2018/19 one year funding for solar energy and tariff funding	-200		
Capitalisation of solar energy project staffing costs	-100		
Changes to commercial waste arrangements	-90		
Improved management of closed landfill sites	-50		
Part reversal of Materials Recycling Facility (MRF) saving	600		
Adjustment of Public Health Service recharges	48		
Reversal of 2018/19 transfer from the Waste Management Material Resource Management Contract (MRMC) reserve	-1,300		
Reversal of 2018/19 transfer to the Highways Commuted Sums reserve	500		
Reversal of 2018/19 transfer from the Highways and Education Buildings reserve	-246		
Reversal of 2018/19 transfer from the Strategic Economic Plan (SEP) reserve	-75		
2019/20 transfer from the Waste Management Material Resource Management Contract (MRMC) reserve	1,500		
2019/20 transfer to the Highways Commuted Sums reserve	-1,000		
2019/20 transfer from the Strategic Economic Plan reserve	32		
		-381	-0.6
Balancing the Budget - detail provided in Appendix 3			
Strategic Decisions	-1,200		
Efficiencies	-1,865		
		-3,065	-4.8
Transfers between Portfolios			
Realignment of pay awards	114		
Refuse service from Corporate Relations	144		
Increase to Climate Change Levy (Street Lighting) to Highways and Infrastructure	-49		
Reduction in agency staffing contracts to Finance and Resources	-2		
		207	0.3
TOTAL CHANGE IN SPENDING		-1,396	-2.2

FINANCE AND RESOURCES

REVENUE BUDGET 2019/20

Net Expenditure 2018/19		Gross Expenditure 2019/20	Sales, Fees and Charges 2019/20	Other Income 2019/20	Specific Government Grants 2019/20	Net Expenditure 2019/20	Net Expenditure Change from 2018/19
£000		£000	£000	£000	£000	£000	%
	Finance						N/A
2,437	Finance	3,521	-736	-282	0	2,503	2.7%
583	Internal Audit	583	0	0	0	583	0.0%
-150	Strategic Procurement and Contract Management	1,656	-316	-123	0	1,217	-911.3%
1,362	Intelligence and Performance	1,228	0	0	0	1,228	-9.8%
1,798	Levies and Precepts	1,844	0	0	-148	1,696	-5.7%
423	Fees and Other Payments	373	0	-48	0	325	-23.2%
49	Big Society Fund	0	0	0	0	0	-100.0%
245	Council Tax Hardship Fund	40	0	0	0	40	-83.7%
-269	Insurance	-316	0	0	0	-316	17.5%
973	Customer Experience	0	0	0	0	0	-100.0%
68	Complaints Team	0	0	0	0	0	-100.0%
7,519		8,929	-1,052	-453	-148	7,276	-3.2%
	Asset & Capital Programme						
8,085	Capital and Infrastructure (Property)	8,352	-2,138	-692	0	5,522	-31.7%
15,604	PORTFOLIO TOTAL	17,281	-3,190	-1,145	-148	12,798	-18.0%

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FINANCE AND RESOURCES

CHANGE IN SPENDING

As analysed in the table below, the decrease in spending is £2.806m or 18%

	£000	£000	%
Allowance for Pay and Price Increases			
Pay and price rise allowance		296	1.9
Committed and Service Changes			
Reversal of 2018/19 one year funding for additional feasibility works	-800		
Reduction in the District and Boroughs Council Tax Hardship Fund	-100		
Increase in Local Flood Levy	16		
Littlehampton Harbour Levy - pontoon charges	40		
Reversal of 2018/19 transfer from the Business Infrastructure reserve	-189		
2019/20 transfer to Infrastructure Works Feasibility reserve	<u>-1,000</u>		
		-2,033	-13.0
Balancing the Budget - detail provided in Appendix 3			
Efficiencies		-1,463	-9.4
Transfers between Portfolios			
Property Services redesign to Corporate Relations	-11		
Digital Infrastructure to Corporate Relations	-50		
Customer Experience to Safer, Stronger Communities	-973		
Complaints Team to Safer, Stronger Communities	-68		
Big Society Fund to Safer, Stronger Communities	-49		
Contribution to Local Enterprise Partnership from Leader	110		
Realignment of pay awards	-102		
Senior Management Group realignment of pay to Corporate Relations	-22		
Direct Payments Support Service contract saving from Adults and Health	126		
Mosaic Licences efficiency saving from Corporate Relations	80		
Street Lighting re-financing efficiency saving from Highways and Infrastructure	165		
Reduction in agency staffing contracts from various portfolios	223		
Contract Management from Corporate Relations	876		
Commercial Marketing from Corporate Relations	10		
Six School Support positions from Education and Skills	183		
Two Traded Services positions to Education and Skills	<u>-104</u>		
		394	2.5
TOTAL CHANGE IN SPENDING		<u><u>-2,806</u></u>	<u><u>-18.0</u></u>

HIGHWAYS AND INFRASTRUCTURE

REVENUE BUDGET 2019/20

Net Expenditure 2018/19		Gross Expenditure 2019/20	Sales, Fees and Charges 2019/20	Other Income 2019/20	Specific Government Grants 2019/20	Net Expenditure 2019/20	Net Expenditure Change from 2018/19
£000		£000	£000	£000	£000	£000	%
Highways Service							
2,932	Highways Service	6,369	-1,624	-2,007	0	2,738	-6.6%
9,597	Highways Maintenance	8,773	0	0	-66	8,707	-9.3%
0	West Sussex Permit Scheme	1,427	-1,427	0	0	0	N/A
7,785	Street Lighting PFI	14,628	0	-344	-6,069	8,215	5.5%
20,314		31,197	-3,051	-2,351	-6,135	19,660	-3.2%
Transport and Countryside							
11,657	National Concessionary Fares Scheme	11,557	0	-614	0	10,943	-6.1%
425	3in1 Concessionary Fares Scheme	434	0	0	0	434	2.1%
1,155	Public Transport Support	2,311	0	-1,070	-374	867	-24.9%
381	Safe & Sustainable Transport	676	-85	-125	-50	416	9.2%
847	Transport Bureau	992	-29	0	-62	901	6.4%
-74	Parking Strategy	243	0	-243	0	0	-100.0%
-1	On Street Car Parking	4,043	-4,000	-43	0	0	-100.0%
0	Sussex Safer Roads Partnership	2,520	-2,520	0	0	0	N/A
14,390		22,776	-6,634	-2,095	-486	13,561	-5.8%
Other Responsibilities							
400	Management and Central	-6	0	-89	0	-95	-123.8%
-202	Fleet Management	-186	-14	0	0	-200	-1.0%
198		-192	-14	-89	0	-295	-249.0%
34,902	PORTFOLIO TOTAL	53,781	-9,699	-4,535	-6,621	32,926	-5.7%

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HIGHWAYS AND INFRASTRUCTURE

CHANGE IN SPENDING

As analysed in the table below, the decrease in spending is £1.976m or 5.7%

	£000	£000	%
Allowance for Pay and Price Increases			
Pay and price rise allowance		818	2.3
Committed and Service Changes			
Reversal of 2018/19 one year funding for white lines and signage programme of works	-500		
Re-financing of Street Lighting PFI (Private Finance Initiative) contract	-75		
Adjustment of Public Health Service recharges	50		
Removal of Executive Assistant position	-63		
Reversal of 2018/19 transfer to the Street Lighting PFI reserve	471		
Reversal of 2018/19 transfer from the Highways Commuted Sums reserve	-506		
2019/20 transfer to the Street Lighting PFI reserve	-161		
2019/20 transfer from the Highways Commuted Sums reserve	<u>388</u>		
		-396	-1.1
Balancing the Budget - detail provided in Appendix 3			
Strategic Decisions	-500		
Efficiencies	<u>-1,648</u>		
		-2,148	-6.2
Transfers between Portfolios			
Realignment of pay awards	22		
Increase to Climate Change Levy (Street Lighting) from Environment	49		
Street Lighting re-financing efficiency saving to Finance and Resources	-165		
Reduction in agency staffing contracts to Finance and Resources	-5		
Driver and vehicle service increased charge to Adults and Health	-59		
Driver and vehicle service increased charge to Education and Skills	<u>-92</u>		
		-250	-0.7
TOTAL CHANGE IN SPENDING		<u><u>-1,976</u></u>	<u><u>-5.7</u></u>

LEADER (INCLUDING ECONOMY)

REVENUE BUDGET 2019/20

Net Expenditure 2018/19 £000		Gross Expenditure 2019/20 £000	Sales, Fees and Charges 2019/20 £000	Other Income 2019/20 £000	Specific Government Grants 2019/20 £000	Net Expenditure 2019/20 £000	Net Expenditure Change from 2018/19 %
Economy, Planning and Place							
1,379	Economic Development	1,245	-27	-136	0	1,082	-21.5%
6	Leader Programme	109	0	-102	0	7	16.7%
0	Supporting Economic Development	502	0	0	-502	0	N/A
1,385		1,856	-27	-238	-502	1,089	-21.4%
Other Responsibilities							
685	Chief Executive	591	0	0	0	591	-13.7%
1,823	Policy and Communications	1,787	-9	0	0	1,778	-2.5%
0	Personal Assistants	568	0	0	0	568	N/A
2,508		2,946	-9	0	0	2,937	17.1%
3,893	PORTFOLIO TOTAL	4,802	-36	-238	-502	4,026	3.4%

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LEADER (INCLUDING ECONOMY)

CHANGE IN SPENDING

As analysed in the table below, the increase in spending is £0.133m or 3.4%

	£000	£000	%
Allowance for Pay and Price Increases			
Pay and price rise allowance		87	2.2
Committed and Service Changes			
Part reversal of 2018/19 one year funding for Horsham Science Park	-23		
Reversal of 2018/19 transfer from Strategic Economic Plan (SEP) reserve	-50		
Reversal of 2018/19 transfer from Sustainable Investment reserve	-35		
2019/20 transfer from the Strategic Economic Plan reserve	53		
2019/20 transfer from the Sustainable Investment reserve	21		
		-34	-0.9
Balancing the Budget - detail provided in Appendix 3			
Efficiencies		-150	-3.9
Transfers between Portfolios			
Fire and Rescue Communications staff from Safer, Stronger Communities	85		
Contribution to Local Enterprise Partnership to Finance and Resources	-110		
Realignment of pay awards	-9		
Personal Assistants from Corporate Relations	390		
Fire and Rescue administrative position from Safer, Stronger Communities	27		
Commercial Marketing position to Corporate Relations	-33		
Digital Infrastructure to Corporate Relations	-170		
Reduction in agency staffing contracts to Finance and Resources	-1		
Edes House staffing to Safer, Stronger Communities	-74		
Communications position from Children and Young People	38		
Personal Assistant from Adults and Health	31		
Personal Assistants from Children and Young People	56		
		230	5.9
TOTAL CHANGE IN SPENDING		133	3.4

SAFER, STRONGER COMMUNITIES

REVENUE BUDGET 2019/20

Net Expenditure 2018/19		Gross Expenditure 2019/20	Sales, Fees and Charges 2019/20	Other Income 2019/20	Specific Government Grants 2019/20	Net Expenditure 2019/20	Net Expenditure Change from 2018/19
£000		£000	£000	£000	£000	£000	%
Fire and Public Protection							
1,326	Management	1,044	0	-92	-1,478	-526	-139.7%
18,015	Fire Operations	19,564	0	-50	-1,084	18,430	2.3%
7,291	Public Protection (Including Trading Standards)	9,312	-385	-99	-413	8,415	15.4%
26,632		29,920	-385	-241	-2,975	26,319	-1.2%
Information and Regulatory Services							
6,612	Library Service	7,693	-670	-111	-5	6,907	4.5%
692	Record Office	758	-47	0	0	711	2.7%
1,049	HM Coroner	0	0	0	0	0	-100.0%
-815	Registration of Births, Deaths and Marriages	1,327	-1,833	-160	0	-666	-18.3%
7,538		9,778	-2,550	-271	-5	6,952	-7.8%
Family Operations							
5,935	Drugs and Alcohol Action Team	6,053	-14	-104	0	5,935	0.0%
-5,935	Public Health Grant	0	0	0	-5,935	-5,935	0.0%
0		6,053	-14	-104	-5,935	0	N/A
Communities							
2,220	Communities and Partnerships	1,915	0	-108	0	1,807	-18.6%
218	Community Safety and Wellbeing	918	-372	-350	0	196	-10.1%
0	Customer Experience	1,308	0	-5	0	1,303	N/A
385	Domestic Abuse	936	0	0	0	936	143.1%
280	County Local Committees	140	0	0	0	140	-50.0%
0	Edes House	75	0	0	0	75	N/A
3,103		5,292	-372	-463	0	4,457	43.6%
37,273	PORTFOLIO TOTAL	51,043	-3,321	-1,079	-8,915	37,728	1.2%

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SAFER, STRONGER COMMUNITIES

CHANGE IN SPENDING

As analysed in the table below, the increase in spending is £0.455m or 1.2%

	£000	£000	%
Allowance for Pay and Price Increases			
Pay and price rise allowance		1,082	2.9
Committed and Service Changes			
Reversal of 2018/19 one year funding for Homelessness	-600		
Increase in Voluntary Sector Funding	200		
Adjustment to Public Health Service Recharge	957		
Impact of decision regarding future call mobilising arrangements	111		
		668	1.8
Balancing the Budget - detail provided in Appendix 3			
Strategic Decisions	-740		
Efficiencies	-724		
		-1,464	-3.9
Funding from Central Government			
Increase in Firefighters Pensions employers contributions	1,478		
Increase in Fire Revenue Grant	-1,478		
		0	0.0
Transfers between Portfolios			
Big Society Fund from Finance and Resources	49		
Realignment of pay awards	78		
Customer Experience from Corporate Relations	236		
Fire and Rescue Communications staff to Leader	-85		
Property Services redesign to Corporate Relations	-91		
Fire and Rescue Information Technology position to Corporate Relations	-23		
Fire and Rescue administrative position to Leader	-27		
General Data Protection Regulations position to Corporate Relations	-49		
Adjustment to Domestic Abuse Support recharge with Children and Young People	130		
Reduction in agency staffing contracts to Finance and Resources	-16		
Property Services redesign to Corporate Relations	-99		
Complaints Team from Finance and Resources	68		
Transfer of HM Coroner service to Adults and Health	-1,049		
Customer Experience from Finance and Resources	973		
Edes House staffing from Leader	74		
		169	0.5
TOTAL CHANGE IN SPENDING		455	1.2

Equality Impact Report Budget

Title of proposal	Budget 20189/20
Date of implementation	1 April 2019 – 31 March 2020
EIR completed by:	Name: Steve Harrison Tel: 03302 22391

1. Decide whether this report is needed and, if so, describe how you have assessed the impact of the proposal.

The budget and the service plans and commitments which it is designed to deliver make up the most significant strategic decision of the County Council. In setting the budget the County Council must be aware of and consider a range of statutory and other legal responsibilities which must inform the decision and the Council must explain how that process of consideration is undertaken. The public sector equality duty is an important element of this process of delivering a rational and lawful budget.

The discharge of the public sector equality duty –the duty to have regard to the impact of proposals on persons and groups with protected characteristics – is achieved through a number of measures, most particularly the application of detailed consideration of such impact in relation to the planning and implementation of service changes, especially where those changes mean reductions in current service levels or reductions in the funds available to deliver them. That impact is best understood and assessed using detailed service and customer information held or secured by those leading the planning and implementation of service change. The information is then used to support the decisions which give effect to service plans. The budget decision is taken on the basis that this arrangement for discharging the public sector equality duty is in place.

Where statutory or some other customer or public consultation is required to help the impact assessment work, this will be included as part of change planning and implementation. Where specific service user data is required to better understand the potential impact on those with protected characteristics this is secured. Different levels of assessment or different forms of data gathering will be used dependent upon the needs of the particular service plan under consideration. The overall budget proposal explains how these different approaches apply in relation to the body of service plans.

The County Council published a list of major (strategic) saving in the Autumn of 2018. These are savings plans where a Cabinet Member decision is required. Where identified as required to support the decision being proposed a clear process was followed of consultation to inform the decision, to include the range of legal responsibilities to be met. All of the proposals were available for pre-scrutiny by the relevant Select Committee, including consideration of the information from relevant consultations and impact assessment. The Performance and Finance Select Committee in November 2018 considered the plans for the consideration of all savings proposals.

The Medium Term Financial Strategy report provided to the Performance and Finance Select Committee in October (updated in November) set out the considerable financial challenges the County Council faces in 2019/20 and for the following three years. The authority now has a **£nil** allocation from the Government in terms of its Revenue Support Grant, a situation that means that further significant reductions must be considered to achieve a balanced budget. Impact assessment is undertaken in that context.

However, the scale of the savings for 2019/20 at £24m also needs to be seen in the context of an overall budget of around £575m per the draft budget and future investment to meet service demand and other pressures which is estimated to increase the net budget by around £48m by 2022/23 compared to the current year, despite assumed continued reductions in funding support provided by the Government.

The savings measures included in the budget papers to balance the budget contain a further reference to how the equality impact work will be addressed as part of each proposed saving.

The background to the budget for 2019/20 is continued reductions in our funding from Government and a further rise in demand pressures for essential services on which many of our more vulnerable residents rely. Given the legal duty to ensure the budget is realistic and balanced, a programme of planned and well considered savings is essential to ensure this is done with the minimum adverse impact for residents.

The context is a further reduction in our funding from Government which exceeds the national average reduction for 2018/19:

Table: Settlement Funding Assessment

FUNDING ITEM	2018/19 £m	2019/20 £m	Change £m	Change %
West Sussex: Settlement Funding Assessment	88.4	78.0	-10.4	-11.7
England: Settlement Funding Assessment	16,943.1	15,958.2	-984.9	-5.8

The average reduction is 5.8 % nationally in 2019/20, but is 11.7% for the County Council's core funding (the Settlement Funding Assessment). 2019/20's budget will be the tenth year the County Council has had to address reduced resources from Government. This has occurred at the same time significant pressure has been apparent from a rising demand for council services. For example, West Sussex has a high and increasing proportion over 65 year olds within the County. Our proportion of over 65 year olds is 22.6%, compared with the national average of 18% of the population.

The emphasis within the budget planning continues to be on delivering efficiency measures, cost reductions and income generation with a view to protecting front line services and council priorities to the maximum extent possible. The over-arching aim has been to avoid arbitrary or across the board budget reductions, as these would be more difficult to assess in terms of impact on the broad range of responsibilities, including the public sector equality duty. Instead the focus is on very specific measures in order to both understand impact and address any adverse impact for services or support. In all cases, unless stated otherwise, the service will prepare an impact assessment to inform the eventual decision based on the Council's standard approach to the approach to its public sector equality duty so that the decision making has full regard to such assessment.

2. Describe any negative impact for customers or residents.

Service reductions and funding constraints, combined with service demand pressures will present risks of negative customer impact. Efforts have been made when compiling the two year savings programme to minimise the impact on residents generally and on those with a protected characteristic. For example:

Introducing measures to manage the pressure arising from ever higher demand for services. A key example would be £2.0m of additional demand is planned to be offset from demand management reduction initiatives linked to the Adult Social Care Improvement Plan. These will be supported by an increase in investment in technology, carers and falls prevention with the objective of promoting independence and thus reducing the need for expenditure on other areas of social care.

Of the total savings planned for 2019/20 a significant number arise from measures that are deemed to be efficiencies from the following broad categories:

- Contractual (£1.6m)
 - Savings arising from procurement work, collaboration with procurement or improved contractual terms
- Fees, charges and other income streams (£1.3m)
 - Opportunities to increase income via increased charges, cost recovery or new avenues such as sponsorship or commercial income from property
- Operational Changes (£10.8m)
 - Optimising all opportunities within current arrangements to deliver better value for money, such as by changing processes.
- Restructure (£1.6m)
 - Staffing restructure, removing vacant posts or other redesign of the service, including voluntary severance.

The above areas would be expected to have no or only a minimal impact on any group with a protected characteristic.

Strategic decisions, where the relevant Cabinet Member has made a decision in a key area amount to around £8.7m. Every effort has been made to indicate the nature of these decisions at an early point in planning for 2019/20, to provide for consultation and maximise consideration of measures to mitigate any adverse effects of the proposals.

Efforts have been made to continue to provide residents with a core service, even in areas where a reduction to a discretionary activity has needed to be considered. Work will be done on equalities impacts and how to mitigate any potentially harmful effects within the individual case for decisions to be taken and their implementation.

A number of the strategic decisions on savings which have been highlighted by the authority within its forward plan and member decision process will have a potentially adverse impact on some groups. This includes decisions around Supported Housing (budget reduction of £1.7m in 2019/20) and the Local Assistance Network (budget reduction of £0.6m in 2019/20). However, the County Council proposes to mitigate the impact by adopting a phased approach, working with its partners in the district and borough councils, service providers and the voluntary and community sector, to reconfigure existing service contracts. The County Council will explore alternative funding streams and develop other ways of supporting people who rely on these services with the supporting aim to minimise the potential risk of increased pressure in other areas.

3. Describe any positive effects which may offset any negative impact.

The report highlights significant continued or new investment in services to support the West Sussex Plan and which should have a positive impact for residents including those with a protected characteristic.

For example, Within the revenue budget for 2019/20, to support the **Best Start in Life** and **Independence for Later Life** aims, additional funding is proposed for both younger and older residents across the county. The net investment for Children and Young People is

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£4.2m (4.8%) whilst for Adults and Health the net investment of £11.8m (6.1%) provides additional funding to meet the forecast demands on these services. These represent the net sums, whilst the total new gross investment for Children and Young People is £8.7m, whilst for Adults and Health the extra investment of £8.5m which provides additional funding to meet the existing and ongoing demands placed upon these services.

The authority will have raised the Adults Social Care Levy to the maximum permissible over three years. The 2% levy proposed in the draft budget takes the charge over the three years 2016/17, 2017/18 and 2018/19 to the maximum 6% allowed by Government. The sum generated from this levy has been fully invested in support of Adults Social Care, helping to meet the rising cost pressures and customer numbers, as shown within the budget report for each of the three years the Levy has been used.

Some of the additional costs within Children's services are being incurred due to the temporary close of Cissbury lodge, whilst building work is undertaken to ensure the property is fit for purpose in future as a residential premise for children with disabilities.

Longer term, the County Council is working on service transformation plans to address the issue of reduced Government funding whilst protecting services as far as possible.

Transformation work will be the key to ensuring a future sustainable budget and the foundations of that work have been established. From one-off investment initially estimated at £13m, annual (recurring) savings of a minimum £17m are targeted by 2022. At this early stage in delivery, £1.5m of this target is provided for in next year, following mobilisation late in the current financial year. The work on Whole Council Design (WCD) will focus on savings largely achieved through improved efficiency and effectiveness, reducing the Council's staffing requirement. Natural wastage (turnover), appropriate redeployment and proactive vacancy management will be used in this regard, with a view to minimising disruption to front line services.

The County Council is also seeking to enhance income streams, such as the returns via business rates, where the County Council and Districts/Boroughs benefit from additional revenues arising from economic growth under the business rate retention system. We have very positive assumptions about the growth in revenue from this source of funding. This assumption, couple with a council tax rise of 2.99% for core services and 2% for the Adults Social Care Levy means that other funding streams are being used to offset the continuing reduction in our core financial support from Government. The County Council's total increase in council tax is 4.99%, and has been set at a rate just below the level where a referendum would be required. This increase generates an additional £21.9m, which helps protect services and mitigates the financial impact of reduction on our core funding from Government.

West Sussex CC also submitted a pilot bid, in collaboration with the West Sussex Districts and Boroughs, to be a 75% business rate area for 2019/20. This does not directly benefit the County Council in the short term, as the estimated additional funds from a successful bid are earmarked for shared use with the Districts and Boroughs. However, the additional investment on project work which invests in the economy and makes West Sussex a more attractive location to do business will help build an economic base that will be of benefit to all residents.

As well as the revenue budget, the County Council will be asked to agree an updated capital programme for 2019 to 2024. The capital programme sets out how the County Council proposes to invest in the delivery of the Council's vision for the county and its commitment to the communities of West Sussex. This includes the provision of modern, maintained and fit for purpose educational facilities. The capital programme ensures that the correct numbers of school places are provided in the correct locations. The Council may also invest in residential facilities for children where there is a strong business case to do so. We will also plan a wide programme of schools capital maintenance works across the West Sussex schools estate to ensure that schools remain structurally safe and secure and provide an environment where children are able to thrive.

The Council is committed to ensuring continued economic growth and prosperity, working with our partners to understand the needs of businesses and provide the infrastructure and skills for them to succeed and grow in West Sussex. The capital programme proposes a package of works designed to stimulate economic growth, directly providing or contributing to the creation of over 10,000 jobs, delivering nearly 600,000 square metres of commercial floorspace in key locations and unlocking the potential for over 15,000 new homes. These investments provide a basis for a stronger financial position from which to develop plans for services.

4. Describe whether and how the proposal helps to eliminate discrimination, harassment and victimisation.

One of the key aims of developing specific savings proposals, rather than simply assume across the board budget savings, is that savings which balance the budget can be planned for on the basis of protecting front-line services and delivery of West Sussex plan priorities as far as possible.

In preparing the savings outlined, it is believed that no individual group whether it be by age, sex, race, disability, gender reassignment (including transgender), sexual orientation, religion or belief or any other identifiable group will suffer from discrimination, harassment or victimisation as a direct consequence. The focus on elimination will be addressed in service plan and implementation.

5. Describe whether and how the proposal helps to advance equality of opportunity between people who share a protected characteristic and those who do not.

The savings identified by services will be expected to maintain equality of opportunity between people who share a protected characteristic and those who do not. This is part of the work that will take place ahead of the individual equality impact work on each saving area.

6. Describe whether and how the proposal helps to foster good relations between persons who share a protected characteristic and those who do not.

The savings identified by services will be expected, where possible, to foster good relations between persons who share a protected characteristic and those who do not. This is part of the work that will take place ahead of the individual equality impact work on each service area.

7. What changes were made to the proposal as a result? If none, explain why.

Strategic savings decisions were published in the Autumn (in the forward plan) and have had a consultation phase were appropriate as well as being previewed at the relevant Select Committee. Changes to proposals will have been addressed in the evaluation of consultation and representations and recorded in specific decision reports of identified for clarification in service plan implementation. One example is the decision to change the implementation timeline for changes to the Supported Housing contract arrangements.

8. Explain how the impact will be monitored to make sure it continues to meet the equality duty owed to customers and say who will be responsible for this.

Through quality impact work at individual service level and also business planning and performance framework planning processes. Hence each Directorate will be responsible for monitoring the impact on revenue measures.

To be signed by a Director or Head of Service to confirm that they have read and approved the content.

Name

A. A. Elulio

Date

9th January 2019

Your position

Director of Finance, Performance and Procurement

DRAFT



Forward Plan of Key Decisions

Explanatory Note

The County Council must give at least 28 days' notice of all key decisions to be taken by members or officers. The Forward Plan includes all key decisions and the expected month for the decision to be taken over a four-month period. Decisions are categorised in the Forward Plan according to the [West Sussex Plan](#) priorities of:

- Best Start in Life
- A Prosperous Place
- A Safe, Strong and Sustainable Place
- Independence in Later Life
- A Council that Works for the Community

The Forward Plan is updated regularly and key decisions can be taken daily. Published decisions are available via this [link](#). The Forward Plan is available on the County Council's website www.westsussex.gov.uk and from Democratic Services, County Hall, West Street, Chichester, PO19 1RQ, all Help Points and the main libraries in Bognor Regis, Crawley, Haywards Heath, Horsham and Worthing.

Key decisions are those which:

- Involve expenditure or savings of £500,000 or more (except decisions in connection with treasury management); and/or
- Will have a significant effect on communities in two or more electoral divisions in terms of how services are provided.

The following information is provided for each entry in the Forward Plan:

Decision	The title of the decision, a brief summary and proposed recommendation(s)
Decision By	Who will take the decision
West Sussex Plan priority	See above for the five priorities contained in the West Sussex Plan
Date added to Forward Plan	The date the proposed decision was added to the Forward Plan
Decision Month	The decision will be taken on any working day in the month stated
Consultation/ Representations	Means of consultation/names of consultees and/or dates of Select Committee meetings and how to make representations on the decision and by when
Background Documents	What documents relating to the proposed decision are available (via links on the website version of the Forward Plan). Hard copies of background documents are available on request from the decision contact.
Author	The contact details of the decision report author
Contact	Who in Democratic Services you can contact about the entry

For questions about the Forward Plan contact Helena Cox on 033022 22533, email helena.cox@westsussex.gov.uk.

Published: 7 January 2019

Forward Plan Summary

Summary of all forthcoming executive decisions in West Sussex Plan priority order

Page No	Decision Maker	Subject Matter	Date
 Best Start in Life			
5	Cabinet Member for Education and Skills	Expansion works to Nyewood Junior School, Bognor Regis	January 2019
5	Executive Director Economy, Infrastructure and Environment	Award of Contract for the expansion of Bourne Community College	January 2019
6	Cabinet Member for Education and Skills	School Funding 2019/20	January 2019
7	Executive Director Economy, Infrastructure and Environment	Award of Contract for the expansion of St Mary's Catholic Primary School, Bognor Regis	January 2019
8	Director of Children and Family Services	Award of Dynamic Purchasing System Agreements	January 2019
9	Cabinet Member for Education and Skills	Woodlands Meed College Site, Burgess Hill - Allocation of Funding for Design Fees	January 2019
10	Executive Director Economy, Infrastructure and Environment	Completion of expansion works to Northgate Primary School	February 2019
10	Cabinet Member for Education and Skills	Expansion of Shelley Primary School, Broadbridge Heath	February 2019
11	Cabinet Member for Education and Skills	Expansion of Sompting Village Primary School	February 2019
12	Executive Director Economy, Infrastructure and Environment	Award of Contract for the expansion works to Nyewood Junior School, Bognor Regis	February 2019
12	Executive Director Economy, Infrastructure and Environment	Award of Contract for the expansion of Shelley Primary School, Broadbridge Heath	February 2019
13	Executive Director Economy, Infrastructure and Environment	Award of Contract for the expansion of Sompting Village Primary School	February 2019
14	Cabinet Member for Education and Skills	Expansion of Manor Green Primary School, Crawley	March 2019
15	Director of Children and Family Services	Award of Contract for Integrated Child Psychology Service	March 2019
 A Prosperous Place			
16	Cabinet Member for Highways and Infrastructure	Gatwick Airport Draft Master Plan 2018: Approval of Consultation Response	January 2019
17	Leader	Burgess Hill Growth Programme - Approval of Place and Connectivity Programme Funding Agreement	January 2019
17	Cabinet Member for	A29 Realignment Scheme	January

	Highways and Infrastructure		2019
18	Cabinet Member for Highways and Infrastructure	Strategic Transport Investment Programme (2018/2019)	January 2019
19	Executive Director Economy, Infrastructure and Environment	Crawley Growth Programme: Eastern Gateway Scheme	February 2019
20	Director of Highways and Transport	Broadbridge Heath Major Highway Improvement Scheme	February 2019
21	Cabinet Member for Highways and Infrastructure	Highways and Infrastructure 2019/20 Forward Works Programmes and Annual Delivery Programme	February 2019
22	Cabinet Member for Highways and Infrastructure	Guidance on Parking in New Developments	March 2019



A Strong, Safe and Sustainable Place

23	Cabinet Member for Safer, Stronger Communities	Community Hubs	January 2019
24	Cabinet Member for Safer, Stronger Communities	Contract arrangements for Voluntary Sector Infrastructure (VCSI)	January 2019
25	Cabinet Member for Safer, Stronger Communities	Future Mobilisation Arrangements for West Sussex Fire and Rescue Service	January 2019
26	Executive Director Children, Adults, Families, Health and Education	Short Break Services for Family and Friends Carers (Adults)	January 2019
27	Cabinet Member for Adults and Health	Tobacco Control Strategy for West Sussex	January 2019
28	Director of Energy, Waste and Environment	Award of contract for the provision of Clinical Waste Services	February 2019
28	Cabinet Member for Environment	Halewick Lane Energy Storage Project	March 2019



Independence in Later Life

29	Cabinet Member for Adults and Health	Approval of the Vision and Strategy for Adult Social Care	January 2019
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A Council that works for the Community

31	Cabinet Member for Finance and Resources, Leader	Total Performance Monitor (Rolling Entry)	Between January 2019 and December 2019
31	Cabinet Member for Finance and Resources	Review of Property Holdings (Rolling Entry)	Between January 2019 and December 2019
32	Cabinet Member for	Procurement of Outdoor Media Services	January

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	Finance and Resources		2019
33	Cabinet Member for Finance and Resources	Review of Fees and Charges 2019/20	February 2019
33	Cabinet	Approval of the County Council's Revenue Budget 2019/20 and Capital Programme 2019/20 to 2023/24	January 2019
34	Cabinet Member for Safer, Stronger Communities	Community Initiative Fund (CIF)	January 2019
35	Cabinet Member for Adults and Health	Contract arrangements for Community Advice (Citizens Advice)	January 2019
36	Cabinet Member for Adults and Health	Procurement of Mortuary Services for West Sussex	May 2019
Strategic Budget Options 2019/20			
37	Cabinet Member for Safer, Stronger Communities	Proposed Savings from the Communities and Public Protection budget for 2019/2020	January 2019

Best Start in Life

Cabinet Member for Education and Skills

Expansion works to Nyewood Junior School, Bognor Regis	
<p>The County Council has a statutory duty to provide sufficient school places for all children who need a place. Due to growing demand for school places in the Bognor Regis area, in 2015, following a public consultation, the Governing Body for Nyewood Junior School, agreed an expansion to increase the school's admission number from 75 pupils in each year group to 90 pupils in each year group. A new school hall is required to complete the expansion project and design work to enable the development of a new hall is underway .</p> <p>The Cabinet Member for Education and Skills will be asked to approve the allocation of the funds required to enable the project to proceed.</p>	
Decision By	Mr Burrett - Cabinet Member for Education and Skills
West Sussex Plan priority	Best Start in Life
Date added to Forward Plan	27 November 2018
Decision Month	January 2019
Consultation/ Representations	<p>School, parents and local residents, Parish and District Councils. Cabinet Member for Finance and Resources</p> <p>Representations concerning this proposed decision can be made to the Cabinet Member for Education and Skills, via the author or officer contact, by the beginning of the month in which the decision is due to be taken.</p>
Background Documents (via website)	None
Author	Leigh Hunnikin Tel: 033 022 23051
Contact	Wendy Saunders - 033 022 22553

Executive Director Economy, Infrastructure and Environment

Award of Contract for the expansion of Bourne Community College	
<p>Due to growing demand for school places there is a need to expand Bourne Community College to accommodate additional pupils. The Cabinet Member for Education and Skills will be asked to approve the allocation of funds required to enable the expansion to proceed and to delegate authority to the Executive Director of Economy, Infrastructure and Environment to award the contracts for the works.</p>	

Agenda Item 7

Following receipt of this approval from the Cabinet Member, the Executive Director of Economy, Infrastructure and Environment will be asked to award the construction contract to expand Bourne Community College.	
Decision By	Lee Harris - Executive Director Economy, Infrastructure and Environment
West Sussex Plan priority	Best Start in Life
Date added to Forward Plan	17 April 2018
Decision Month	January 2019
Consultation/ Representations	Representations concerning this proposed decision can be made to the Executive Director Economy, Infrastructure and Environment, via the officer contact, by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	None
Author	Leigh Hunnikin Tel: 033 022 23051
Contact	Wendy Saunders Tel: 033 022 22553

Cabinet Member for Education and Skills

School Funding 2019/20
<p>In September 2017 the Government announced its plans to allocate funding to Local Authorities (LAs) for Schools and High Needs through a new National Funding Formula (NFF). It is the long term intention for mainstream schools to receive this funding directly from Government, and this could happen as early as 2021/22. Until then the County Council is responsible for distributing funding to schools through its locally agreed formula. The County Council needs to review its local formula factors and unit values for the allocation of funding to mainstream schools to determine how best to make changes to move towards full NFF implementation.</p> <p>Finance regulations require that schools and academies are consulted about any proposals to change the local formula or other funding arrangements that may affect future school funding. Formal consultation with schools and academies about proposed changes for 2019/20 is taking place during November 2018 before a report is considered by the Schools Forum at its meeting in December.</p> <p>Along with proposals to change the local formula, the consultation will also cover the potential transfer of funds from both the Schools block and Early Years block to the High Needs block to address cost pressures in this budget.</p> <p>Following analysis of the responses from schools to the consultation proposals and the outcome of the consultation with the Schools Forum the Cabinet Member will be asked to consider whether to approve the changes to the distribution of funding for 2019/20.</p>

Decision By	Mr Burrett - Cabinet Member for Education and Skills
West Sussex Plan priority	Best Start in Life
Date added to Forward Plan	
Decision Month	January 2019
Consultation/ Representations	All West Sussex Maintained Schools and Academies Schools Forum - 6th December 2018 and 21st January 2019 Children and Young People's Services Select Committee - 10th January 2019 Representations concerning this proposed decision can be made to the Cabinet Member for Education and Skills, via the author or officer contact, by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	DfE School Funding 2019/20 Operational Guidance
Author	Graham Olway Tel: 033 022 223029
Contact	Wendy Saunders - 033 022 22553

Executive Director Economy, Infrastructure and Environment

Award of Contract for the expansion of St Mary's Catholic Primary School, Bognor Regis	
<p>Due to growing demand for school places in the Bognor Regis area there is a need to expand St Mary's Catholic Primary School to accommodate additional pupils. The Cabinet Member for Education and Skills will be asked to approve the allocation of funds required to enable the expansion to proceed and to delegate authority to the Executive Director of Economy, Infrastructure and Environment to award the contracts for the works.</p> <p>Following receipt of this approval from the Cabinet Member, the Executive Director of Economy, Infrastructure and Environment will be asked to award the construction contract to expand St Mary's Catholic Primary School.</p>	
Decision By	Lee Harris - Executive Director Economy, Infrastructure and Environment
West Sussex Plan priority	Best Start in Life
Date added to Forward Plan	17 April 2018
Decision Month	January 2019
Consultation/ Representations	

Agenda Item 7

	Representations concerning this proposed decision can be made to the Executive Director Economy, Infrastructure and Environment, via the officer contact, by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	None
Author	Philippa Hind Tel: 033 022 23041
Contact	Wendy Saunders Tel: 033 022 22553

Director of Children and Family Services

Award of Dynamic Purchasing System Agreements	
<p>The County Council has a statutory responsibility to ensure the sufficiency of a variety of accommodation based services for children, young people and young adults. This responsibility includes children who are looked after (CLA), those with special educational needs and disabilities (SEND), care leavers, those on the edge of care, unaccompanied asylum seekers (UASC) and those at risk of homelessness.</p> <p>Whilst the County Council provides some of these services, the demand is such that a significant number of placements have to be purchased from the external market and evaluation shows this is a trend expected to continue.</p> <p>In July 2018 the Cabinet Member for Children and Young People and the Cabinet Member for Education and Skills jointly approved the procurement of a Dynamic Purchasing System (DPS), to facilitate the purchasing of placements for individual children from providers of accommodation based services including independent foster and residential care and independent and non-maintained special schools, as and when they are required. The term of the DPS is to be 7 years in total, starting on 1 March 2019 and concluding on 28th February 2026. The Cabinet Members also delegated authority to the Director of Children and Family Services to implement the DPS.</p> <p>A procurement process has taken place and the Executive Director Children, Adults, Families, Health and Education will be asked to approve the commencement of awards to providers qualified to join the DPS.</p>	
Decision By	- Director of Children and Family Services
West Sussex Plan priority	Best Start in Life
Date added to Forward Plan	12 November 2018
Decision Month	January 2019
Consultation/ Representations	Representations concerning this proposed decision can be made to the Executive Director, via the officer contact, by the beginning of the month in which the decision is due to be taken.
Background	Cabinet Member Decision Report

Documents (via website)	
Author	Stuart Gibbons Tel: 033 022 226218
Contact	Wendy Saunders - 033 022 22553

Cabinet Member for Education and Skills

Woodlands Meed College Site, Burgess Hill - Allocation of Funding for Design Fees	
<p>The SEND Strategy 2016-2019 aims to provide high quality local education provision for children and young people with SEND and optimise value for money from the High Needs Block of the Dedicated Schools Grant.</p> <p>Initial feasibility work has been undertaken on the potential options to improve accommodation for the 15-19 year-old pupils who attend Woodlands Meed, a Special School and College for 2-19 year-olds located in Burgess Hill. A preferred option will be proposed.</p> <p>Further detailed work will be required to progress the design, including the submission of a planning application and detailed designs allowing for works to be tendered to identify the full cost of the proposal. The Cabinet Member is asked to confirm the preferred option and to approve the arrangements required to enable the scheme to proceed subject to the inclusion of adequate funds in the Capital Programme at County Council in February 2019.</p>	
Decision By	Mr Burrett - Cabinet Member for Education and Skills
West Sussex Plan priority	Best Start in Life
Date added to Forward Plan	21 December 2018
Decision Month	January 2019
Consultation/ Representations	<p>School. Cabinet Member for Finance and Resources.</p> <p>Representations concerning this proposed decision can be made to the Cabinet Member for Education and Skills, via the author or officer contact, by the beginning of the month in which the decision is due to be taken</p>
Background Documents (via website)	None
Author	Leigh Hunnikin Tel: 033 022 23051
Contact	Wendy Saunders - 033 022 22553

Executive Director Economy, Infrastructure and Environment

Completion of expansion works to Northgate Primary School	
<p>The County Council has a statutory duty to provide sufficient school places for all children who need a place. Due to the growing demand for school places in the Northgate area of Crawley an expansion project has been progressing at the school to enable the school to increase admission numbers from 60 pupils in each year group to 90 pupils in each year group.</p> <p>The initial budget allocation to fund this project has proved to be insufficient to achieve all the works required for the school expansion. The Executive Director Economy, Infrastructure and Environment will therefore be asked to approve the expenditure of additional funding to enable the completion of the expansion works at Northgate Primary School.</p>	
Decision By	- Executive Director Economy, Infrastructure and Environment
West Sussex Plan priority	Best Start in Life
Date added to Forward Plan	14 December 2018
Decision Month	February 2019
Consultation/ Representations	<p>Director of Education and Skills</p> <p>Representations concerning this proposed decision can be made to the Executive Director for Economy, Infrastructure and Environment via the author or officer contact, by the beginning of the month in which the decision is due to be taken</p>
Background Documents (via website)	None
Author	Carol Bruce Tel: 033 022 23055
Contact	Wendy Saunders - 033 022 22553

Cabinet Member for Education and Skills

Expansion of Shelley Primary School, Broadbridge Heath	
<p>The County Council has a statutory duty to provide sufficient school places for all children who need a place. Due to growing demand for school places in the Broadbridge Heath area there is a need to expand the local Primary School to accommodate additional pupils. The expansion of Shelley Primary School in Broadbridge Heath from a 40 place admission (280 place) to a two form entry (420 place) primary school was endorsed in a previous decision by the Cabinet Member.</p> <p>The Cabinet Member for Education and Skills will be asked to approve the allocation of the funds required to enable the expansion project to proceed.</p>	
Decision By	Mr Burrett - Cabinet Member for Education and Skills
West Sussex Plan priority	Best Start in Life

Date added to Forward Plan	4 December 2018
Decision Month	February 2019
Consultation/ Representations	School, parents and local residents, Parish and District Councils. Cabinet Member for Finance and Resources. Representations concerning this proposed decision can be made to the Cabinet Member for Education and Skills, via the author or officer contact, by the beginning of the month in which the decision is due to be taken
Background Documents (via website)	Decision ES14(12/13) Decision ES09(18/19)
Author	Leigh Hunnikin Tel: 033 022 23051
Contact	Wendy Saunders - 033 022 22553

Cabinet Member for Education and Skills

Expansion of Sompting Village Primary School	
<p>The County Council has a statutory duty to provide sufficient school places for all children who need a place. Due to growing demand for school places in the Sompting area there is a need to expand the local Primary School to accommodate additional pupils. In March 2017 the Cabinet Member for Finance approved an expansion of Sompting Village Primary School to increase its admission number from 60 pupils in each year group to 90 pupils in each year group with effect from September 2019.</p> <p>The Cabinet Member for Education and Skills will be asked to approve the allocation of the funds required to enable the expansion project to proceed.</p>	
Decision By	Mr Burrett - Cabinet Member for Education and Skills
West Sussex Plan priority	Best Start in Life
Date added to Forward Plan	4 December 2018
Decision Month	February 2019
Consultation/ Representations	School, parents and local residents, Parish and District Councils. Cabinet Member for Finance and Resources. Representations concerning this proposed decision can be made to the Cabinet Member for Education and Skills, via the author or officer contact, by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	Decision Report FIN09 (16/17)

Author	Leigh Hunnikin Tel: 033 022 23051
Contact	Wendy Saunders - 033 022 22553

Executive Director Economy, Infrastructure and Environment

Award of Contract for the expansion works to Nyewood Junior School, Bognor Regis

Due to growing demand for school places, an expansion project was undertaken at Nyewood Junior School in 2015 to increase the published admission number from 75 to 90 places per year. A new school hall is required to complete the expansion. The Cabinet Member for Education and Skills will be asked to approve the allocation of funds required to enable the project to proceed and to delegate authority to the Executive Director of Economy, Infrastructure and Environment to award the contract for the works.

Following receipt of this approval from the Cabinet Member, the Executive Director of Economy, Infrastructure and Environment will be asked to award the construction contract for the new hall for Nyewood Junior School.

Decision By	- Executive Director Economy, Infrastructure and Environment
West Sussex Plan priority	Best Start in Life
Date added to Forward Plan	14 December 2018
Decision Month	February 2019
Consultation/ Representations	Representations concerning this proposed decision can be made to the Executive Director Economy, Infrastructure and Environment, via the author or officer contact, by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	None
Author	Leigh Hunnikin Tel: 033 022 23051
Contact	Wendy Saunders - 033 022 22553

Executive Director Economy, Infrastructure and Environment

Award of Contract for the expansion of Shelley Primary School, Broadbridge Heath

Due to growing demand for school places there is a need to expand Shelley Primary School to accommodate additional pupils. The Cabinet Member for Education and Skills will be asked to approve the allocation of funds required to enable the expansion to proceed and to delegate authority to the Executive Director of Economy, Infrastructure and Environment to award the contract for the works.

Following receipt of this approval from the Cabinet Member, the Executive Director of Economy, Infrastructure and Environment will be asked to award the construction contract to expand Shelley Primary School.	
Decision By	- Executive Director Economy, Infrastructure and Environment
West Sussex Plan priority	Best Start in Life
Date added to Forward Plan	14 December 2018
Decision Month	February 2019
Consultation/ Representations	Representations concerning this proposed decision can be made to the Executive Director for Economy, Infrastructure and Environment via the author or officer contact, by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	None
Author	Leigh Hunnikin Tel: 033 022 23051
Contact	Wendy Saunders - 033 022 22553

Executive Director Economy, Infrastructure and Environment

Award of Contract for the expansion of Sompting Village Primary School	
Due to growing demand for school places there is a need to expand Sompting Village Primary School to accommodate additional pupils. The Cabinet Member for Education and Skills will be asked to approve the allocation of funds required to enable the expansion to proceed and to delegate authority to the Executive Director of Economy, Infrastructure and Environment to award the contract for the works.	
Following receipt of this approval from the Cabinet Member, the Executive Director of Economy, Infrastructure and Environment will be asked to award the construction contract to expand Sompting Village Primary School.	
Decision By	- Executive Director Economy, Infrastructure and Environment
West Sussex Plan priority	Best Start in Life
Date added to Forward Plan	14 December 2018
Decision Month	February 2019
Consultation/ Representations	Representations concerning this proposed decision can be made

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	to the Executive Director, Economy, Infrastructure and Environment via the author or officer contact, by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	None
Author	Leigh Hunnikin Tel: 033 022 23051
Contact	Wendy Saunders - 033 022 22553

Cabinet Member for Education and Skills

Expansion of Manor Green Primary School, Crawley	
<p>The Special Educational Needs and Disability (SEND) Strategy 2016-2019 aims to provide high quality local education provision for children and young people with SEND and optimise value for money from the High Needs Block of the Dedicated Schools Grant. As part of the development of the SEND Strategy, the County Council has identified an increased demand for extra provision to meet two specific areas of SEND - Autistic Spectrum Condition and Social, Emotional and Mental Health.</p> <p>Following a review of current provision and anticipated future need, in early January 2019 the Cabinet Member for Education and Skills agreed a statutory notice to increase space at Manor Green Primary School in Crawley from September 2019. The school caters for a wide-range of Special Educational Needs, particularly for children with moderate and severe learning difficulties, complex social and communication difficulties or those who have been identified as having an Autistic Spectrum Condition. The increase in space would enable the school to increase planned places by 36 from 164 to 200.</p> <p>To accommodate the additional pupils two further classrooms will need to be built. The feasibility work for the project has now been completed. Following detailed design and a competitive tendering exercise the Cabinet Member will be asked to approve the allocation of the funds required to enable the project to proceed.</p>	
Decision By	Mr Burrett - Cabinet Member for Education and Skills
West Sussex Plan priority	Best Start in Life
Date added to Forward Plan	7 January 2019
Decision Month	March 2019
Consultation/ Representations	<p>School, parents and local residents, Borough Council. Cabinet Member for Finance and Resources.</p> <p>Representations concerning this proposed decision can be made to the Cabinet Member for Education and Skills via the author or officer contact, by the beginning of the month in which the decision is due to be taken</p>
Background Documents	Cabinet Member Decision Report

(via website)	
Author	Leigh Hunnikin Tel: 033 022 23051
Contact	Wendy Saunders - 033 022 22553

Director of Children and Family Services

Award of Contract for Integrated Child Psychology Service	
<p>The County Council procures, either individually or in partnership with local Clinical Commissioning Groups, a range of psychological support services which provide therapeutic interventions to vulnerable children and young people, including children looked after. Currently there are a number of contracts around provision of psychological support to various parts of Children's Services.</p> <p>The aspiration is to combine this suite of services and have a more integrated model of service for these vulnerable children via one contract. In June 2018 the Cabinet Member for Children and Young People approved the procurement of an Integrated Child Psychology Service, with the new contract due to commence in April 2019. The Cabinet Member also delegated authority to the Director of Children and Family Services to award the contract to the provider who submits the most economically advantageous tender and can best meet the quality and performance standards required.</p> <p>A procurement process is taking place. On completion, the Director of Children and Family Services will be asked to approve the award of contract for an Integrated Child Psychology Service to the provider who submits the most economically advantageous tender and can best meet the quality and performance standards required.</p>	
Decision By	- Director of Children and Family Services
West Sussex Plan priority	Best Start in Life
Date added to Forward Plan	4 January 2019
Decision Month	March 2019
Consultation/ Representations	<p>None</p> <p>Representations concerning this proposed decision can be made to the Director of Children and Family Services, via the author or officer contact, by the beginning of the month in which the decision is due to be taken.</p>
Background Documents (via website)	Cabinet Member Decision Report
Author	Mary Blanchard Tel: 033 022 25895
Contact	Wendy Saunders - 033 022 22553

A Prosperous Place

Cabinet Member for Highways and Infrastructure**Gatwick Airport Draft Master Plan 2018: Approval of Consultation Response**

Gatwick Airport Limited (GAL) has revised the non-statutory Gatwick Airport Master Plan, setting out its vision about how the airport can meet growing demand for air travel and deliver global connections into the early 2030s. The draft of the new Master Plan was published for comment on 18 October 2018 for 12 weeks until 10 January 2019.

The new Master Plan, which will replace the current 2012 Master Plan, explains how Gatwick would develop and grow, balancing economic growth and environmental impact. It sets out the plan for the next five years together with three growth scenarios looking 5-15 years ahead to 2032. The scenarios, which could be taken forward separately or in combination, are: increase capacity using the existing main runway; bring the existing standby (or emergency) runway into routine use alongside the main runway; and continue to safeguard land for an additional runway to the south (while not actively pursuing one at this stage).

GAL considers that the proposals are in line with the Government's policy for making best use of existing runways and that it will deliver highly-productive, incremental new capacity with minimal environmental impact, to complement expansion schemes at other airports across the South East (including a third runway at Heathrow).

The draft Master Plan also contains environmental information as well as information on economic and employment strategies and community engagement strategies. A number of questions have been posed by GAL as part of the consultation.

The Cabinet Member for Highways and Infrastructure will be asked to approve the County Council's formal response to the consultation.

Decision By	Mr Elkins - Cabinet Member for Highways and Infrastructure
West Sussex Plan priority	A Prosperous Place
Date added to Forward Plan	1 November 2018
Decision Month	January 2019
Consultation/ Representations	Internal with officers and members. Environment, Communities and Fire Select Committee on 6 December 2018 Representations concerning this proposed decision can be made to the Cabinet Member for Highways and Infrastructure, via the officer contact, by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	None
Author	Mike Elkington Tel: 033 022 26463
Contact	Judith Shore Tel: 033 022 26052

Leader

Burgess Hill Growth Programme - Approval of Place and Connectivity Programme Funding Agreement	
<p>The Mid Sussex Growth Deal, WSCC working in partnership with Mid Sussex District Council, identifies a set of priorities for economic growth in the area. The Coast to Capital Local Enterprise Partnership (LEP) has approved an allocation of £10.9m of Local Growth Funding to support the delivery of growth in the area based on a business case that promotes the delivery of a Place and Connectivity Programme. A programme of measures has been prepared that meet the aspirations identified in the business case and was approved by the LEP Investment Committee in December 2018. This programme of measures requires a funding agreement to be completed to support subsequent delivery of schemes and drawdown of the Local Growth Funding allocated by the LEP.</p> <p>The Leader will therefore be asked to agree the funding and resourcing arrangements to support the completion of a Funding Agreement with the LEP and subsequent delivery of the projects identified in the Burgess Hill Growth Programme – Place and Connectivity programme.</p>	
Decision By	Ms Goldsmith - Leader
West Sussex Plan priority	A Prosperous Place
Date added to Forward Plan	21 December 2018
Decision Month	January 2019
Consultation/ Representations	Local Members Representations can be made concerning this proposed decision to the Leader, via the officer contact, by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	None
Author	Duncan Barratt Tel: 033 022 23875
Contact	Katherine De La Mora Tel: 0330 022 22535

Cabinet Member for Highways and Infrastructure

A29 Realignment Scheme
<p>The proposed A29 Realignment Scheme would deliver a ~4km bypass to the east of Eastergate, Westergate and Woodgate villages. The new road alignment would provide the highway infrastructure needed to mitigate the impacts of planned strategic development of 30ha of employment land and 3,720 new homes in the area. Along with alleviating problems of traffic congestion along the existing A29, notably at the Woodgate level crossing which causes delays on a key access route</p>

to Bognor Regis.

To date, West Sussex County Council has commissioned the consultants WSP to carry out a Route Option Review of the A29 Realignment Scheme, develop the preliminary design and Full Business Case (FBC). The previously submitted Strategic Outline Business Case to the Coast to Capital Local Enterprise Partnership (LEP) allocated in principle £13m of Local Growth fund to the scheme, subject to submission and approval of a FBC.

The Cabinet Member will be recommended to approve that the FBC is submitted to Coast to Capital LEP, commence public consultation in spring 2019 and commence the procurement process to select a contractor for the next stage of the project.

Decision By	Mr Elkins - Cabinet Member for Highways and Infrastructure
West Sussex Plan priority	A Prosperous Place
Date added to Forward Plan	16 October 2018
Decision Month	January 2019
Consultation/ Representations	<p>Consultation with internal departments and external stakeholders. Full public consultation in spring 2019</p> <p>Representations concerning this proposed decision can be made to the Cabinet Member for Highways and Infrastructure, via the officer contact, by the beginning of the month in which the decision is due to be taken.</p>
Background Documents (via website)	None
Author	Elaine Martin Tel: 033 022 24105
Contact	Judith Shore Tel: 033 022 26052

Cabinet Member for Highways and Infrastructure

Strategic Transport Investment Programme (2018/2019)

In July 2013, the Council established a Strategic Transport Investment Programme (STIP) to identify and develop strategic (i.e. larger than local) transport schemes that are needed to support sustainable economic growth in the county. A long list of potential schemes was identified at that time, largely building on technical work to prepare local plans and these schemes were prioritised.

The STIP has been reviewed periodically since 2013 and consideration is again being given to adding new priorities for investment and also removing schemes that are no longer considered to be priorities. Consultation has taken place with elected members and other stakeholders who were invited to put forward suggestions to inform the review. As the majority of funding for strategic transport projects will be subject to scheme appraisal in line with Department for Transport guidance, any new potential priorities will be appraised using a similar standardised approach.

<p>The Cabinet Member for Highways and Infrastructure will be provided with an update on progress with current priorities and recommended to approve a revised Strategic Transport Investment Programme list of priorities, including the need for feasibility work on schemes in 2019/20.</p>	
Decision By	Mr Elkins - Cabinet Member for Highways and Infrastructure
West Sussex Plan priority	A Prosperous Place
Date added to Forward Plan	7 August 2018
Decision Month	January 2019
Consultation/ Representations	<p>Local Members, Local Planning Authorities and other key stakeholders were invited to put forward suggestions</p> <p>Representations concerning this proposed decision can be made to the Cabinet Member for Highways and Infrastructure, via the officer contact, by the beginning of the month in which the decision is due to be taken.</p>
Background Documents (via website)	None
Author	Paul Eagle Tel: 033 022 25298
Contact	Judith Shore Tel: 033 022 26052

Executive Director Economy, Infrastructure and Environment

Crawley Growth Programme: Eastern Gateway Scheme	
<p>The approved Crawley Growth Programme identifies that there is scope to secure significant growth in Crawley. The Programme has a total value in excess of £60m and is supported by funding allocations from a number of partners including the Coast to Capital Local Enterprise Partnership (LEP), West Sussex County Council (WSSC), Crawley Borough Council (CBC) and</p> <p>A WSSC decision in December 2017 (OKD03 (17/18)) identified Eastern Gateway as a key project within the Crawley Growth Programme with a funding allocation of £8.35m. The project will provide sustainable transport infrastructure, highway and public realm improvements that improve connectivity and transform the quality of the living and business environment enabling the development of high quality jobs and homes.</p> <p>The Executive Director of Economy, Infrastructure and Environment will be recommended to approve the procurement and delivery of the preferred scheme option.</p>	
Decision By	- Executive Director Economy, Infrastructure and Environment
West Sussex Plan priority	A Prosperous Place

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Date added to Forward Plan	4 January 2019
Decision Month	February 2019
Consultation/ Representations	Public Engagement on Eastern and Station Gateway June 2018 Crawley Borough Council Members Local West Sussex County Council members Stakeholder engagement with key groups, partners and organisations Representations concerning this proposed decision can be made to the Executive Director of Economy, Infrastructure and Environment, via the officer contact, by the beginning of the month in which the decision is due to be taken
Background Documents (via website)	OKD03 (17/18) Crawley Growth Programme
Author	Duncan Barratt Tel: 033 022 23875
Contact	Katherine De La Mora Tel: 033 022 22535

Director of Highways and Transport

Broadbridge Heath Major Highway Improvement Scheme	
<p>The Newbridge and Farthings Hill junction improvements form part of the West of Horsham transport improvement package funded through developer Section 106. The improvements include alterations to the layouts of the junctions, new connector road (Newbridge) new pedestrian and cycle facilities and new traffic signal crossing provision.</p> <p>In May 2018, the Cabinet Member for Highways and Infrastructure approved (www2.westsussex.gov.uk the commencement of the tender process to secure a Build Contractor and delegated authority to the Director of Highways & Transport to appoint the services of a Build Contractor following the tender process.</p> <p>At the conclusion of the tender process, the Director for Highways and Transport will be asked to appoint a contractor from the WSCC Framework Lot 1 to undertake the construction of the Broadbridge Heath Major Highway Improvement Scheme.</p>	
Decision By	- Director of Highways and Transport
West Sussex Plan priority	A Prosperous Place
Date added to Forward Plan	4 December 2018
Decision Month	February 2019

Consultation/ Representations	Executive Director Economy, Infrastructure and Environment Director of Law and Assurance Director of Finance Performance and Procurement Representations concerning this proposed decision can be made to the Director for Highways and Transport, via the officer contact, by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	None
Author	Stephen Reed Tel: 033 022 27328
Contact	Judith Shore Tel: 033 022 26052

Cabinet Member for Highways and Infrastructure

Highways and Infrastructure 2019/20 Forward Works Programmes and Annual Delivery Programme	
<p>The Highway Infrastructure Asset Management Policy and Strategy communicates West Sussex County Council's approach to highways infrastructure asset management, setting out the decision making framework for the maintenance of the roads in West Sussex. Corporate processes are also in place for the identification, assessment, and prioritisation of local and community highway and transport improvements. The rolling Forward Programmes for Highway Maintenance, Local Transport Improvement Programme (LTIP), and Community Highway Schemes (CHS) identify and prioritise future maintenance and improvement needs across the County Council's highway asset groups. These forward programmes inform the future Annual Delivery Programmes.</p> <p>The Highway Maintenance, LTIP and CHS Forward Programmes provide robust and reliable information to identify the future maintenance need, or transport infrastructure improvements to be carried out within the next three to five years. The programmes are used to support forward financial planning and communicate the anticipated planned maintenance and transport improvements to elected members, County Local Committees, local West Sussex businesses and residents.</p> <p>The Annual Delivery Programme is developed and prepared from the integration of the Forward Programmes each year during autumn for approval in advance of the start of the new financial year. It prioritises maintenance and improvement schemes taking into account available funding for delivery and the relative need.</p> <p>The Cabinet Member for Highways and Infrastructure will be asked to approve the 2019/20 Annual Delivery Programme acknowledging the prioritisation set out in the Forward Programmes.</p>	
Decision By	Mr Elkins - Cabinet Member for Highways and Infrastructure
West Sussex Plan priority	A Prosperous Place
Date added to Forward Plan	14 December 2018
Decision Month	February 2019

<p>Consultation/ Representations</p>	<p>The County Local Committees will be informed and asked to note schemes in their specific areas (anticipated during the February/March 2019 round of meetings).</p> <p>Internal consultation in development of the draft Forward Works Programmes and Annual Delivery Plan including asset owners and programme leads within the Highways and Transport service. The draft Forward Works Programmes will be presented to the Highways and Transport Capital Hub for review.</p> <p>Representations concerning this proposed decision can be made to the Cabinet Member for Highways and Infrastructure, via the officer contact, by the beginning of the month in which the decision is due to be taken.</p>
<p>Background Documents (via website)</p>	<p>None</p>
<p>Author</p>	<p>Rowan Sheppard Tel: 033 022 23627</p>
<p>Contact</p>	<p>Judith Shore Tel: 033 022 26052</p>

Cabinet Member for Highways and Infrastructure

<p style="text-align: center;">Guidance on Parking in New Developments</p>	
<p>The Council provides guidance on parking in new residential and commercial developments to inform the determination of planning applications by Local Planning Authorities (LPA). It addresses the amount of car and cycle parking that is expected to be provided and includes advice to developers and the LPAs on the highway impacts of parking provision in new developments.</p> <p>The current guidance was last reviewed in 2010 (residential), and 2003 (commercial). There is a need to review the current guidance to ensure it is fit for purpose, up to date and consistent with current national planning policy and guidance. A review of the current guidance has been undertaken in consultation with the LPAs to provide an updated evidence base and recommendations on which the new guidance will be based.</p> <p>The Cabinet Member for Highways and Infrastructure will receive a report on the review of current guidance and be asked to approve the Council’s updated Guidance on Parking in New Developments.</p>	
<p>Decision By</p>	<p>Mr Elkins - Cabinet Member for Highways and Infrastructure</p>
<p>West Sussex Plan priority</p>	<p>A Prosperous Place</p>
<p>Date added to Forward Plan</p>	<p>7 August 2018</p>
<p>Decision Month</p>	<p>March 2019</p>
<p>Consultation/ Representations</p>	<p>Local Planning Authorities in West Sussex</p> <p>Representations concerning this proposed decision can be made to the Cabinet Member for Highways and Infrastructure, via the</p>

	officer contact, by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	None
Author	Paul Eagle Tel: 033 022 25298
Contact	Judith Shore Tel: 033 022 26052

A Strong, Safe and Sustainable Place

Cabinet Member for Safer, Stronger Communities

Community Hubs	
<p>The County Council continues to explore opportunities for maximising the strengths of the County's communities and to make the most effective use of the spaces in our communities where services are provided.</p> <p>In Worthing over the last few months the views of residents and service users have been sought on ideas for remodelling the main library building and the services available within it. This is to include the transfer of services currently provided at the children and family centre. These proposals have received very positive support and are now ready to be described in more detail in order to secure the full engagement of members, residents and service users in the delivery of this project.</p> <p>The Cabinet Member will take a decision on the timing and form of the implementation of a plan to remodel Worthing library and for it to incorporate the services currently provided in the Worthing children and family centre and to become a more flexible and adaptable community hub.</p> <p>This project will also be used to help inform and support longer term plans to consider options for similar remodelling of County Council facilities and service buildings, focusing on libraries, children and family centres and other community based buildings to consider whether they can provide similar benefits as 'community hubs', whilst maximising the most effective use of the County Council estate.</p> <p>The strategy that will develop would recognise the critical role played by libraries and children and family centres in local areas in providing information, places to connect people, support for residents in need and in building community resilience and capacity. The aim would also be to increase community engagement through redesigning these services with the communities who use them and incorporating space for community led activities and for partners to deliver their services locally.</p> <p>By bringing local services together and using council buildings more flexibly and effectively we should also realise financial benefits whilst improving our offer to local communities and protect these important services for the future of West Sussex.</p>	
Decision By	Ms Kennard - Cabinet Member for Safer, Stronger Communities
West Sussex Plan priority	A Safe, Strong and Sustainable Place
Date added to Forward Plan	1 November 2018

Decision Month	January 2019
Consultation/ Representations	Representations concerning the proposed decision can be made to the Cabinet Member for Safer, Stronger, Communities by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	
Author	Rachel North Tel: 033 022 22681
Contact	Erica Keegan Tel: 033 022 26050

Cabinet Member for Safer, Stronger Communities

Contract arrangements for Voluntary Sector Infrastructure (VCSI)	
<p>The Cabinet Member is asked to agree to the commencement of a procurement process to secure a contract relating to the provision of Voluntary Sector Infrastructure Support (VCSI) services in West Sussex from Spring 2019.</p> <p>The County Council will procure a new VCSI service from the 'VCSI Alliance', which is made up of the locally commissioned VCSI organisations, and will also continue to work in partnership with District & Borough partner-funders to support VCSI in West Sussex.</p> <p>The proposal is for contracts to run for two years with the possibility of a further two years extension. The total value of these contracts is approximately £200,000 per annum.</p> <p>The Cabinet Member is asked to agree to the commencement of a procurement process starting in January 2019 to secure a contract relating to the provision of Voluntary Sector Infrastructure Support (VCSI) services from Spring 2019 for a period of 2+1+1 years and to delegate the awarding of the contract and the decision about a future extension of the contract to the Executive Director, Communities & Public Protection.</p>	
Decision By	Ms Kennard - Cabinet Member for Safer, Stronger Communities
West Sussex Plan priority	A Strong Safe Sustainable Place
Date added to Forward Plan	23 November 2018
Decision Month	January 2019
Consultation/ Representations	<p>District and Borough Councils</p> <p>Representations concerning this proposed decision can be made to the Cabinet Member for Safer Stronger Communities via the officer contact, by the beginning of the month in which the decision is due to be taken.</p>
Background Documents	None

(via website)	
Author	Seth Gottesman Tel: 033 022 28706
Contact	Erica Keegan Tel: 033 022 26050

Cabinet Member for Safer, Stronger Communities

Future Mobilisation Arrangements for West Sussex Fire and Rescue Service	
<p>The Fire and Rescue Services Act 2004 requires the County Council to make arrangements for dealing with calls for help and for summoning personnel to attend incidents. That service for West Sussex is currently provided by East Sussex Fire and Rescue Service under an agreement pursuant to Section 16 of the Act. In August 2018 the County Council gave 18 months' notice to withdraw from the current arrangement. Since that time officers have undertaken a full review of the current call handling and mobilising arrangements and requirements and have considered a range of options for the future of the service. It remains an option to enter into arrangements with another Fire Authority for the discharge of the duties under the Act.</p> <p>Due to the need for planning, preparation and transition arrangements it is proposed that the County Council determines its future plans for arrangements to provide call handling and mobilisation to enable a successful move from current service arrangements.</p> <p>Consequent on a full options appraisal the Cabinet Member will be asked to approve the future mobilisation arrangements for the West Sussex Fire and Rescue Service.</p>	
Decision By	Ms Kennard - Cabinet Member for Safer, Stronger Communities
West Sussex Plan priority	A Safe, Strong and Sustainable Place
Date added to Forward Plan	14 December 2018
Decision Month	January 2019
Consultation/ Representations	Representations concerning this proposed decision can be made to the Cabinet Member for Safer, Stronger Communities, via the officer contact, by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	None
Author	Jon Lacey Tel: 033 022 25057
Contact	Erica Keegan Tel: 033 022 26050

Executive Director Children, Adults, Families, Health and Education

Short Break Services for Family and Friends Carers (Adults)

Following Cabinet Member decision, in September 2018, (Reference Cabinet Member Decision Report AH3 18.19) to commence a competitive tender process to commission a range of carer short breaks to begin on 1 April 2019 authority was delegated to the Executive Director, Children, Adults, Families, Health, and Education to approve the award of Preferred Bidder Status to a number of providers. Contracts will be awarded to the bidders submitting the tenders that best meet requirements. Authority has also been delegated to the Executive Director, Children, Adults, Families, Health and Education to agree to future extensions of the contracts up to a maximum of two years. The Executive Director, Children, Adults, Families, Health and Education will be asked to give approval to enter into Post Tender Negotiations which will allow the Authority to seek and secure any further areas that may add value.

A Procurement Process, compliant with West Sussex Standing Orders and European Union Procurement Directives, is currently underway. It is being led by a Procurement Manager from within the Integrated Adults Commissioning Team of West Sussex County Council with advisory, assessment and evaluation input from colleagues from within the Council.

Decision By	- Executive Director Children, Adults, Families, Health and Education
West Sussex Plan priority	A Safe, Strong and Sustainable Place
Date added to Forward Plan	27 November 2018
Decision Month	January 2019
Consultation/ Representations	<p>Extensive stakeholder consultation and engagement including all partners on the Carers Strategic Partnership Group. In addition, Carer Support West Sussex undertook an extensive survey of carers regarding respite experiences to inform the re-commissioning process.</p> <p>Representations concerning this proposed decision can be made to the Executive Director Children, Adults, Families, Health and Education, via the officer contact, by the beginning of the month in which the decision is due to be taken.</p>
Background Documents (via website)	None
Author	Mark Greening Tel: 033 022 23758
Contact	Erica Keegan Tel: 033 022 26050

Cabinet Member for Adults and Health

Tobacco Control Strategy for West Sussex

The County Council is proposing to work in partnership with stakeholders to co-produce

a West Sussex strategy for tobacco control. This will detail the West Sussex ambition to lead tobacco control actions which will reduce health inequalities and yield economic benefits.

To support this goal, public health in West Sussex will develop a Tobacco Control Strategy including an action plan. This will highlight how each stakeholder can support tobacco control as part of a whole system approach (in line with the public health vision). The plan is intended to cover the period 2019 -2022; a timeframe aligned with the National Tobacco Control Plan. It replaces the previous West Sussex Tobacco Control Operational Plan which came to an end in April 2018. This addressed the local implications of national policy at the time; broadening action from stopping smoking to wider tobacco control. The future strategy will target deprived areas and people with the greatest need based on best population data and evidence of effectiveness. It will take into account changes in context since the previous plan including resources available to stakeholders, the Health and Wellbeing Strategy, future plans for social care and the NHS (such as the NHS long term view) and the Sustainability and Transformation Plan Case for Change. It will be informed by learning from other areas including innovations.

If approved, awareness of the West Sussex Tobacco Control Strategy will be raised on No Smoking Day, 13th March 2019 in an area of the county with a high smoking prevalence.

This work will be co-ordinated and led by Public Health however the action plan will be owned and monitored by all stakeholders including the membership of the Smokefree West Sussex Partnership (SFWSP).

The Cabinet Member for Adults and Health will be asked to endorse the West Sussex Strategy for Tobacco Control.

Decision By	Mrs Jupp - Cabinet Member for Adults and Health
West Sussex Plan priority	A Safe, Strong and Sustainable place
Date added to Forward Plan	4 December 2018
Decision Month	January 2019
Consultation/ Representations	<p>The Health and Adult Social Care Select Committee and members of the Smokefree West Sussex Partnership.</p> <p>Representations concerning this proposed decision can be made to the Cabinet Member for Adults and Health, via the officer contact, by the beginning of the month in which the decision is due to be taken.</p>
Background Documents (via website)	None
Author	Sue Carmichael Tel: 033 022 28707
Contact	Erica Keegan Tel: 033 022 26050

Director of Energy, Waste and Environment**Award of contract for the provision of Clinical Waste Services**

In October 2018, the Cabinet Member for Environment agreed to commence a procurement process for the provision of clinical waste services to begin on 1 April 2019 and delegated authority to the Director of Energy, Waste & Environment to award the contract to the preferred bidder (ENV10 18.19).

A procurement process, compliant with West Sussex Standing Orders and European Union Procurement Directives, is currently underway. Following the completion of the procurement process, the Director of Energy, Waste & Environment will be asked to award the Contract for Clinical Waste Services to the preferred bidder.

Decision By	- Director of Energy, Waste and Environment
West Sussex Plan priority	A Strong, Safe and Sustainable Place
Date added to Forward Plan	4 January 2019
Decision Month	February 2019
Consultation/ Representations	<p>Consultation has taken place between West Sussex County Council and the District and Borough Councils.</p> <p>Representations concerning this proposed decision can be made to the Director of Energy, Waste and Environment, via the officer contact, by the beginning of the month in which the decision is due to be taken.</p>
Background Documents (via website)	None
Author	Paul Sparshott Tel: 033 022 27716
Contact	Judith Shore Tel: 033 022 26052

Cabinet Member for Environment**Halewick Lane Energy Storage Project**

The project forms part of the agreed objectives of the Your Energy Sussex (YES) partnership by increasing and enabling the expansion of renewable energy generation in the county as well as developing the low carbon economy and reducing CO₂ emissions. It also supports the outcomes identified in the approved [Energy Strategy](#). The project will also facilitate a much needed re-development of the site, with the existing buildings being demolished and the site fully secured. The site has in recent years suffered problems with safety, break-ins and vandalism.

Since 1 April 2014 the YES team has been working to develop a significant pipeline of energy related projects including:

- The imminent completion of Westhampnett solar farm with 4 mega-watts of energy storage on site,

- Development of Tangmere Solar farm, which is now complete,
- Installation of commercial scale PV (photovoltaic) systems on schools and third party roofs including at Goodwood Aerodrome,
- PV systems for 225 houses owned by Crawley Borough Council, and
- For Adur & Worthing councils, installation of gas central heating systems in houses served by a newly installed gas main.

Generation of income for all the energy schemes will be achieved through the Council's energy purchaser (N-Power) selling power on its behalf, maximising the income opportunities available as an energy generator. The dual expansion of solar generation and stand-alone battery storage is a key part of the YES energy project pipeline, with solar farms and battery storage continuing to represent a relatively low risk investment for capital.

The Cabinet Member will be asked to approve the development of the previous Sompting Waste Destructor site (Halewick Lane, Sompting) into a battery storage facility.

Decision By	Mrs Urquhart - Cabinet Member for Environment
West Sussex Plan priority	A Strong, Safe and Sustainable Place
Date added to Forward Plan	14 August 2018
Decision Month	March 2019
Consultation/ Representations	Member for Sompting and North Lancing, Sompting Parish Council, District councillors, resident engagement session planned for North Lancing and surrounding area, South Downs National Park Authority Representations concerning this proposed decision can be made to the Cabinet Member Environment, via the officer contact, by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	Full planning documentation (when submitted - October 2018)
Author	Tom Coates Tel: 033 022 26458
Contact	Judith Shore Tel: 033 022 26052

Independence in Later Life

Cabinet Member for Adults and Health

Approval of the Vision and Strategy for Adult Social Care

The County Council is proposing to set out a vision and strategy for Adult Social Care that will detail the ambition for West Sussex to continue to be a great place to grow older and an inclusive place for all adults with disabilities, mental health issues and their carers. To support this goal, within the context of an ageing population and a

challenging financial position, adult services needs to change. Furthermore adult services needs to make progress on the requirement to achieve integrated services with the NHS. The strategy to deliver the vision is to work at a local level and support individuals to remain outside of services for as long as possible, maximising individual strengths and local assets to support this outcome. Reviewing customer pathways to support these goals, adopting a different approach to commissioning, changing our in-house provider offer and supporting a resilient workforce will all contribute to the delivery of this strategy. However working with partners and stakeholders to co-produce future delivery models and provide jointed up services is also fundamental.

The Cabinet Member for Adults and Health will be asked to endorse the vision and strategy for Adult Social Care.

Decision By	Mrs Jupp - Cabinet Member for Adults and Health
West Sussex Plan priority	Independence in Later Life
Date added to Forward Plan	15 November 2018
Decision Month	January 2019
Consultation/ Representations	<p>External - Consultation will commence on the 15th November 2018 and run until the 14th December 2018 via the "have your say" section of the website, accompanied by a survey, this will include an 'easy read' version. Paper copies of these documents will be provided on request by contacting the report author.</p> <p>Notifications about the consultation containing website links will be sent out through all stakeholder networks including: The District and Boroughs, Health Watch, Carers and other Voluntary Sector Organisations. Letters will be sent to key Chief Officers within the local health organisations and District and Boroughs as well as all local MP's.</p> <p>Internal - The vision and strategy will be discussed and shared at Health and Social Care Select Committee (HASC) on the 15th November 2018 and Information with links for staff will be sent out through internal communication channels</p> <p>Representations should be made to the Cabinet Member for Adults and Health, via the officer contact, by the beginning of the month in which the decision is due to be taken.</p>
Background Documents (via website)	None
Author	Sarah Farragher Tel: 033 022 28403
Contact	Erica Keegan - 033 022 26050

A Council that works for the Community

Cabinet Member for Finance and Resources, Leader

Total Performance Monitor (Rolling Entry)	
<p>The Monitor details the Council's performance in relation to revenue and capital spending, savings, workforce projections, performance and risk by portfolio against the Cabinet's key priorities. The Leader and Cabinet Member for Finance and Resources will be recommended to approve the Total Performance Monitor and any items of financial and performance management within the Monitor.</p>	
Decision By	Ms Goldsmith – Leader Mr Hunt - Cabinet Member for Finance and Resources
West Sussex Plan priority	A Council that Works for the Community
Date added to Forward Plan	6 April 2018
Decision Month	Between January 2019 and December 2019
Consultation/ Representations	<p>Cabinet Board; Performance and Finance Select Committee where possible.</p> <p>Representations concerning this proposed decision can be made to the Leader and/or the Cabinet Member for Finance and Resources via the officer contact.</p>
Background Documents (via website)	
Author	Fiona Morris Tel: 033 022 23811
Contact	Suzannah Hill 033 022 22551

Cabinet Member for Finance and Resources

Review of Property Holdings (Rolling Entry)	
<p>As part of its capital programme management, in line with the County Council's West Sussex Asset Management Policy and Strategy, the Council continually reviews its property estate. This includes consideration of assets which are likely to become surplus to operational requirements, i.e. no longer needed. In addition, the Council acquires or develops assets to meet statutory and service requirements as well as the Council's wider purposes, including investment or to promote social and economic development opportunities. From time to time these activities give rise to decisions to purchase, dispose of or to develop an asset. As a result of this continuous review the Cabinet Member is making a number of decisions about property. Details of these will be included in individual decision reports.</p>	
Decision By	Mr Hunt - Cabinet Member for Finance and Resources
West Sussex Plan priority	A Council that Works for the Community
Date added to	

Forward Plan	
Decision Month	Between January 2019 and December 2019
Consultation/ Representations	Cabinet Board, Performance and Finance Select Committee where possible. Representations concerning this proposed decision can be made to the Leader and/or the Cabinet Member for Finance and Resources, via the officer contact
Background Documents (via website)	
Author	Lee Harris Tel: 033 022 24846
Contact	Suzannah Hill Tel: 033 022 22551

Cabinet Member for Finance and Resources

Procurement of Outdoor Media Services	
<p>The Council has a revenue generation target for outdoor media services. This involves utilising County Council land capacity for the purposes of offering outdoor media development opportunities, in line with local planning consent, to third party providers. In order to realise and maximise the revenue generation opportunity the Council has analysed the land it owns, adjacent to key highways and population areas where outdoor media would be viable.</p> <p>To maximise the use of this land and potential revenue, the Council intends to grant a lease/licence of specific sites to a Service Provider to facilitate advertising and/or sponsorship revenue through the use of outdoor media infrastructures, at appropriate sites in the county.</p> <p>The Cabinet Member for Finance and Resources will be asked to approve the commencement of a procurement process for the above outlined services and utilisation of specific sites.</p>	
Decision By	Mr Hunt - Cabinet Member for Finance and Resources
West Sussex Plan priority	A Council that works for the Community
Date added to Forward Plan	2 July 2018
Decision Month	January 2019
Consultation/ Representations	Local members, Cabinet Member for Highways and Infrastructure and West Sussex Estates Team. Representations concerning this proposed decision can be made to the Cabinet Member for Finance and Resources, via the officer contact, by the beginning of the month in which the decision is due to be taken.

Background Documents (via website)	None
Author	Angela Redman Tel: 033 022 22404
Contact	Suzannah Hill Tel: 033 022 22548

Cabinet Member for Finance and Resources

Review of Fees and Charges 2019/20	
<p>To support completion of the County Council budget for the financial year 2019/20 there needs to be agreement of the extent to which discretionary fees and charges are increased. As a rule, the fees and charges will be increased by the Retail Price Index, as at September 2018, 3.3%. This is in line with the County Council's policy to budget for cost inflation. All changes will be implemented from 1 April 2019, unless otherwise stated.</p> <p>The Cabinet Member will be asked to agree a review of County Council fees and charges to take effect from 1 April 2019.</p>	
Decision By	Mr Hunt - Cabinet Member for Finance and Resources
West Sussex Plan priority	A Council that works for the Community
Date added to Forward Plan	7 January 2019
Decision Month	February 2019
Consultation/ Representations	<p>Cabinet Members</p> <p>Representations concerning this proposed decision can be made to the Cabinet Member for Finance and Resources, via the officer contact, by the beginning of the month in which the decision is due to be taken.</p>
Background Documents (via website)	
Author	Nadine Muschamp
Contact	Suzannah Hill 033 022 22551

Cabinet

Approval of the County Council's Revenue Budget 2019/20 and Capital Programme 2019/20 to 2023/24
<p>The Budget report details the County Council's revenue budget, the level of council tax proposed for 2019/20, the nature of its expenditure, income and savings for a balanced budget. It will also outline the County Council's Capital Programme to cover the five</p>

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<p>year period 2019/20 to 2023/24, which will update the programme previously agreed by County Council.</p> <p>Cabinet will be asked to endorse the Revenue Budget and Capital Programme for approval at County Council on 15 February 2019.</p>	
Decision By	Mr Elkins, Mr Marshall, Mrs Urquhart, Mr Hunt, Mr Burrett, Ms Goldsmith, Mrs Jupp, Ms Kennard, Mr Lanzer - Cabinet
West Sussex Plan priority	A Council that Works for the Community
Date added to Forward Plan	12 November 2018
Decision Month	January 2019
Consultation/ Representations	<p>Performance and Finance Select Committee 17 January 2019 All Member Session – 9 January 2019</p> <p>Representations concerning this proposed decision can be made to the Cabinet, via the officer contact, by the beginning of the month in which the decision is due to be taken.</p>
Background Documents (via website)	Previous County Council Budget Books
Author	Steve Harrison Tel: 033 022 23391
Contact	Katherine De La Mora Tel: 033 022 22535

Cabinet Member for Safer, Stronger Communities

Community Initiative Fund (CIF)
<p>It is proposed that the budget for the Council's Community Initiative Fund (CIF) be reduced from £280,000 per year to £140,000 per year from April 2019. CIF is the local grant funding arrangement provided by the County Council and allocated by County Local Committees (CLCs) to support local community projects across West Sussex. The total annual budget available to CIF based on £4,000 per each of the 70 members of the Council.</p> <p>Since April 2018 CIF has been allocated through a crowdfunding model called 'the West Sussex Crowd'. This enables funding from other sources to be pledged to local projects and causes. The introduction of this model has led to a much lower call on the CIF budget as pledges from other sources have grown. A full review of the impact of the use of crowdfunding is due to be carried out and reported to the Environment, Communities and Fire Select Committee in March 2019, but experience to date shows that additional external funding is being secured through the model and are expected to increase.</p> <p>In addition the CIF budget is usually underspent each year (£33,000 in 2016/17, £23,000 in 2017/18), and so this provides further assurance that the current CIF level can be reduced without significant impact on support for community projects.</p> <p>The Council has significant financial challenges to meet by 2022/23 and savings in the CIF budget will help contribute to its overall savings programme.</p>

The Cabinet Member is asked to consider reducing the CIF budget to £140,000, on a basis of £2,000 per member of the Council, from April 2019.	
Decision By	Ms Kennard - Cabinet Member for Safer, Stronger Communities
West Sussex Plan priority	A Council that Works for the Community
Date added to Forward Plan	17 December 2018
Decision Month	January 2019
Consultation/ Representations	<p>All members of the Council have been invited to comment on the proposal.</p> <p>Representations concerning this proposed decision can be made to the Cabinet Member for Safer, Stronger Communities, via the officer contact, by the beginning of the month in which the decision is due to be taken.</p>
Background Documents (via website)	None
Author	Nick Burrell Tel: 033 022 23881
Contact	Erica Keegan Tel: 033 022 26050

Cabinet Member for Adults and Health

Contract arrangements for Community Advice (Citizens Advice)	
<p>The Cabinet Member is asked to agree to the commencement of a procurement process starting in January 2019 to secure a contract relating to the provision of Community Advice (Citizens Advice) services in West Sussex from Spring 2019.</p> <p>The County Council will procure a new service in partnership with, and at the request of, District & Borough partner-funders. Funding will be provided by all partners as per the contract specification with invoicing arrangements made with each individual local office.</p> <p>The proposal is for the contract to run for two years with the possibility of a further one year extension. The funding level has been agreed for the first year of the contract but will be subject to a performance review for year two and for the further one year extension. The total value of these contracts is approximately £1.1 million per annum.</p> <p>The Cabinet Member is asked to agree to the commencement of a procurement process starting in January 2019 to secure a contract relating to the provision of Community Advice (Citizens Advice) services from Spring 2019 for a period of 2+1 years and to delegate the awarding of the contract and decisions about future extension of these contracts to the Executive Director of Children, Adults, Families, Health and Education.</p>	
Decision By	Mrs Jupp - Cabinet Member for Adults and Health

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West Sussex Plan priority	A Council That Works for the Community
Date added to Forward Plan	21 December 2018
Decision Month	January 2019
Consultation/ Representations	Representations concerning this proposed decision can be made to the Cabinet Member for Adults and Health, via the officer contact, by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	None
Author	Seth Gottesman Tel: 033 022 28706
Contact	Erica Keegan Tel: 033 022 26050

Cabinet Member for Adults and Health

Procurement of Mortuary Services for West Sussex	
<p>The County Council provides mortuary services throughout the county for the bodies of those who die in West Sussex where the death is referred to the Coroner. Current arrangements for this service are due to expire in 2019.</p> <p>An open procurement process to determine a future model for this provision has been undertaken by the County Council from May 2018. This process includes the option of a new mortuary built by a third party for use by the County Council to meet the service need.</p> <p>The Cabinet Member will be asked to agree proposals for future mortuary services for West Sussex and if appropriate to delegate authority to the Director of Communities to award a contract to the successful bidder for a design and build project to run from October 2018, subject to the submission of a satisfactory bid.</p> <p>The contract would need to overlap with the existing contracts to ensure the seamless provision of essential services during the design and any build phase. The existing contracts may be terminated on six months' notice once the progress of a design and build contract is clear and a date for the commencement of the new arrangement is established.</p>	
Decision By	Mrs Jupp - Cabinet Member for Adults and Health
West Sussex Plan priority	A Council that Works for the Community
Date added to Forward Plan	4 June 2018
Decision Month	May 2019

Consultation/ Representations	There has been market consultation with seven potential suppliers. Representations concerning this proposed decision can be made to the Cabinet Member for Adults and Health at County Hall, Chichester by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	Decision report SSC03 (18/19)
Author	Rachel North Tel: 033 022 22681
Contact	Erica Keegan Tel: 033 022 26050

Strategic Budget Options 2019/20

As part of the County Council's budget process 2019/20 and in light of current financial challenges, Cabinet Members will be asked to determine various portfolio budget proposals as set out below.

Cabinet Member for Safer, Stronger Communities

Proposed Savings from the Communities and Public Protection budget for 2019/2020	
<p>There are proposed Savings from the Communities and Public Protection budget for 2019/2020 from the areas of Operations and Public Protection.</p> <p>The Operations Directorate and Public Protection Directorate have looked at areas in which to make further reductions in costs as part of the County Council's budget planning process. The proposals include the cessation of some discretionary initiatives and changes to the operating model of service delivery in Operations and Public Protection.</p> <p>The key decision on whether to accept the proposed changes to Operations and Public Protection budgets will take place in January after Cabinet Board on 22 January 2019 and this will be previewed by the Environment Communities and Fire Select Committee at its meeting on 14 January 2019, at which time the Committee will be presented with detailed information on what is being proposed.</p>	
Decision By	Ms Kennard - Cabinet Member for Safer, Stronger Communities
West Sussex Plan priority	Strategic Budget Options 2019/2020
Date added to Forward Plan	21 December 2018
Decision Month	January 2019
Consultation/ Representations	Representations concerning this proposed decision can be made to the Cabinet Member for Safer Stronger Communities, via the

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	officer contact, by the beginning of the month in which the decision is due to be taken.
Background Documents (via website)	None
Author	Gavin Watts Tel: 033 022 25538
Contact	Erica Keegan Tel: 033 022 26050

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