

**APPENDIX 2A**

**BUDGET PACK – TABLES**

**TABLE 1**

**SUMMARY OF REVENUE BUDGET AND PRECEPT 2015/16**

Total Net Expenditure 2014/15 <sup>1</sup>		SERVICE	Total Net Expenditure 2015/16	
Amount	Amount per Council Taxpayer (Band D equivalent)		Amount	Amount per Council Taxpayer (Band D equivalent)
£000	£		£000	£
180,978	594.63	Adult Social Care and Health	167,403	539.28
76,998	252.98	Children - Start of Life	77,501	249.67
1,936	6.36	Community Wellbeing	1,479	4.76
37,563	123.42	Corporate Relations	44,737	144.12
16,091	52.87	Education and Skills	16,144	52.01
19,977	65.64	Finance	17,084	55.04
40,933	134.49	Highways and Transport	41,163	132.60
2,562	8.42	Leader	1,513	4.87
96,931	318.48	Residents' Services	99,240	319.70
<b>473,969</b>	<b>1,557.29</b>	<b>SERVICE TOTALS</b>	<b>466,264</b>	<b>1,502.05</b>
-1,864	-6.12	Investment Income	-1,864	-6.00
19,386	63.70	Capital Financing - Repayment of Borrowing	16,718	53.86
18,958	62.29	Capital Financing - Interest on Borrowing	18,596	59.91
47,694	156.71	Revenue Contribution to Capital Outlay	21,210	68.33
2,974	9.77	General Contingency	4,723	15.21
500	1.64	Be the Business	500	1.61
9,211	30.26	LGPS Lump Sum Pension Contribution	9,443	30.42
0	0.00	Balancing The Budget - Unallocated Thematics	-4,695	-15.12
2,753	9.05	Modernising Services	0	0.00
0	0.00	Worthing Hardship Fund	60	0.19
0	0.00	Business Rate Pool	500	1.61
400	1.31	LGPS Auto Enrolment	0	0.00
-34,216	-112.42	Transfers to/from (-) Earmarked Reserves	1,196	3.85
-3,928	-12.91	Council Tax Freeze Subsidy Grant	-3,947	-12.72
<b>61,868</b>	<b>203.28</b>	<b>NON-SERVICE TOTALS</b>	<b>62,440</b>	<b>201.15</b>
<b>535,837</b>	<b>1,760.57</b>	<b>NET EXPENDITURE</b>	<b>528,704</b>	<b>1,703.20</b>
-163,204	-536.23	Settlement Funding Assessment	-147,827	-476.22
-1,656	-5.44	Business Rates Local Growth	-526	-1.69
-749	-2.46	Business Rate Cap Grant (Section 31)	-2,309	-7.44
-10,853	-35.66	Education Services Grant	-8,649	-27.86
-2,954	-9.71	New Homes Bonus Grant	-3,808	-12.27
0	0.00	Government Returned Top Slice	-239	-0.77
-862	-2.83	Local Services Support Grant	-677	-2.18
-265	-0.87	Small Business Rate Relief	0	0.00
-1,906	-6.26	Council Tax Collection Fund Surplus (-) / Deficit	-3,356	-10.81
269	0.88	Business Rate Collection Fund Surplus (-) / Deficit	-610	-1.97
<b>353,657</b>	<b>1,161.99</b>	<b>PRECEPT</b>	<b>360,703</b>	<b>1,161.99</b>
	<b>0.00%</b>	Increase in Council Tax Band D on Previous Year		<b>0.00%</b>
<b>304,355.00</b>		Council Tax Band D Equivalents	<b>310,418.01</b>	

<sup>1</sup> The 2014/15 budgets have been restated from the 2014/15 budget book to reflect the separation of Education and Skills from the Children - Start of Life portfolio, which came into effect in May 2014.

TABLE 2

## ANALYSIS OF CHANGES

PORTFOLIO	Budget 2014/15	Effective Change in Spending <sup>1</sup>					Change in Central Government Funding Arrangements	Transfers between Portfolios	Overall Change in Spending <i>col 6+7+8</i>	Budget 2015/16 <i>col 1 + col 9</i>
		Pay and Prices	Committed & Service Changes	Balancing The Budget (Table 3)		Total <i>col 2 + 3 + 4 + 5</i>				
				Spending Changes	Additional Income					
	column 1	column 2	column 3	column 4	column 5	column 6	column 7	column 8	column 9	column 10
	£000	£000	£000	£000		£000	£000	£000	£000	£000
Adult Social Care and Health	180,978	1,943	6,718	-4,072	-17,925	-13,336		-239	-13,575	167,403
Children - Start of Life	76,998	999	2,690	-3,566		123		380	503	77,501
Community Wellbeing	1,936	22	92	-570		-456		-1	-457	1,479
Corporate Relations	37,563	510	394	-1,084	-50	-230		7,404	7,174	44,737
Education and Skills	16,091	447	365	-400		412	-107	-252	53	16,144
Finance	19,977	264	971	-1,498		-263		-2,630	-2,893	17,084
Highways and Transport	40,933	1,193	237	-1,206		224	-78	84	230	41,163
Leader	2,562	34	147	-70		111		-1,160	-1,049	1,513
Residents' Services	96,931	1,995	3,369	-2,416		2,948		-639	2,309	99,240
<b>SERVICE TOTALS</b>	<b>473,969</b>	<b>7,407</b>	<b>14,983</b>	<b>-14,882</b>	<b>-17,975</b>	<b>-10,467</b>	<b>-185</b>	<b>2,947</b>	<b>-7,705</b>	<b>466,264</b>
Investment Income	-1,864					0			0	-1,864
Capital Financing - Repayment of Borrowing	19,386		-2,668			-2,668			-2,668	16,718
Capital Financing - Interest on Borrowing	18,958		-362			-362			-362	18,596
Revenue Contribution to Capital Outlay	47,694		-26,484			-26,484			-26,484	21,210
General Contingency	2,974		1,749			1,749			1,749	4,723
Be the Business	500					0			0	500
LGPS Lump Sum Pension Contribution	9,211		232			232			232	9,443
Balance The Budget - Unallocated Thematics	0			-4,695		-4,695			-4,695	-4,695
Modernising Services	2,753					0		-2,753	-2,753	0
Worthing Hardship Fund	0		60			60			60	60
Business Rate Pool	0		500			500			500	500
LGPS Auto Enrolment	400		-206			-206		-194	-400	0
Transfers to/from (-) Reserves	-34,216		35,412			35,412			35,412	1,196
Council Tax Freeze Subsidy Grant	-3,928		-19			-19			-19	-3,947
<b>NON-SERVICE TOTALS</b>	<b>61,868</b>	<b>0</b>	<b>8,214</b>	<b>-4,695</b>	<b>0</b>	<b>3,519</b>	<b>0</b>	<b>-2,947</b>	<b>572</b>	<b>62,440</b>
<b>NET EXPENDITURE</b>	<b>535,837</b>	<b>7,407</b>	<b>23,197</b>	<b>-19,577</b>	<b>-17,975</b>	<b>-6,948</b>	<b>-185</b>	<b>0</b>	<b>-7,133</b>	<b>528,704</b>

<sup>1</sup> 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.

**TABLE 3**  
**BALANCING THE BUDGET**

No	Title	2015/16 £000	2016/17 £000	Total £000	Revenue Investment	Capital Investment	Description
<b>CHANGES TO SPENDING</b>							
<b>Adult Social Care and Health</b>							
1	Review options for directly provided services	140	1,000	1,140			Review of the County Council's provision of day services, including those operated under the Shaw contract, together with New Tyne and Marjorie Cobby House (WSCC older people's resource centres). This review will be based on current best practice, customer choice, opportunity cost and affordability.
2	Shaw capital financing savings	155	155	310			Reduction in borrowing costs relating to the building works undertaken as part of the Shaw care homes contract as debt decreases over time. This is a continuation of the saving that has been included in recent budgets.
3	Adult services access and staffing	125		125			Benefits realised from Adults' Services redesign of its access points and skills mix. The move to one County helpdesk for Occupational Therapy and social care together with new software for a customer portal and IT re-Configuration to streamline processes are also involved. These changes were introduced in June 2014, so the savings that will arise in 2015/16 are no more than the realisation of the savings due for a full-year impact.
4	Supported housing contracts	70		70			Savings from opportunities within supported housing (extra care) contracts as existing agreements come to an end and are reproced.
5	Review Day Activities at Henfield	35		35			Henfield Day Centre has seen a steady fall in customer numbers and a corresponding reduction in the number of days it is open for business to 3 days per week. The current arrangements are being reviewed and work is underway with the Henfield Community Partnership to develop a proposal that explores the viability of using the building as a community hub. The saving expected in 2015/16 shows the balance of a full-year impact of that decision.
6	Focus on Prevention	2,450		2,450			As is reflected in the County Council's later life priorities, and as a key requirement of the Better Care Fund and the Care Act, a new approach to the way that services are provided is required to ensure that people are enabled to maintain their independence and remain in their own homes and communities for as long as possible. Therefore investment will be made in delivering services that prevent the need for people to have more formal, longer and more expensive care and support, for example reablement services, family carer support services, Prevention Assessment Teams, community services, Assistive Technologies and in other schemes. When people are assessed as needing higher levels of care and support it is intended that when appropriate this will be provided in their own homes through domiciliary care, equipment, assistive technologies, support to prevent isolation, extra care housing and other schemes, rather than in more costly residential placements. Due to the high level of turnover in the social care population, benefits are anticipated to begin occurring from 2015/16, which will be supplemented by opportunities in existing budgets. The County Council spends over £150m on people who meet its eligibility criteria, so this saving represents around 1.5% of that provision.
7	Reprocurement and contract management	1,000		1,000			Savings of over £0.4m have been secured from the successful reprocurement of the community equipment contract. The remaining benefits are expected to arise from County Council's joint management of services with Health.
8	Management Savings	97		97			Portfolio share of Management Savings.
	<b>Sub-Total</b>	<b>4,072</b>	<b>1,155</b>	<b>5,227</b>			
<b>Children - Start of Life</b>							
9	Early Childhood Services	1,565		1,565			Savings delivered through redesign of service including Children and Family Centres (CFCs) with reduction in management costs and review of delivery points for CFCs. This will involve moving to a model of super centres with satellite provision in the local areas.
10	Changes to fostering and adoption process	1,000		1,000			Increased capacity in in-house WSCC fostering resources will reduce cost of Independent Foster Agency (IFA) placements. Improved care planning will reduce the length of costly care placements. Changes to court timescales will reduce the time children spend in foster placements prior to being moved to an adoptive placement.

TABLE 3

## BALANCING THE BUDGET

No	Title	2015/16 £000	2016/17 £000	Total £000	Revenue Investment	Capital Investment	Description
11	Placement cost reduction for Children Looked After	585	585	1,170	£0.05m		A total of £11.7m is spent annually on agency fostering and residential placements. This proposal is based on negotiating a 10% cost reduction in care agency placements over two years, starting in April 2015, to achieve £1.170m saving. A request for investment in procurement support is included for 2015/16.
12	Reduced numbers of Children Looked After as a result of Early Intervention and Think Family	360	450	810			As a result of the work being done through the Early Help and Think Family Programmes, reductions are expected in the number of children looked after. As at 6 October 2014 there were 612 children. The proposed saving is based on reducing that number by 8 in 2015/16 and a further 10 in 2016/17. The weighted average cost of looking after a child is approximately £45,000 per year, giving a saving of £360,000 in 2015/16, followed by £450,000 in 2016/17.
13	Review of passenger transport	30		30			Savings will be achieved through efficiency savings derived from work started during the £79m programme. This is expected to have the following impact: (i) reduced fuel and lease costs for the County's fleet vehicles (ii) reduced contract costs for home to school, coaches as part of an ongoing review (iii) reduced transport (taxis/minibus) costs by reviewing routes for SEN and Adult day care transport.
14	Management Savings	26		26			Portfolio share of Management Savings.
	<b>Sub-Total</b>	<b>3,566</b>	<b>1,035</b>	<b>4,601</b>	<b>£0.05m</b>		
	<b>Community Wellbeing</b>						
15	Reallocate increase in public health grant		500	500			Maintaining services close to the current levels will allow WSCC to use the expected increase of government grant to fund Council public health activity and then lower the County Council's contribution.
16	National tariff for sexual health service	570		570			Savings realised by move from block contract to national tariff in 2015. Moving to the national tariff for purchasing sexual health services means procurement at a lower cost than we currently pay for the same service under local arrangement, saving an estimated £0.570m. There will be no impact on patients by moving to the tariff based system, it will in fact encourage the provider to see more patients as they will be paid for each contact.
	<b>Sub-Total</b>	<b>570</b>	<b>500</b>	<b>1,070</b>			
	<b>Corporate Relations</b>						
17	Workforce, OD & Delivery Support (formerly Strategic development savings)	652	45	697			Redesign, streamlining and alternative sourcing of activities including HR, training services, benchmarking and other support functions in the directorate.
18	Redesign of Facilities Management Services	335	335	670			A redesign of the County Council's facilities management services. This will comprise 2 stages - the removal of posts some of which are currently vacant followed by the possible outsourcing of services. This approach will involve soft market testing to determine the interest from the market and the optimum package of services to be let. There are 24 possible 'in scope' services ranging from maintenance of county buildings to security.
19	Support Service activities (Capita Contract)	45	30	75			This project is a part revenue generation and savings project (see also item 50). A further team restructure saving is shown by the reduction of posts (filled and vacant) within the team as the main contract becomes business as usual.
20	Management Savings	52		52			Portfolio share of Management Savings.
	<b>Sub-Total</b>	<b>1,084</b>	<b>410</b>	<b>1,494</b>			
	<b>Education and Skills</b>						
21	SEN redesign		315	315			Redesign of the SEN Service in the light of the requirements of the Children and Families Act 2014.
22	Review of passenger transport	374		374			Savings will be achieved through efficiency savings derived from work started during the £79m programme. This is expected to have the following impact: (i) reduced fuel and lease costs for the County's fleet vehicles (ii) reduced contract costs for home to school, coaches as part of an ongoing review (iii) reduced transport (taxis/minibus) costs by reviewing routes for SEN and Adult day care transport.
23	Management Savings	26		26			Portfolio share of Management Savings.
	<b>Sub-Total</b>	<b>400</b>	<b>315</b>	<b>715</b>			

TABLE 3

## BALANCING THE BUDGET

No	Title	2015/16 £000	2016/17 £000	Total £000	Revenue Investment	Capital Investment	Description
<b>Finance</b>							
24	Service redesign of business improvement	1,170	1,089	2,259	£0.50m		This is a review and redesign of the Business Improvement Team. The team provides general business support along with targeted Programme, Project and Change Management and some frontline financial assessment services. The new service design is likely to be a combination of a reduction and rationalisation of some support and different sourcing options for some functions to allow the Council to reduce its permanent staff overheads and 'buy in' according to demand.
25	Finance savings	147		147			Streamlining and review of Finance - the saving will be available in 2015/16 from within the existing budget. These savings will come from a mix of places, e.g. consultancy provision and as a result of good house-keeping.
26	Finance - other	95	7	102			On-going savings gathered from a mix of opportunities across the Finance portfolio, e.g. inflation allocations not required for the purpose for which they were given.
27	Management Savings	86		86			Portfolio share of Management Savings.
<b>Sub-Total</b>		<b>1,498</b>	<b>1,096</b>	<b>2,594</b>	<b>£0.50m</b>		
<b>Highways and Transport</b>							
28	Review of passenger transport	396		396			Savings will be achieved through efficiency savings derived from work started during the £79m programme. This is expected to have the following impact: (i) reduced fuel and lease costs for the County's fleet vehicles (ii) reduced contract costs for home to school, coaches as part of an ongoing review (iii) reduced transport (taxis/minibus) costs by reviewing routes for SEN and Adult day care transport.
29	Redesign of highways team activities	300	200	500			These savings will be delivered through a change to the Highways Maintenance Contract. Savings are expected to be a combination of changes to some services e.g. procuring a single source of traffic management or the transfer of services to the current contract with BBLP (Balfour Beatty Living Places), which enables more straightforward projects to fast-track the lengthy design phase.
30	Change to street lighting		144	144			Adoption of part night lighting policy in residential areas (£120K) and reduction to consultancy budget (£24k).
31	Reduction in requirement for ongoing highways maintenance on unclassified roads	400	400	800			Following the £30m investment for 'Better Roads', this upgrading permits reduction in highways base budget expenditure on the unclassified road network due to the reduced need for maintenance.
32	Review of on-street parking charges	50		50			Review of on-street parking charges, subject to consultation.
33	Management Savings	60		60			Portfolio share of Management Savings.
<b>Sub-Total</b>		<b>1,206</b>	<b>744</b>	<b>1,950</b>			
<b>Leader</b>							
34	Management Savings	70		70			Portfolio share of Management Savings.
<b>Sub-Total</b>		<b>70</b>	<b>0</b>	<b>70</b>			
<b>Residents' Services</b>							
35	Future Fire & Rescue arrangements	1,600	784	2,384			Implement the new agreed fire service model of operation which will include new management and crewing systems, greater integration with partners and improved co-location of services. A suite of eight complementary proposals which will achieve a £1.6m saving have been developed and undergone a twelve week public consultation which was completed on 23rd August 2014. Following the public consultation and Cabinet Member approval WSFRS has undertaken a staff consultation programme and is implementing the new operating model which will be completed by 1st April 2015. More efficient delivery of services through greater integration with other county council support services and management restructures following the move to a Communities and Public Protection Directorate. Continue to develop greater collaboration with other fire and rescue and blue-light services.

TABLE 3

## BALANCING THE BUDGET

No	Title	2015/16 £000	2016/17 £000	Total £000	Revenue Investment	Capital Investment	Description
36	Realignment of charging and other activities in waste	500	500	1,000	£0.13m	£0.17m	The review of potential savings areas in waste has resulted in several themes. (1.) Reduction in services (frequency and availability), and is shown commencing 2015/2016, (2.) Review of the PFI financial arrangements, (3.) Restructuring of staff will result in significant management reductions (4.) Introduction of charging to some services is shown to be realised starting end 2015/2016. Revenue investment requested is for additional resource in team to deliver savings options and legal/finance expert costs for PFI work. Capital investment requested is for on site signage at Household waste sites and infrastructure costs to separate new revenue waste stream.
37	Chichester Festival Theatre (CFT) financial support	85		85			It is proposed that the current payment to the Chichester Festival Theatre (CFT) is ceased and any activity from the CFT be commissioned from within other existing budgets should it be identified as the best provider to support commissioning priorities.
38	Review countryside services	150		150			Savings will be achieved through a review of the discretionary elements of the service. This includes, for instance, less frequent Public Rights of Way (PROW) inspection cycle (but still in excess of the minimum requirement) as per recent Cabinet Member decision and reduced involvement in countryside sites not owned by WSCC.
39	Reprocure Waste		4,250	4,250			Ongoing contractual plans and commissioning options to deliver strategic waste and recycling objectives.
40	Management Savings	81		81			Portfolio share of Management Savings.
	<b>Sub-Total</b>	<b>2,416</b>	<b>5,534</b>	<b>7,950</b>	<b>£0.13m</b>	<b>£0.17m</b>	
	<b>Thematic Savings</b>						
41	Other Staff Savings - review of agency/temp contracts	1,000	2,000	3,000			Work is currently underway to analyse expenditure on temporary staff. A plan is in development to target those services where expenditure on temporary staff is high (e.g. through high volumes of low cost workers, or low volumes of high cost of workers) and work with those services to reduce reliance on temps within an overall corporate target of year on year reduced expenditure.
42	SSO Contract/Customer Engagement	1,120	2,380	3,500			£500k to be delivered by negotiation with Capita in relation to the existing contract for back office activities. This is part of a shared commitment to review areas of potential savings. Further savings relate to customer experience work, which is part of the programme to transform the customer experience by focusing on a dedicated function to enhance the customer experience. This is estimated at £3m, but further work will be included in the business case which will cover any scope for further or earlier saving.
43	Focus on Prevention	1,160	5,150	6,310			The Care, Education, and Wellbeing Directorate will identify synergies and develop whole life/whole family approaches to prevention and early intervention to reduce dependency on public services and improve outcomes. It is not yet possible to be precise about which budget lines will benefit, and plans will be evaluated as they are developed.
44	Transport Review	400	1,050	1,450			Implement the action plan around our transport spending review. Estimated savings £1.125m. We are confident of achieving this from the items identified within the review given the validation work we have carried out to date. We are looking at each item of transport usage, reviewing cost assumptions and will produce a business case to provide more detail and confirm whether further savings are achievable. Review of travel costs to promote the most cost effective, sustainable and 'green' ways of travelling for staff including measures such as the use of tele-conferences to reduce the need to travel and improved use of fleet vehicles for greater efficiency: Estimated savings £325k.

TABLE 3

## BALANCING THE BUDGET

No	Title	2015/16 £000	2016/17 £000	Total £000	Revenue Investment	Capital Investment	Description
45	Review of top contracts (including reprocurement to seek better value)	1,000	2,750	3,750	£0.25m		A review of the council's top suppliers by actual value of payments has been carried out and indicates 84 'suppliers' paid £1m or more in 2013/14, both on or off-contract. The review reveals a number of potential opportunities for securing negotiated or reprocurement savings. Having regard to service areas/categories already accounted for elsewhere (including Health & Social Care contracts). The majority of opportunities are likely to be in the environment (built and non-built) category and are estimated at £3.750m over the 2 years.
46	Disposal of estate	15	60	75			Estates rationalisation frees up the revenue costs connected with operating property - such as premises costs for heat, light, business rates etc.
47	Non Portfolio Savings		3,285	3,285			These are not savings but reduced spending pressures. In 2016/17 the base contingency sum will be reduced by £1.4m and the capital financing budget by £2.7m, less a partial reinstatement of the £0.815m for insurance, leaving a net change of £3.285m.
	<b>Sub-Total</b>	<b>4,695</b>	<b>16,675</b>	<b>21,370</b>	<b>£0.25m</b>		

<b>Sub-total - Changes to Spending</b>	<b>19,577</b>	<b>27,464</b>	<b>47,041</b>	<b>£0.93m</b>	<b>£0.17m</b>
--	---------------	---------------	---------------	---------------	---------------

## ADDITIONAL INCOME GENERATING MEASURES

ADDITIONAL INCOME GENERATING MEASURES							
<b>Adult Social Care and Health</b>							
48	Better Care Fund	16,500		16,500			Protection of social care services is one of the objectives of the Better Care Fund (BCF). The current plan earmarks £16.5m for this purpose, though confirmation of that amount in full is subject to a risk sharing agreement being agreed between the County Council and the three Clinical Commissioning Groups. While this is presented as a saving, in practice it is a funding substitution - £16.5m from the BCF will replace £16.5m of County Council money, thereby helping to mitigate the need to cut front line service provision.
49	Income Generation	1,425	1,100	2,525			Additional income is expected to be available from three sources:  1. Customers with eligible social care needs pay a means-tested contribution towards the cost of their care. Over the recent past, the level of those contributions has been rising in real terms. Due to factors like the state pension "triple lock", where Government has pledged state pensions will rise by the higher of inflation, average earnings or 2.5%, and also changes in pension annuities, this trend is likely to continue. This income is collected following a financial assessment and does not require the County Council to change its approach or do anything more than apply the statutory schemes.  2. Application of policy for disability-related expenditure. WSCC disregards some disability related expenditure as part of a customer's financial assessment. A change in application of policy, bringing WSCC closer to the approaches of other LA's, has recently been agreed. This will result in some new customers making a greater contribution towards the cost of their social care.  3. Process changes. There is scope for improvement in the timeliness with which income for non-residential care is collected. Allied to a more joined-up approach across the County Council towards debt management, additional income of £0.2m, spread over 2015/16 and 2016/17, is anticipated to arise.
	<b>Sub Total</b>	<b>17,925</b>	<b>1,100</b>	<b>19,025</b>			
<b>Corporate Relations</b>							
50	Support Service activities (Capita Contract)	50	150	200			This project is a revenue generation rather than a savings project. The SSO contract was structured such that other LAs and Partnering bodies could contract with Capita without the need to go through another competitive procurement. In return for using the contract in this way a gain share clause is included that passed a share of Capita profit back to WSCC. This revenue line will last for the length of the contract (8 years) as all additional contracts have to be co-terminous with the main contract. The likelihood of other organisations using the contract in this way reduces as the remaining term of the contract reduces. The shorter the contract gets, the less likely others are to join in.
	<b>Sub Total</b>	<b>50</b>	<b>150</b>	<b>200</b>			



**TABLE 3**

**BALANCING THE BUDGET**

No	Title	2015/16 £000	2016/17 £000	Total £000	Revenue Investment	Capital Investment	Description
	<b>Finance</b>						
51	Share public sector buildings and staff		485	485		£8.00m	Rationalisation of public sector buildings in the community to maximise use, potential capital receipts and sharing of personnel. The £485k saving is income/saving from HDC sharing County Hall North. A further revenue saving of up to £500k is dependent on a separate capital investment business case which assumes the £7-8m investment in a smaller hub building in Worthing, leading to the redevelopment of the Centenary House Durrington site with a significant savings potential in 2017/18 and 2018/19 to repay that amount plus cost avoidance for the maintenance backlog which could amount to several Emillions, but requires the capital investment upfront.
	<b>Sub Total</b>	<b>0</b>	<b>485</b>	<b>485</b>			
	<b>Thematic Savings</b>						
52	Prop Co/Economy	0	80	80			Income generation from property via the PropCo initiative.
	<b>Sub Total</b>	<b>0</b>	<b>80</b>	<b>80</b>		<b>£8.00m</b>	

<b>Sub total - income generating measures</b>	<b>17,975</b>	<b>1,815</b>	<b>19,790</b>	<b>£0.00m</b>	<b>£8.00m</b>
---	---------------	--------------	---------------	---------------	---------------

**COST AVOIDANCE**

	<b>Finance</b>						
53	Finance Savings	1,500		1,500			This relates to the contribution to the insurance reserve that can be delayed.
	<b>Sub Total</b>	<b>1,500</b>	<b>0</b>	<b>1,500</b>			

<b>Sub total - cost avoidance</b>	<b>1,500</b>	<b>0</b>	<b>1,500</b>	<b>£0.00m</b>	<b>£0.00m</b>
-----------------------------------	--------------	----------	--------------	---------------	---------------

<b>Grand Total of Budget balancing measures</b>	<b>39,052</b>	<b>29,279</b>	<b>68,331</b>	<b>£0.93m</b>	<b>£8.17m</b>
---	---------------	---------------	---------------	---------------	---------------

<b>Summary</b>	2015/16 £000	2016/17 £000	Total £000	Revenue Investment	Capital Investment
Adult Social Care and Health	21,997	2,255	24,252		
Children - Start of Life	3,566	1,035	4,601	£0.05m	
Community Wellbeing	570	500	1,070		
Corporate Relations	1,134	560	1,694		
Education and Skills	400	315	715		
Finance	2,998	1,581	4,579	£0.50m	£8.00m
Highways and Transport	1,206	744	1,950		
Leader	70	0	70		
Residents' Services	2,416	5,534	7,950	£0.13m	£0.17m
Thematic Savings	4,695	16,755	21,450	£0.25m	
<b>Total</b>	<b>39,052</b>	<b>29,279</b>	<b>68,331</b>	<b>£0.93m</b>	<b>£8.17m</b>

**TABLE 4**  
**GRANTS TOWARDS SPECIFIC SERVICES**

Portfolio and Grant	2014/15 Budget	2015/16 Budget	Change from 2014/15 Budget	
<b>Specific Government Grant <sup>1</sup></b>	£000	£000	£000	%
<b>Adult Social Care and Health</b>				
Local Welfare Provision	1,230	0	-1,230	-100.0
Care Act	0	5,668	5,668	N/A
Local Reform and Community Voices	259	107	-152	-58.7
NHS Social Care Funding	15,141	86	-15,055	-99.4
	<b>16,630</b>	<b>5,861</b>	<b>-10,769</b>	<b>-64.8</b>
<b>Children - Start of Life</b>				
Dedicated Schools Grant	90,505	91,751	1,246	1.4
16-19 Sixth Form Grant	1,840	1,840	0	0.0
Public Health Grant - D&A	251	251	0	0.0
Child Asylum Seekers	700	655	-45	-6.4
Asylum - Leaving Care	300	275	-25	-8.3
Think Family Grant	1,339	1,200	-139	-10.4
Intervention Evidence Based Programme Grant	150	0	-150	-100.0
SEN Pathfinders	150	150	0	0.0
Social Worker Intake Team Grant	304	304	0	0.0
Adoption Reform Grant	600	0	-600	-100.0
Staying Put Grant	0	75	75	N/A
New Burdens Grant	0	422	422	N/A
Choice - Innovation Grant	0	100	100	N/A
Children's Social Care Innovation Programme	0	297	297	N/A
	<b>96,139</b>	<b>97,320</b>	<b>887</b>	<b>0.9</b>
<b>Community Wellbeing</b>				
Public Health Grant	27,194	32,776	5,582	20.5
Local Reform Community Voices	338	338	0	0.0
Adult Skills	1,139	0	-1,139	-100.0
Community Learning	1,891	0	-1,891	-100.0
Discretionary Learner Support Funding	18	0	-18	-100.0
Advanced Learning Loans	11	0	-11	-100.0
Education Funding Grant	48	0	-48	-100.0
	<b>30,639</b>	<b>33,114</b>	<b>2,475</b>	<b>8.1</b>
<b>Education and Skills</b>				
Dedicated Schools Grant	427,163	434,331	7,168	1.7
16-19 Sixth Form Grant	15,210	15,362	152	1.0
Pupil Premium Grant	19,073	19,073	0	0.0
PFI Grant	4,532	4,532	0	0.0
Golden Hellos	100	100	0	0.0
Higher Education Funding Council for England (HEFCE)	120	120	0	0.0
PE & Sports	653	1,843	1,190	182.2
Summer Schools	63	63	0	0.0
PE & Phonics	61	61	0	0.0
Universal Free School Meals	0	7,900	7,900	N/A
Skills Funding Agency	0	3,059	3,059	N/A
	<b>466,975</b>	<b>486,444</b>	<b>19,469</b>	<b>4.2</b>
<b>Highways and Transport</b>				
Street Lighting PFI	6,069	6,069	0	0.0
Local Sustainable Transport Fund	453	0	-453	-100.0
Bus Service Operators Grant	436	436	0	0.0
Sustainable Drainage Systems Capacity Building Grant	0	134	134	N/A
	<b>6,958</b>	<b>6,639</b>	<b>-453</b>	<b>-6.5</b>
<b>Leader</b>				
Local Enterprise Partnership Core Funding Grant	250	502	252	100.8
	<b>250</b>	<b>502</b>	<b>252</b>	<b>100.8</b>
<b>Residents' Services</b>				
Waste PFI	2,124	2,124	0	0.0
Fire Revenue Grant	838	781	-57	-6.8
	<b>2,962</b>	<b>2,905</b>	<b>-57</b>	<b>-1.9</b>
<b>TOTAL SPECIFIC GOVERNMENT GRANTS</b>	<b>620,553</b>	<b>632,785</b>	<b>11,804</b>	<b>1.9</b>

<sup>1</sup> Where final grant confirmations are outstanding, provisional 2015/16 allocations have been budgeted

**TABLE 4**  
**GRANTS TOWARDS SPECIFIC SERVICES**

Memo: Local Services Support Grant	2014/15	2015/16	Change from	
	Budget	Budget	2014/15 Budget	
	£000	£000	£000	%
Extended Rights to Free Travel	480	373	-107	-22.3
Lead Local Flood	234	156	-78	-33.3
Inshore Fisheries Conservation	148	148	0	0.0
<b>TOTAL LOCAL SERVICES SUPPORT GRANT</b>	<b>862</b>	<b>677</b>	<b>-185</b>	<b>-21.5</b>

Memo: Other Non-Service and Financing Grants	2014/15	2015/16	Change from	
	Budget	Budget	2014/15 Budget	
	£000	£000	£000	%
Council Tax Freeze Subsidy Grant	3,928	3,947	19	0.5
Settlement Funding Assessment	163,183	147,827	-15,356	-9.4
Business Rate Local Growth	613	526	-87	-14.2
Business Rate Cap Grant (Section 31)	749	2,309	1,560	208.3
Education Services Grant	10,853	8,649	-2,204	-20.3
New Homes Bonus Grant	2,946	3,808	862	29.3
Government Returned Top Slice	0	239	239	N/A
Small Business Rate Relief	265	0	-265	-100.0
<b>TOTAL OTHER NON-SERVICE AND FINANCING GRANTS</b>	<b>182,537</b>	<b>167,305</b>	<b>-15,232</b>	<b>-8.3</b>

**TABLE 5**

**RESERVES**

Reserve	Balance at 1 April 2014 £000	Projected balance at 31 March 2015 £000	Projected balance at 31 March 2016 £000	Description
Audit Improvements	-39	-39	-39	Financed by savings arising from reduced external audit fees, which will be invested to improve the accounts preparation process and mitigate the risk of additional costs arising from increased audit work.
Better Roads Programme	-15,000	0	0	A programme of investment in the resurfacing of unclassified roads and other road improvements. The total value of the programme is £30m over two financial years, 2014-2016, and this reserve holds a contribution towards that investment.
Business Infrastructure Reserve	-5,552	-2,716	-2,716	Used to fund internal infrastructure and to pump-prime local economic developments, and to have flexibility to respond to initiatives in line with importance to support the local economy under the new Government funding arrangements.
Capital Expenditure	-14,753	-14,753	-8,374	Established to finance expenditure within the capital programme as part of the capital financing strategy. The projected movement in 2015/16 reflects a £14.4m transfer to finance the 2015/16 capital programme, and a one-off allocation of £8.0m revenue funding to assist the forecast longer term shortfall on capital financing.
Capital Infrastructure Reserve	0	0	-12,000	To support capital plans over the longer term, such as, the A27 work if it proceeds, thus avoiding the need to borrow and incurring the associated long term capital financing costs.
Care Act Risk Reserve	0	0	-3,000	The County Council will be receiving an additional £7.7m of revenue resources in 2015/16. Since expenditure will be driven both by the extent and the speed with which people take advantage of the legislation, it is impossible to be definitive about potential costs and there is a wide range over which expenditure might fall. As a result, reserve funding of £3m is being set aside to mitigate the County Council's most pessimistic assessment of risk.
Chairman's Fund	-33	-33	-33	Created to mark the 125th anniversary of the County Council.
Contract Settlement	-1,030	-977	-977	Provides for potential claims arising from the settlement of contractual arrangements.
Council Chamber Works	-140	0	0	Held to fund works to repair damage to the Council Chamber at County Hall Chichester.
Crawley Fire Station	-30	0	0	The reserve holds a revenue contribution towards an improvement project to improve the working conditions at Crawley Fire Station.
Creditor Cashflow Account	-547	-1,047	-1,047	Represents creditors in excess of one year old. These monies have been removed from the creditor balances as payment is considered unlikely, but are held in an earmarked reserve so that any subsequent claims for payment can be funded from reserves without any impact on service budgets.
DfE Basic Need Grant	-2,600	0	0	Held to meet funding gaps identified in the capital programme arising from anticipated reductions in DfE Basic Need grant funding.
Early Intervention	-14,109	-12,123	-8,323	Reserve to support the Council's programme of Early Intervention, including ensuring the Troubled Families Initiative is fully funded. Projections are dependent upon identifying suitable families in accordance with project plan, and include assumptions on profiling and unit costs which are subject to review.
Elections	0	-200	-400	To hold annual contributions built into the base revenue budget, used to finance administrative costs in an election year.
Facilities Management Income	-164	0	0	Applied in 2013/14 to finance works associated with improvements to revenue generating facilities in order to maximise income for the authority.
Fire & Rescue Service Operating Model	0	-90	0	To support the transition of the new Fire & Rescue operating model.

**TABLE 5****RESERVES**

Reserve	Balance at 1 April 2014 £000	Projected balance at 31 March 2015 £000	Projected balance at 31 March 2016 £000	Description
Highways & Education Buildings	-4,935	-922	-599	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.
Infrastructure Fund	-9,140	-6,753	-654	Will be used to support new projects, many of which will be delivered in conjunction with district and borough councils, to give the economy of the county a major boost.
Insurance	-10,075	-8,039	-8,039	Held in respect of the authority's self-funding insurance scheme, to provide for the risk of unknown future claims. A review completed in Autumn 2012 by our specialist insurance brokers, having regard to recent claims experience and potential risks, concluded to reduce the Insurance Fund further would put additional pressure on the premiums required.
Interest Smoothing Account	-3,963	-3,863	-3,663	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.
On Street Parking	-28	-28	-28	Represents the surplus of charges over enforcement and associated costs, and is used to finance future on street parking projects.
Operation Watershed Reserve	-1,641	-34	-34	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.
Crawley Schools Private Finance Initiative (PFI)	-5,553	-6,358	-6,358	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	-16,377	-17,369	-17,991	
PFI Waste	-12,363	-12,376	-12,348	
Planning Inquiries	-118	-118	-68	Held to fund public planning enquiries into Structure, Waste & Mineral plans.
Records Office WWI	-61	0	0	The reserve supported the World War I centenary and related projects.
Service Transformation	-25,928	-22,774	-22,024	The Service Transformation reserve is held to meet the costs of major organisational transformation. It is 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.
Social Enterprise	-16	0	0	To provide working capital to enterprises to address the challenges shown as most important to the Council in its Performance Framework.
Strategic Economic Plan (SEP)	0	0	-5,000	Contribution to support the progression of the economic priorities within the SEP.
Strategic Planning Major Projects	-214	-214	-124	Holds fees received from developers in relation to large scale Highways projects, which subsequently fund site inspections and various works associated with those projects until completion.

## TABLE 5

### RESERVES

Reserve	Balance at 1 April 2014 £000	Projected balance at 31 March 2015 £000	Projected balance at 31 March 2016 £000	Description
Tax Liabilities	-51	-51	-51	Established to finance any tax liabilities arising from HMRC audits, which can be backdated by up to four years.
Unapplied Revenue Grant Reserve	-3,968	-3,428	-3,428	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 on the Comprehensive Income and Expenditure Statement 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.
Volatility Reserve	-11,141	-12,070	-12,070	Held to guard against uncertainty and volatility over future Local Government finance settlements, business rate income and localisation of Council Tax benefits.
Waste Management MRMC	-29,970	-33,272	-31,547	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 Recyclates	-607	-398	-398	Holds surplus income from the sale of recyclable materials by Waste Collection Authorities.
WORTH Project	-92	-92	0	Funds applied in 2014/15 for on-going costs of the Ways of Responding Through Health (WORTH) service, an Independent Domestic Violence Advisory service that identifies, assesses and assists people affected by domestic abuse.
Worthing Age of Transfer	-11,900	0	0	To finance the build of a new secondary school and hundreds of additional school places to cope with a growing population, as part of an investment project to bring forward the age at which children transfer to secondary school in the Worthing area.
<b>TOTAL EARMARKED RESERVES (NON SCHOOLS)</b>	<b>-202,138</b>	<b>-160,137</b>	<b>-161,333</b>	
Dedicated Schools Grant (DSG)	-12,840	-7,498	-7,498	DSG is ringfenced 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	-21,671	-19,468	-19,468	The School Balances reserve holds net underspending on locally managed budgets.
<b>TOTAL EARMARKED RESERVES (SCHOOLS &amp; NON SCHOOLS)</b>	<b>-236,649</b>	<b>-187,103</b>	<b>-188,299</b>	
General Fund	-17,840	-17,840	-17,840	The general fund balance is not earmarked for a specific purpose, but is an appropriate source of financing for one-off costs, and acts a buffer against the significant financial pressures affecting public sector organisations. The balance is approximately 3.4% of net revenue expenditure. A recent Audit Commission study found the average amount held as unallocated reserves as 5%, with 85% of councils holding less than 10% (based upon 2011/12 data).
Capital Receipts Reserve	-7,938	-7,938	0	Holds the balance of capital receipts which have not yet been applied to finance capital expenditure.
Capital Grants Unapplied Account	-5,159	-6,073	-6,073	Holds the unspent balance on capital grants which are received for specific purposes where there are no outstanding conditions on the grant which could require its repayment.
<b>TOTAL USABLE RESERVES</b>	<b>-267,586</b>	<b>-218,954</b>	<b>-212,212</b>	

**TABLE 6****REDUCTION IN CORE FUNDING**

The County Council's estimated savings requirement for the four years 2015/16 to 2018/19 is £124m. This is split almost equally between increased funding pressures (for instance, demands on social care rising as the result of an ageing population) and reductions in core funding. The projected reductions to the County's core funding are given below:

**Illustration 1: Core Funding until 2018/19**

	<b>2014/15 Adjusted £m</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>
1. Core Funding - Revenue Support Grant	£97.7m	£75.9m*	£55.0m	£37.4m	£21.6m
RSG % cut		-22.3%	-27.5%	-32.0%	-42.3%
2. Core Funding - Business Rate Top-up	£39.6m	£40.4m*	£41.2m	£42.4m	£43.9m
Rates Top-up %		1.9%	2.1%	2.9%	3.4%
3. Local Business Rate element	£31.0m	£31.5m*	£32.3m	£33.2m	£34.3m
Local Business Rate % Growth		1.9%	2.1%	2.9%	3.4%
Total Core Funding	£168.3m	£147.8m	£128.5m	£113.0m	£99.8m

\*per the provisional settlement

Illustration 2 shows the total funding available, including the core funding set out in Illustration 1, compared to the estimated spending, including all known budget pressures. The difference between the two is the savings requirement to 2018/19.

**TABLE 6****REDUCTION IN CORE FUNDING****Illustration 2: Estimate Spending and Funding to 2018/19**

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
Funding estimate				
Core Funding - as per Illustration 1	147.8	128.5	113.0	99.8
Other funding:				
Council Tax	360.7	362.9	365.0	367.2
Business Rates Growth	0.5	0.5	0.6	0.6
Specific Grants	15.7	18.5	15.7	13.5
Collection Fund	4.0	1.0	1.0	1.0
Total Funding Estimate	528.7	511.3	495.3	482.1
Budget with all known spending pressures	567.8	538.0	527.4	508.2
Annual Budget Gap	39.0	** 26.7	32.1	26.2
Total Budget Gap				124.0

\*\* The saving gap for 2016/17 outlined above (£26.7m) is different to the figure included in Table 3 (£29.3m), due to the early delivery of savings in the second year. This surplus of £2.6m may also be required if the funding position is worse than anticipated or early savings are slower to realise.



**TABLE 7**  
**PRUDENTIAL CODE INDICATORS**

<b>Council Tax</b>	Base 2014/2015 £	Increase From Base 2015/2016	Increase From Base 2016/2017	Increase From Base 2017/2018
Impact of Capital Plans on Council Tax (Band D equivalent)				
Gross Impact of Capital Plans less Exceptional Service Provision	1,161.99	1.23%	2.05%	2.76%
Net Impact on Council Tax		<u>1.23%</u>	<u>2.05%</u>	<u>2.76%</u>

<b>Financial</b>	Actual 2013/2014 £000	Estimate 2014/2015 £000	Estimate 2015/2016 £000	Estimate 2016/2017 £000	Estimate 2017/2018 £000
Capital Expenditure (less leasing)	149,065	167,018	138,169	86,998	64,757
Capital Financing Requirement	574,439	593,898	618,143	626,769	631,249
Actual Debt/Operational Borrowing Limit *	522,990	557,263	571,546	546,760	532,643
Gross External Borrowing **	522,990	550,263	540,729	531,134	521,328
Net Borrowing ***	240,185	333,363	386,746	397,460	404,543
Authorised Borrowing Limit		597,263	611,546	586,760	572,643
Capital Financing/Net Revenue Stream	6.71%	7.16%	6.68%	6.91%	7.13%

\* This includes notional borrowing under PFI and internal borrowing as required by IFRS

\*\* This is actual/planned debt less movement in PFI liabilities

\*\*\* This is the net figure after taking into account investments held by the County Council

<b>Treasury Management</b>	Actual 2013/2014	Estimate 2014/2015	Estimate 2015/2016	Estimate 2016/2017	Estimate 2017/2018
Compliance with CIPFA Code of Practice	YES	YES	YES	YES	YES
Debt Maturity: *					
Over 30 Years	6%	10%	10%	10%	10%
Over 25 to 30 Years	3%	10%	10%	10%	10%
Over 20 to 25 Years	0%	10%	10%	10%	10%
Over 15 to 20 Years	58%	60%	55%	50%	40%
Over 10 to 15 Years	18%	35%	45%	60%	60%
Over 5 to 10 Years	6%	15%	20%	20%	30%
Over 1 to 5 Years	7%	15%	15%	20%	20%
Under 12 months	2%	15%	15%	15%	15%
Max Actual Debt at Fixed Rates as a % of Net Borrowing	218%	232%	171%	141%	134%
Max Actual Debt at Variable Rates as a % Net Borrowing	55%	58%	43%	35%	34%
Maximum % Gross Borrowing at Fixed Rates	100%	100%	100%	100%	100%
Maximum % Investments at Fixed Rates	63%	100%	100%	100%	100%
Maximum % Gross Borrowing at Variable Rates	0%	25%	25%	25%	25%
Maximum % Investments at Variable Rates	37%	75%	85%	85%	85%
Maximum Invested for a year or longer	£25m	£65m	£75m	£75m	£75m

\* These percentages reflect maximum values to allow for debt restructuring. They do not reflect actual maturity values.

**TABLE 8**

**CAPITAL PROGRAMME 2015/2016**

**Table 8a**

SERVICE	PROGRAMME SUMMARY				Total Programme	SUMMARY OF CAPITAL PAYMENTS						
	Schemes in Progress	Starts List 2015-2016	Design List 2016-2017	Design List 2017-2018		To 31.3.14	2014-2015	2015-2016	2016-2017	2017-2018	Subsequently	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£'000
<b>Adult Social Care and Health</b>	455	2,581	0	0	3,036	339	116	681	1,900	0	0	3,036
<b>Community Wellbeing</b>	239	0	0	0	239	21	218	0	0	0	0	239
<b>Education and Skills / Children - Start of Life</b>	377,535	23,560	1,694	1,694	404,483	261,630	63,338	50,221	21,906	5,694	1,694	404,483
<b>Finance</b>	37,060	4,201	1,201	1,201	43,663	11,557	8,664	11,475	7,633	3,707	627	43,663
<b>Highways and Transport</b>	132,755	26,707	11,195	1,195	171,852	60,755	45,191	37,683	12,823	6,685	8,715	171,852
<b>Leader</b>	64,500	19,900	0	0	84,400	0	100	27,550	6,350	6,300	44,100	84,400
<b>Residents' Services</b>	177,942	3,830	750	0	182,522	155,406	12,784	10,416	2,739	988	189	182,522
<b>Unallocated Funding</b>	0	0	33,647	41,218	74,865	0	0	0	33,647	41,218	0	74,865
<b>TOTAL TO BE FINANCED</b>	<b>790,486</b>	<b>80,779</b>	<b>48,487</b>	<b>45,308</b>	<b>965,060</b>	<b>489,708</b>	<b>130,411</b>	<b>138,026</b>	<b>86,998</b>	<b>64,592</b>	<b>55,325</b>	<b>965,060</b>
<b>Annual Capital Payments</b>												
To 31st March 2014	489,708	0	0	0	489,708							
2014-2015	130,411	0	0	0	130,411							
2015-2016	78,815	59,211	0	0	138,026							
2016-2017	28,537	20,668	37,793	0	86,998							
2017-2018	17,384	900	2,694	43,614	64,592							
Subsequently	45,631	0	8,000	1,694	55,325							
<b>TOTAL</b>	<b>790,486</b>	<b>80,779</b>	<b>48,487</b>	<b>45,308</b>	<b>965,060</b>							

**TABLE 8**

**CAPITAL PROGRAMME 2015/2016**

**Table 8b**

<b>FINANCED FROM</b>			
	£000	£000	%
<b>External Sources and Service Portfolio Direct Funding</b>			
Government Grants			
- Education and Skills / Children - Start of Life	20,206		
- Highways and Transport	579		
- Residents' Services	719		
		21,504	15.58
External Contributions			
- Adult Social Care and Health	331		
- Education and Skills / Children - Start of Life	1,437		
- Highways and Transport	944		
- Residents' Services	100		
		2,812	2.04
<b>Total</b>		<b>24,316</b>	<b>17.62</b>
<b>Corporate Funding</b>			
- Capital Receipts		6,900	5.00
- Capital Receipts - Operational Leasing		285	0.21
- Government Grant		32,944	23.87
- RCCO - Capital Expenditure Reserve		14,379	10.42
- RCCO - Investment Fund		6,099	4.42
- RCCO - Other		732	0.53
- Capital Receipts Reserve		7,938	5.75
- Borrowing - Corporate		44,433	32.19
- Borrowing - Service Funded		0	0.00
<b>TOTAL CAPITAL PAYMENTS</b>		<b>138,026</b>	<b>100.00</b>

## TABLE 9

### GLOSSARY

#### 1. BUSINESS RATES RETENTION – AN OVERVIEW

##### **Background: How the System works**

The Business Rates Retention system of funding is described in detail below. Upon its introduction there was a whole new language of terms, these are defined below:

**Baseline Need** – The element of funding that authorities are expected to receive through the business rates retention scheme (NB only indicative from Government in the provisional settlement – the actual amount received will be dependent on actual local NDR income for 2015/16).

**Central share** - The percentage share of locally collected business rates that will be paid to central government by billing authorities. This will be set at 50%. The central share will be re-distributed to local government through grants including the Revenue Support Grant.

**Damping** – ‘Damping’ is used to describe the way limits are applied to the effect on grant funding of changes to the distribution between authorities.

**Levy** - Mechanism to limit disproportionate benefit. This will be set on a proportionate basis so that an authority never sees more than a 1% increase in its baseline funding level for each 1% increase in its individual authority business rates baseline. Currently Government has set an upper limit on the Levy of 50 pence in the pound.

**Local government spending control total** - The total amount of expenditure allocated to the local government sector by HM Treasury for each year of a Spending Review.

**NDR Baseline** – The expected level of NDR income that an authority should be able to raise (this amount is only a proportion of the total NDR income of an authority). This is based on Government’s estimate using recent trends in the local yield from business rates.

**Reset** - New baseline funding levels, new individual authority business rates baselines (and therefore new tariffs or top-ups) are set for each authority to take account of changes in relative need and resource. No reset is expected before 2020.

**Revaluation** - Business properties are re-valued every five years to reflect relative changes in rental valuations. There will be no change to the current revaluation process or timing as a result of the business rates retention scheme.

**Revenue Support Grant** – The element of funding for authorities that is guaranteed. It is core general funding to support all revenue spending.

**Safety net** - Mechanism to protect any authority which sees its retained rates income drop, in any year, by more than a set percentage (currently set at 7.5%) below their baseline funding level (with baseline funding levels being uprated by RPI for the purposes of assessing eligibility for support).

## TABLE 9

### GLOSSARY

**Settlement funding assessment** – The funding assessment of the authority from Government, combining Revenue Support Grant, the share of local business rates and the 'top-up' payment in the case of the County Council.

**Tariffs and top-ups** – Calculated by comparing an individual authority business rates baseline against its baseline funding level. Tariffs and top-ups will be self-funding, fixed at the start of the scheme and index linked to RPI in future years.

#### **The System: Local Business Rates**

Business Rates Retention was included for the first time within the local government finance settlement in 2013/14.

Under the Business Rates Retention element of local government funding, the provisional settlement figures will no longer provide guaranteed funding levels, but rather the starting point for authorities within the scheme. Ultimately, the level of business rates collected by authorities in 2015/16 will determine the funding received for this element of their funding. The key funding principles are explained below.

Under the system, a **settlement funding assessment (SFA)** is determined for each local authority. This was determined in 2013/14 in the same way as Formula Grant was determined previously i.e. using the four block model to determine a level of need and then take into account changes in responsibility. For 2015/16, the amount distributed has been reduced in line with Spending Review 2010 funding allocations and subsequent announcements.

The **settlement funding assessment** is then split between **Revenue Support Grant (RSG)** and Business Rates Retention (expressed as **Baseline Need**). The level of RSG is guaranteed throughout the year, whilst the Baseline Need element is not, i.e.

**Settlement funding assessment = RSG plus Baseline Need**

To fund the **Baseline Need** element, local authorities each have an expected level of NDR that is to be collected (NDR Baseline). The methodology for these figures was based on the actual business rates collected by authorities in 2010/11 and 2011/12. Due to differences between **Baseline Need** and the level of business rates collected by individual authorities, there is a further adjustment required.

For authorities with a **Baseline Need** that is higher than their **NDR Baseline**, a **Top Up** grant is required (this is also guaranteed). Whereas, for authorities with a baseline need that is lower than their **NDR Baseline**, a **Tariff** is paid to central government i.e.

**Baseline Need = NDR Baseline plus Top Up OR less Tariff**

## TABLE 9 GLOSSARY

The County Council receives a 'top-up sum'. Our local Districts and Boroughs are all tariff authorities. The NDR Baseline, Baseline Need, Tariff and Top up amounts should have all increased by RPI for 2015/16. As in 2014/15, the RPI increase in 2015/16 has been capped at 2%, as per the Chancellor's 2014 Autumn Statement announcement.

Those authorities that see a higher level of NDR income, compared to their **NDR Baseline**, should be rewarded through the scheme, as they will be able to retain an element of the extra revenue. However, authorities that have a lower level of NDR income will see a decline in their business rates taxbase and relative reductions in their funding. The new scheme also has a damping mechanism (or safety net) in place to limit individual losses. It is called damping as it 'dampens' the impact to lower volatility of any change in funding from year to year.

If authorities were to collect business rates at their NDR Baseline amount, the level of resources that they would receive (through NDR income and RSG) will be at their **settlement funding assessment** (i.e. they have neither lost nor gained from the business rates retention scheme). The figures published within the provisional settlement (announced on 18 December) provide the County Council with the following funding allocations at SFA:

Settlement Funding Allocations	2014/15 £m	2015/16 £m	Change £m	Change %
<b>WEST SUSSEX:</b>				
1. Revenue Support Grant	97.7	75.9	-21.8	-22.3%
2. Business Rate Allocation	70.6	71.9	1.3	1.8%
Settlement Funding Assessment (1 + 2)	<b>168.3</b>	<b>147.8</b>	<b>-20.5</b>	<b>-12.2%</b>
<b>ENGLAND - Total Settlement Funding Assessment</b>	24,112.2	20,758.5	-3,353.7	-13.9%

### Levy and Safety Net

#### The Levy

This will limit the amount that an individual authority can gain in cash terms for any given level of NDR growth. This has been set at 1:1, meaning that a 1% increase in NDR growth will translate into up to a 1% increase in retained business rates. The actual rate of the levy for individual authorities will therefore be set at a level that limits the growth in cash resources to a set percentage of their respective Baseline Funding Level. However, Government set an upper limit on the Levy of 50 pence in the pound (i.e. a 50% Levy rate as the maximum).

## **TABLE 9**

### **GLOSSARY**

All top up authorities, which includes the County Council, do not have to pay a levy. This is because the NDR Baseline is lower than the Baseline Funding Level for all top-up authorities. Only Tariff authorities (all District/Boroughs) must pay a levy if they have higher than a set amount of growth in their business rates.

#### **Safety Net**

The Safety Net within the Business Rates Retention system means no authority sees income fall by more than a set percentage of their baseline funding level (and this level is increased by RPI every year i.e. for 2015/16 this will be 2.3%). The government have now announced a Safety Net percentage of -7.5% for 2015/16 (i.e. the same percentage as previous years).

#### **Business Rates Income – how it is split**

##### **The Central Share**

The business rates retention scheme operates within the original Spending Review 2010 (SR10) control totals. In order to achieve this, the government “sets aside” a share of forecast national business rate income. This set aside amount is known as the central share and is set at 50%. This percentage will be fixed until any reset of the system i.e. re-assessing individual authorities’ baseline funding levels, potentially on the basis of a different assessment of need.

As this share is less than the spending totals for local authorities, the government provides the remaining Spending Review allocation for local government through Revenue Support Grant (RSG).

Under the business rates retention scheme, local government (as a sector) will retain 50% of any NDR growth (or decline) achieved locally.

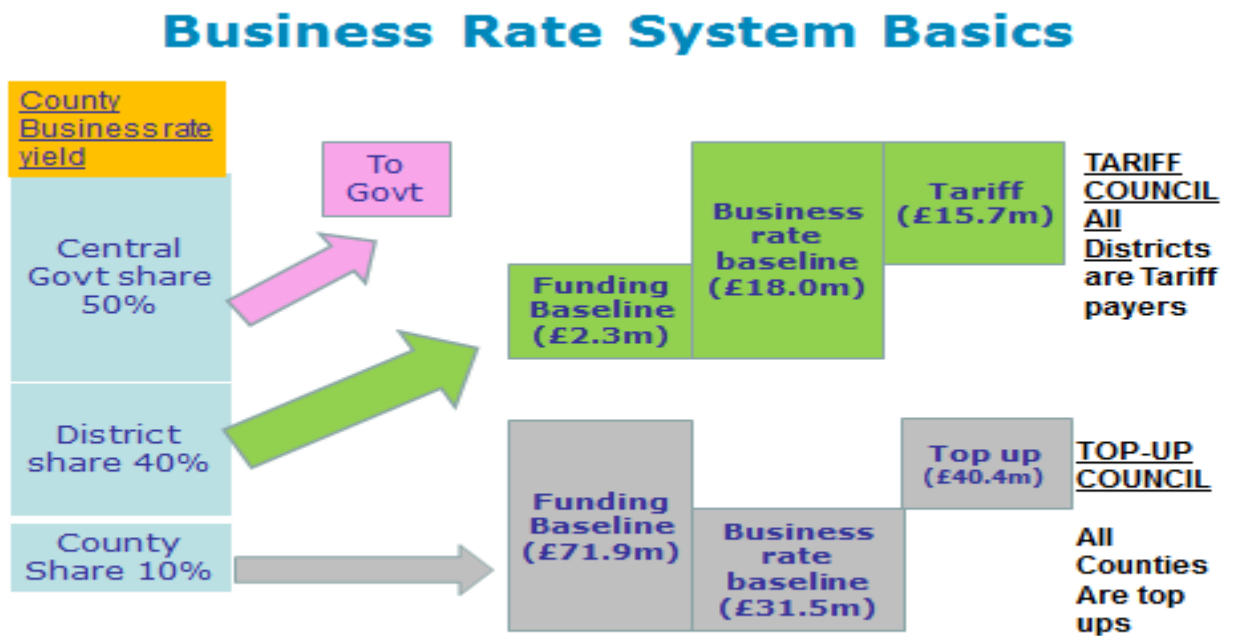
## TABLE 9 GLOSSARY

### Major precepting authorities

Each billing authority's business rates is split further between the billing authority and any relevant major precepting authorities in its area, in order to produce, for every authority, an individual authority business rates baseline. The split will be undertaken on the basis of the proposed major precepting authority shares: In two-tier areas – shire counties with fire – a district receives 80% and 20% goes to the county.

How the system works is shown below in chart form.

### ILLUSTRATION: BUSINESS RATE SYSTEM BASICS



NB District uses average figures for West Sussex as illustrative



## TABLE 9

### GLOSSARY

#### 2. OTHER FINANCIAL TERMS

##### Reserves, Balances And Provisions

We use the term **earmarked reserve** to describe funding which is held for a particular purpose, for instance financing future capital spending or claims paid from our self-insurance arrangements. Reserves are voluntary arrangements on our part: we choose to set money aside for future spending now, rather than find it all at once when we need to pay it. This is particularly the case with our Private Finance Initiative or **PFI reserves**, where we are putting money away now to fund the costs of 25-30 year projects such as renewing our street lighting and rebuilding and refurbishing Crawley schools.

A **provision** is similar to a reserve in that it is setting money aside for future spending. Provisions differ in that they relate to liabilities we already know about and can estimate with reasonable accuracy. When we talk about the level of balances and reserves held by the County, we exclude provisions because they are already committed to settling existing liabilities.

The term **balance** is often used interchangeably with "reserve". More precisely a balance is a sum held on the balance sheet which is not earmarked or committed. For the County Council that means the **General Fund**. The balance on the General Fund increases at the year-end if the budget is underspent, and reduces if it is overspent. The General Fund would normally be used to pay for sudden and large cost pressures which could not be met from elsewhere, for instance damage caused by severe flooding.

The County Council also maintains a general **contingency**. It is designed to meet cost pressures which arise during the year, but which were not anticipated when the budget was set. Any unspent contingency at the year-end goes to the General Fund. The contingency is part of the budget and replenished each year—unlike reserves, which are one-off funding. The 2015/16 budget has a contingency of around £4.7m.