

# Public Document Pack

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A meeting of the **Cabinet** will be held in Committee Room 2 at East Pallant House Chichester West Sussex on **Tuesday 6 February 2018 at 09:30**

MEMBERS: Mr A Dignum (Chairman), Mrs E Lintill (Vice-Chairman), Mr R Barrow, Mr J Connor, Mrs J Kilby, Mrs S Taylor and Mr P Wilding

## AGENDA SUPPLEMENT

This agenda supplement contains the appendices for agenda items 5, 6, 7 and 12

### 5 **Budget Spending Plans 2018-2019** (pages 1 to 55)

- Appendix 1 Draft Budget Spending Plan 2018-2019 incorporating appendices 1a to 1d:
  - Appendix 1a Draft Summarised Income and Expenditure Account.
  - Appendix 1b Analysis of major budget variations
  - Appendix 1c Capital and Projects Programme 2018-19 to 2022-23
  - Appendix 1d Asset Replacement Forecast 2018-19 to 2022-23
- Appendix 2 Capital Programme Resource Statement
- Appendix 3 Reserves Statement
- Appendix 4 Capital Prudential Indicators and MRP Policy

### 6 **Consideration of Consultation Responses and Modifications to Chichester District Council's Infrastructure Business Plan 2018-2023** (pages 56 to 78)

- Appendix 1: Summary of Representations and Proposed Modifications to the IBP
- Appendix 2: Chichester District Council's Infrastructure Business Plan 2017- 2022 as modified. [**Note** Due to its length the entire document is not part of this supplement (but may be viewed on Chichester District Council's website on the committee papers page for this meeting) and only an extract of the document, the CIL spending plan, is circulated herewith - however a monochrome hard copy will be placed in the Members Room at East Pallant House]

- 7      **Draft Treasury Management Strategy 2018-2019** (pages 79 to 114)
- Appendix 1 – Summary of amendments between 2017-2018 and 2018-2019
  - Appendix 2 - Treasury Management Policy Statement, Treasury Management Strategy Statement, Treasury Prudential Indicators and Annual Investment Strategy for 2018-2019.
  - Appendix 3 – Treasury Management Practices (TMPs) Extract of TMP 1 Risk Management.
  - Appendix 4 – Treasury Management Glossary
- 12      **Local Strategic Statement 3 and Statement of Common Ground** (pages 115 to 123)
- Report to West Sussex and Greater Brighton Strategic Planning Board – Future direction and role of the Strategic Planning Board

# Chichester District Council



# Budget Spending Plan 2018-19

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## INTRODUCTION

This document contains details of the Council's revenue and capital budget spending plans for the financial year 2018-19. The spending plans are formulated in accordance with the financial principles of the Financial Strategy as adopted by Council that results in a robust financial estimate of the resources needed to deliver Council Services in 2018-19.

The Council has a statutory duty to prepare a balanced annual revenue budget. It is also good financial management to do so within the context of the 5 year Financial Strategy taking into account the impact of the capital programme on the revenue budget.

2018-19 represents the eighth consecutive year of government funding cuts. In September 2016, members of the Council agreed a deficit reduction plan, and delegated authority to the Director of Corporate Services to take up the government's multi-year funding offer. On 16 November 2016 the Council received confirmation from the former Department for Communities and Local Government (DCLG) that the four year funding offer was agreed and that the Council "*can expect to receive the allocations published as part of the 2016-17 local government finance settlement in 2017-18, 2018-19 and 2019-20.*" The funding set out in the Council's 5 year Financial Strategy is therefore not expected to change.

### **Council Spending – Revenue Budget**

The Council's revenue budget requirement for 2018-19 is £12.988m (£10.674m excluding NHB). This represents a spending increase of 5% (or a 14.9% increase when excluding the NHB) over the base budget for 2017-18.

The budget requirement is calculated after deducting income from fees and charges. It has to be financed from Council Tax, Retained Business Rates, Revenue Support Grant and other Government Grants.

The proactive financial management of the council's medium term financial position, efficiencies made during the year, and progress with the deficit reduction programme, have placed the Council in the position of once again being able to balance the forthcoming financial year's budget. This is another major step towards the objective of securing the Council's financial stability over the medium term.

The revenue budget for 2018-19 is shown in the summarised Comprehensive Income and Expenditure statement. This summary provides the net cost of each Cabinet portfolio and also for the main services within each portfolio area.

The detailed budget preparation allows for some variations between budget centres which, when aggregated for the whole of the General Fund, have a neutral effect. These adjustments include:

- Approved virements between or within service budgets. The detailed estimates include some minor virements, requested by budget managers, which have no significant impact on the overall level of service provision.
- Notional capital charges for the use of assets included in individual budgets, for proper accounting standards purposes. For council tax setting purposes, these charges are neutralised as an adjustment between reserves.

An analysis and explanation of the major budget movements is also included in the pages that follow the summarised Comprehensive Income and Expenditure statement.

## **Council Spending – Capital Budget**

The 2018-19 budget includes a Capital Programme of £9.036m. Of this sum the following major schemes have been provided for:

- £2.7m for various housing grants including Disabled Facilities Grants and Affordable Housing Grants;
- £1.5m for the Asset Replacement Programme;
- £1.1m for the Development of Plot 21 Terminus Road; and,
- £0.9m for the Refurbishment & Redevelopment of St James Industrial Estate subject to approval

Further details can be found in the Capital and Projects Programme and Asset Replacement Programme sections of this document.

## **Council Tax**

The Government have confirmed that they will continue with the requirement for any "excessive" Council Tax increases to be determined by local referendum. Excessive is generally deemed to be 3% or £5 whichever is greater for all shire district authorities. They have also confirmed that a tax freeze grant will not be available for 2018-19. For Chichester District Council we are permitted to increase our Council Tax by £5 before triggering a referendum. This equates to a 3.32% increase, or less than 10 pence per week.

For 2018-19, Chichester District Council is proposing a council tax charge of £155.81, an increase of £5 on the charge for 2017-18.

## **Further information**

Further information about the budget spending plans may be obtained from the Financial Services Team at the Council headquarters at East Pallant House, 1 East Pallant, Chichester PO19 1TY.

If you have any questions on any of the information included in the Council's budget spending plans please contact the Financial Services Team on 01243 785166 or email [finance@chichester.gov.uk](mailto:finance@chichester.gov.uk).

**J. Ward CPFA**  
**Director of Corporate Services**



# **Summarised Comprehensive Income and Expenditure**

## Draft Summarised

## Comprehensive Income and Expenditure Account

	Budget 2017/18 £000	Budget 2018/19 £000
<b>Leader</b>		
Corporate Management	719	929
Property and Growth	346	256
Place	-3,961	-4,141
	<b>-2,896</b>	<b>-2,956</b>
<b>Community Services</b>		
Culture	2,023	1,444
Health Protection and Wellbeing	635	732
Careline	56	49
Communities	1,165	1,185
	<b>3,879</b>	<b>3,410</b>
<b>Corporate Services</b>		
Financial Services	1,218	1,237
Legal and Democratic Services	1,057	1,189
Business Support	2,506	2,687
	<b>4,781</b>	<b>5,113</b>
<b>Planning Services</b>		
Development Management	512	396
Planning Policy	412	1,237
	<b>924</b>	<b>1,633</b>
<b>Housing Services</b>		
Housing	2,034	1,821
	<b>2,034</b>	<b>1,821</b>
<b>Environment Services</b>		
Environmental Protection	1,019	1,209
Promotion and Events	234	342
	<b>1,252</b>	<b>1,551</b>
<b>Residents' Services</b>		
Chichester Contract Services	3,379	3,467
Revenues and Benefits	846	516
Customer Services	427	442
	<b>4,652</b>	<b>4,425</b>
<b>Cost of Services</b>	<b>14,625</b>	<b>14,997</b>



## Draft Summarised

## Comprehensive Income and Expenditure Account

	Budget 2017/18 £000	Budget 2018/19 £000
<b>Other Operating Expenditure</b>		
Internal Drainage Board Levy	49	0
<b>Financing and Investment Income and Expenditure</b>		
Interest and investment income	-633	-903
Changes in the value of Investments	0	565
Interest received on finance leases (lessor)	-95	-116
Interest payable on finance leases (lessee)	6	3
Investment Properties	-785	-962
Other Income	-30	-30
	<b>13,137</b>	<b>13,554</b>
<b><u>ITEMS NOT FUNDED BY COUNCIL TAX</u></b>		
Notional transactions for comparative and Accounting Code of Practice purposes	-4,053	-4,244
<b><u>Net transfer to or (from) reserves</u></b>		
<b><u>Earmarked Reserves</u></b>		
Asset Replacement Reserve	1,254	1,332
Capital Projects Reserve	-18	-56
Investment Opportunities Reserve	471	820
New Homes Bonus Reserve	3,050	2,314
New Homes Bonus Grants Reserve	-250	-250
Theatre and Gallery Reserve	-239	0
Elections Reserve	30	30
Other Reserves	-1,020	-409
<b><u>General Fund Reserve</u></b>	0	-103
	<b>3,278</b>	<b>3,678</b>
<b>DISTRICT COUNCIL REQUIREMENT</b>	<b>12,363</b>	<b>12,988</b>

## Budget Spending Plans 2018-19

The Council's estimated budget requirement for 2018-19 is £12.988m (£10.674m excluding NHB). This represents a spending increase of 5% (or a 14.9% increase when excluding the NHB) over the base budget for 2017-18. The movement can be analysed as follows:

<b><u>Major Variations</u></b>	<b><u>£000</u></b>
<b>Base Budget 2017-18</b>	<b>12,363</b>
<u>Expenditure budget increases (+14.2%)</u>	
1. Change in the value of investments	565
2. Pay Settlement	355
3. Chichester Festival Theatre and Pallant House Gallery	162
4. Planning Staffing posts	116
5. Net Inflation on Prices	103
6. NNDR payments	99
7. Pension Contributions	86
8. Salary increments	79
9. Insurance	42
10. CCS review of staff grading	40
11. Additional cleaning of A27 and A/B roads	30
12. Recycling advertising and promotions	26
13. Clinical waste contract	20
14. Street cleansing increase in fly-tips	15
15. Telecommunications	14
	1,752
<u>Expenditure budget decreases (-1.8%)</u>	
16. Rent Rebates and Rent Allowances (net)	-128
17. Internal Drainage Board Levy	-49
18. Council Tax Reduction Scheme Grant to Parish Councils	-39
Other minor variations (net)	-5
	-221
<u>Decreases in income (+3.1%)</u>	
19. Planning Fee Income	250
20. Loss of income from Arun DC shared Estates service arrangement	79
21. Building Control Income	57
	386
<u>Additional income (-12.9%)</u>	
22. Leisure Centre Management	-360
23. Car Parks Fees and Charges - inflation increase	-273
24. Estates rental and licence income	-244
25. Return on investments	-240
26. Investment Property	-192
27. Planning Fees (20% fee increase)	-150
28. Car Parks Fees and Charges – volume increase	-66
29. Green waste (net)	-50
30. Recycling credits receivable from WSCC	-26
	-1,601
<u>Service Efficiencies (-4.7%)</u>	
31. Savings arising from the review of Support Services	-260
32. Savings arising from staff restructures	-143
33. Savings from Senior Management restructure	-129
34. Reduction in bank charges	-25
35. Car Parks various budgets offered up as savings including reduction in G4S cash collection	-24
	-581

<b><u>Major Variations</u></b>	<b><u>£000</u></b>
<u>Growth Items (+4.2%)</u>	
36. Planning Policy Officer and 2 x Principal Planning Officers	156
37. Planning Inquiry Fees	60
38. Events and Marketing	50
39. Vision for the District	50
40. Estates Projects Post	45
41. Rough Sleeper Outreach Worker	40
42. Additional Corporate Counter Fraud Officer	31
43. Additional Loader for Green Waste service	30
44. Legal post to support General Data Protection Regulation	21
45. ICT Data Security	19
46. Air Quality equipment	15
47. Estates Excellence	6
	<hr/> 523
48. <u>Contribution to/from reserves – subject to Final Settlement (+9.1%)</u>	
Contribution to the Investment Opportunities Reserve (net movement)	349
Revenue contribution to the provision for future asset renewals	78
Business Rates Equalisation Reserve	401
Pay Review Contingency	300
	<hr/> 1,128
<b>Budget Requirement (excluding decrease in NHB)</b>	<b>13,749</b>
<u>NHB (movement in year) (-6.2%)</u>	-761
	<hr/>
<b>Budget Requirement 2018-19</b>	<b>12,988</b>
<hr/>	
<b>Financed By:</b>	
<u>Financial Settlement</u>	
Revenue Support Grant	0
Settlement related grants	152
	<hr/> 152
<u>Council Tax</u>	
Council Tax payers	8,227
Collection Fund surplus (Council Tax)	31
	<hr/> 8,258
<u>Business Rates Retention Scheme (BRRS)</u>	
Retained Business Rates	19,487
Business Rate Tariff payable to central government	-16,676
BRRS grants from central government	1,229
Business Rates Levy payable to central government (or to the West Sussex coastal pool)	-870
Collection Fund deficit (NDR)	-906
	<hr/> 2,264
<b>Funding excluding NHB</b>	<b>10,674</b>
NHB	2,314
	<hr/>
<b>Total Funding</b>	<b>12,988</b>
	<hr/>

An explanation of each of the major variances shown in the table above can be found in the following paragraphs:

### **Budget Increases**

1. Change in the value of investments (budget increase of £565,000)

From 2018-19 local authorities will adopt a new accounting standard for financial instruments (IFRS9). This follows a recent decision by the Chartered Institute of Public Finance and Accountancy (CIPFA) to adopt IFRS9. Although guidance is awaited as to how this standard will impact on the Council, it is clear that it will result in increased costs to the annual budget, unless the Government issue a "statutory override" to nullify the effect.

Under current accounting rules, any change in the capital value of financial instruments such as the Council's investment in the CCLA Property Fund, and multi asset bonds are not realised, and therefore do not impact on the budget, until they are disposed of. Under IFRS9 however that position now changes. In future the Council will be required to charge capital valuation losses (and gains) to the revenue budget as and when the valuations arise. In effect this requires us to turn what was previously just a book entry into a real cost (or gain) at each balance sheet date i.e. 31 March.

This will affect the Council in the following ways:

#### Classification and Measurement

The Council currently holds a £10m investment in the CCLA property fund. On purchasing this the Council incurred an initial loss due to transaction costs such as stamp duty, legal fees etc. Although the capital value is increasing, and over time we would expect the value to increase beyond the initial £10m outlay, we are currently still carrying a "book loss" of £0.5m. This will need to be budgeted for in the 2018-19 financial year.

#### Impairment of Investments

There is a requirement for The Council to budget for potential losses on loans, deposits etc. Officers have estimated that this could be in the region of £65k. This needs to be budgeted for in 2018-19.

#### Summary

In summary, this change in accounting treatment will change what has been a book entry into a real cost.

Officers are currently lobbying the Ministry of Housing, Communities and Local Government (MHCLG) to request the Government consider issuing a "statutory override". This is common practice, and enables other costs that in the private sector would impact on the bottom line of an organisation to be neutralised in the public sector.

2. Pay Settlement (budget increase of £354,800)

The 2018-19 base budget includes provision for a 2% pay increase.

3. Chichester Festival Theatre and Pallant House gallery (budget increase of £161,500)

The Chichester Festival Theatre will receive £187.5k and the Pallant House Gallery will receive £130k in 2018-19; total funding of £317.5k. In 2017-18 these organisations received £394.5k funded from the remaining balance of £238.5k in the Theatre and Gallery Reserve and £156k from the base budget. The reduced level of funding from 2018-19 of £317.5k is now funded entirely from the base budget.

4. Planning Staffing Posts (budget increase of £115,700)

Additional posts approved by Cabinet in September 2017 - Development Manager, Planning Officer and a Planning Apprentice.

5. Net Inflation on prices (budget increase of £103,000)  
This takes into account cost inflation of £268k which is offset against income inflation (excluding car parks) of -£165k. General inflation has been estimated at 3%.
6. NNDR Payments (budget increase of £98,900)  
Overall increase in business rates payable on council owned properties due to the phased reduction to the transitional relief received as a result of the impact of the 2017 rating list.
7. Pension Contributions (budget increase of £86,200)  
0.7% contribution increase from 20.30% to 21.00%. Annual pension cost = £2.7m.
8. Salary Increments (budget increase of £79,300)  
The impact of incremental drift on council staff salaries.
9. Insurances (budget increase of £42,400)  
Removal of historical income budgets for insurance settlements from the base budget.
10. CCS review of staff grading (budget increase of £40,000)  
Cabinet in March 2017 approved a new grading structure for operatives at CCS at a total cost of £92.6k. This has been partly funded from additional trade waste income (£30k), and the removal of a vacant post (£22.6k).
11. Additional cleaning of A27 and A&B roads (budget increase of £30,000)  
Approved service provision approved by Cabinet in September 2017.
12. Recycling advertising and promotions (budget increase of £26,000)  
In order to maintain resident engagement and to meet expectations on further performance, a comprehensive rather than a piecemeal approach to promoting and educating residents about recycling is required. The Action Plan is being updated for 2018/19 to reflect this approach via a continuation of communication efforts alongside targeted project work and an ongoing revenue budget requirement of £26,000 has been identified to support delivery. This additional budget is being funded from the anticipated increase in recycling credits (see note 30).
13. Clinical waste contract (budget increase of £19,800)  
The contract for the collection of clinical has now been outsourced. Over the last 12 months the number of people requesting the service has increased by 10%. This number is not fixed and the trend is increasing and therefore it is expected that additional budget will be needed in 2018-19. This is not a chargeable service as it classified as domestic waste.
14. Street cleansing increase in fly-tips (budget increase of £14,500)  
The trend over the last two years has been of increasing numbers of incidents. This is reflected nationally. In addition there have been a greater number of hazardous fly-tips i.e. asbestos, which are expensive to clear.
15. Telecommunications (budget increase of £14,000)  
Increase to reflect actual expenditure in previous years, mainly due to the additional cost of making calls to mobile telephone numbers.

#### **Budget decreases**

16. Rent rebates and rent allowances (net) (budget decrease of £127,700)  
Net decrease in Housing Benefit Subsidy and expenditure. The net impact of Housing Benefit payments after the receipt of government subsidy is extremely difficult to predict as it is influenced by caseload volume, changing economic conditions and also government initiatives that affect the value of payments made and also the levels of subsidy provided. The forecast for the current financial year indicates that expenditure will fall to £34.5 million compared to the outturn for 2016-17 of £35.8 million. The budget estimate of £31.0 million for 2018-19 reflects a reduction of 10% on 2017-18 as an estimate of the impact of changes to Housing Benefit entitlement. The council is estimated to receive £30.3 million Housing Benefit

Subsidy. The net cost to the Council (excluding the recovery of overpayments) has reduced from £842k to £714k.

17. Internal Drainage Board Levy (budget decrease of £48,900)  
The Internal Drainage Board has been dissolved so the levy is no longer payable.
18. CTR Grant to Parish Councils (budget decrease of £39,200)  
Reduction in Council Tax Reduction (CTR) scheme grant paid to Parish Councils as agreed at December 2017 Cabinet. Total sum payable in 2018-19 is £75,892.

#### **Decrease in income**

19. Planning Fee Income (decrease in income of £250,000)  
Estimated reduction in the volume of applications being received.
20. Loss of income from Arun DC shared Estates service agreement (decrease in income of £79,100)  
This shared Estates service arrangement has ended as Arun DC wished to take the service back in-house.
21. Building Control income (decrease in income of £57,000)  
Income estimate reflects current workload. Total Building Control income is estimated to be £415.5k.

#### **Additional Income**

22. Leisure Centre Management (additional income of £360,400)  
The income the Council will receive from the leisure management contract will increase from £179k to £539k in year 3 of the ten year contract.
23. Car Parks Fees and Charges – inflation increase (additional income of £273,300)  
Increase in charges as agreed by Cabinet in November 2017. Total income from car parking is estimated to be £6.00m of which £268.5k from Pay and Display income, £4.9m from Season Ticket income, £835.3k licence income and £34.2k rental income. This does not include the Civil Parking Enforcement function.
24. Estates rentals and licence income (additional income of £244,200)  
Most significant changes are: Enterprise Centre £124k, Terminus Road £83k (mainly Plot 21 at £55k) and St James' Industrial Estate £23k. Total Estates rental income is estimated to be £1.7m.
25. Return on investments (additional income of £240,000)  
Dividend received as a result of the Council investing in pooled investments. Total return on investments is estimated at some £900k for 2018-19, of which £183k is transferred to the Capital Projects Reserve and £720k supports the Council's Revenue budget.
26. Investment Properties (additional income of £192,200)  
Barnfield Drive £46k and 2-3 East Street Chichester £146k. Total income from Investment properties is estimated to be £985K.
27. Planning fees (additional income of £150,000)  
Impact of 20% fee increase. Total income from Planning fees is estimated to be £1.27m.
28. Car Parks Fees and Charges - volume increase (additional income of £65,500)  
£13k additional income relating to the extra spend by customers using phone /app (MiPermit) as opposed to coins. Additionally income from the introduction of evening charges in the Chichester City car parks is generating some £52,800 more than was anticipated.

29. Net additional Green waste income as a result of advertising campaign (additional income of £50,000)  
New business as a result of an advertising campaign in 2016-17 is expected to generate additional income of £106k in 2018-19. £56k of this income is to be used to fund the Business Development Officer post.
30. Recycling credits receivable from WSCC (additional income of £26,000)  
This forecast increase in recycling credits is being used to fund recycling advertising and promotions (see note 12).

### **Service Efficiencies**

31. Savings arising from review of Support Services (budget decrease of £260,200)  
The review of Support Services has generated the following savings:
- Revenues and Housing Benefits £152k
  - Customer Services £31k
  - Audit Services £50k
  - ICT £14k
  - Legal Services £13k
32. Savings arising from staffing restructures (budget decrease of £142,200)  
Further staffing restructures have produced the following savings:
- Car Parks £16k
  - Estates £64k
  - Housing £30k
  - Communities £18k
  - Electoral Services £15k
33. Savings from Senior Management Restructure (budget decrease of £129,100)  
Savings arising from the approved Senior Management restructure
34. Reduction in bank charges (budget decrease of £25,000)  
Reduction in bank charges as part of the Procurement review.
35. Car Parks various budgets offered up as savings including the reduction in G4S cash collection( budget decrease of £24,200)  
Reduction in G4S cash collection costs (£9k) as result of customers increased use of electronic payment methods. The remainder are various smaller budgets offered up as efficiency savings.

### **Growth Items**

36. Planning Policy Officer and 2 x Principal Planning Officers (budget increase of £156,400)  
Additional Planning Policy posts to support the Local Plan review. This growth item was approved by Council on 23 January 2018.
37. Planning Inquiry Fees (budget increase of £60,000)  
Actual costs of inquiries have exceeded the budget provision on a regular basis.
38. Events and Marketing (budget increase of £50,000)  
A number of new areas for generating income have been suggested in commercial training sessions held with council officers. One of the suggestions has involved putting on events. If events are held on our land then the income would offset the employee costs, however if the events are not directly run by ourselves it would boost the tourism offer and visitor spend in the district. It is anticipated that this post will become self-funded after year two. The budget bid for includes an events and marketing budget of £10k, and a staffing budget of £40k for two years only.

39. Vision for the District (budget increase of £50,000)  
This is an estimate of the revenue implications after the capital expenditure for projects has been completed, such as wayfinding, public realm, and enhancements to the parks. This relates to whole district not just the city of Chichester.
40. Estates Service – New Post to support projects (budget increase of £45,000)  
The Estates Service is operating at capacity and there are a number of new projects coming forward in addition to the impact on Estates of projects led by other service areas.
41. Rough Sleeper Outreach Sleeper (budget increase of £40,000)  
There is the potential for the number of Rough Sleepers to increase as a result of universal credit. We currently share a full time post with Arun DC funded by Rough Sleeper Grant. This is new full time post.
42. Additional Corporate Counter Fraud Officer (budget increase of £30,500)  
Additional staffing resource to enable the Corporate Counter Fraud team to work on additional areas of work such as business rates. This should be self-funding via Business Rates retention.
43. Additional Loader Green Waste (budget increase of £30,000)  
Service to eventually become self-funding but investment needed to create round to meet the next five years growth targets.
44. Legal Services post to support General Data Protection Regulation (GDPR) (budget increase of £20,900)  
A new post to support compliance to the General Data Protection Regulation.
45. ICT Data Security (budget increase of £19,000)  
Improving data security through the purchase of third party software to prevent non-CDC devices accessing our network.
46. Air Quality equipment (budget increase of £15,000)  
Community based initiatives. A members working group is considering Air Quality evidence from various sources and new government policy in order to update Action Plan.
47. Estates Excellence (budget increase of £6,000)  
'Estates Excellence' was a Sussex wide initiative undertaken some years ago focussed on improving health and safety on industrial estates, providing focussed training to address identified areas of health and safety risk or weakness. It is proposed to re-run the initiative in our main industrial estates with the aim of reducing accidents in the work place.

#### **Contributions to/from reserves**

48. Contributions to/from reserves - subject to Final Settlement (an increase of £1,128,000)  
A contribution to reserves of £820k has been set aside for new investment opportunities. This represents a £349k increase on the base budget contribution from 2017-18. Use of this reserve will follow the normal project approval process via Cabinet and Council (depending on value).

Inflationary increase in contribution to the Asset Replacement Programme (ARP) (£36k), and additional contribution for the Revenues and Benefits Northgate system (£42k) funded from the restructuring of the service. Total contribution to the ARP is £1.3m.

The budget for 2018-19 also includes a £738k contribution from the Business Rates Equalisation Reserve (£1.139m in 2017-18). This reserve is used to account for the net effect of timing differences between funds recognised in the Council's General Fund in accordance with accounting rules and the timing of cash payments received from Central Government.

A pay review contingency of £300k has been provided for in the 2018-19 base budget. This was included in the Financial Strategy considered by Cabinet in December 2017.





# Cabinet Portfolios

# LEADER OF THE COUNCIL PORTFOLIO

## Council Leader



Cllr Mr A (Tony) Dignum  
Tel: 01243 538585  
Email: tdignum@chichester.gov.uk

**£000**

### Summary

Employee costs	2,471
Other running costs	2,416
Capital charges	702
Income	-8,545
Net Cost	<b>2,956</b>

### Area of Responsibility included in Summary:

#### Corporate Management

Employee costs	883
Other running costs	40
Capital charges	8
Income	-2
	<b>929</b>

#### Property and Growth

Employee costs	986
Other running costs	576
Capital charges	423
Income	-1,729
	<b>256</b>

#### Which includes:

##### Building Services

Employee costs	248
Other running costs	23
Capital charges	3
Income	0
	<b>274</b>

##### Economic Development

Employee costs	291
Other running costs	173
Capital charges	5
Income	-42
	<b>427</b>

## LEADER OF THE COUNCIL PORTFOLIO

### Estates Services

Employee costs	447
Other running costs	380
Capital charges	415
Income	-1,687
	<b>-445</b>

### Place

Employee costs	602
Other running costs	1,800
Capital charges	271
Income	-6,814
	<b>-4,141</b>

### Which includes:

#### Car Parks

Employee costs	541
Other running costs	1,409
Capital charges	185
Income	-6,780
	<b>-4,645</b>

#### Footway Lighting

Employee costs	0
Other running costs	4
Capital charges	0
Income	0
	<b>4</b>

#### Public Conveniences

Employee costs	39
Other running costs	385
Capital charges	86
Income	-28
	<b>482</b>

#### Vision

Employee costs	22
Other running costs	2
Capital charges	0
Income	-6
	<b>18</b>

Full details of Cabinet Member Responsibilities can be found in the Council Website at <http://chichester.moderngov.co.uk/mgCommitteeDetails.aspx?ID=135>.

# COMMUNITY SERVICES PORTFOLIO

## Deputy Leader and Cabinet Member for Community Services



Cllr Mrs Eileen Lintill  
 Tel: 01798 342948  
 Email: [elintill@chichester.gov.uk](mailto:elintill@chichester.gov.uk)

**£000**

### Summary

Employee costs	2,355
Other running costs	2,609
Capital charges	944
Income	-2,498
Net Cost	<b>3,410</b>

### Area of Responsibility included in Summary:

#### Culture

Employee costs	383
Other running costs	1,028
Capital charges	884
Income	-851
	<b>1,444</b>

#### Which includes:

#### Arts Development

Employee costs	0
Other running costs	50
Capital charges	4
Income	-50
	<b>4</b>

#### Leisure and Sports Development

Employee costs	26
Other running costs	4
Capital charges	9
Income	0
	<b>39</b>

#### Leisure Centres Contract Management

Employee costs	20
Other running costs	68
Capital charges	666
Income	-503
	<b>251</b>

## COMMUNITY SERVICES PORTFOLIO

### Novium Museum and Tourist Information

Employee costs	333
Other running costs	525
Capital charges	200
Income	-225
	<b>833</b>

### Pallant House Gallery and Chichester Festival Theatre

Employee costs	4
Other running costs	381
Capital charges	5
Income	-73
	<b>317</b>

### Health Protection & Wellbeing

Employee costs	669
Other running costs	349
Capital charges	11
Income	-297
	<b>732</b>

### Commercial and Public Safety

Employee costs	371
Other running costs	76
Capital charges	6
Income	-8
	<b>445</b>

### Health Development

Employee costs	258
Other running costs	223
Capital charges	4
Income	-289
	<b>196</b>

### Emergency Planning

Employee costs	36
Other running costs	36
Capital charges	0
Income	0
	<b>72</b>

### Pest Control

Employee costs	4
Other running costs	14
Capital charges	1
Income	0
	<b>19</b>

### Careline

Employee costs	759
Other running costs	274
Capital charges	16
Income	-1,000
	<b>49</b>

## COMMUNITY SERVICES PORTFOLIO

### **Communities**

Employee costs	544
Other running costs	958
Capital charges	33
Income	-350
	<b>1,185</b>

Which includes:

### **CCTV**

Employee costs	0
Other running costs	206
Capital charges	19
Income	-15
	<b>210</b>

### **Community Engagement**

Employee costs	142
Other running costs	690
Capital charges	6
Income	-172
	<b>666</b>

### **Community Safety**

Employee costs	402
Other running costs	62
Capital charges	8
Income	-163
	<b>309</b>

Full details of Cabinet Member Responsibilities can be found in the Council Website at <http://chichester.moderngov.co.uk/mgCommitteeDetails.aspx?ID=135>.

# CORPORATE SERVICES PORTFOLIO

## Cabinet Member for Corporate Services



Cllr Mr Peter Wilding

Tel: 01428 707324

Email: [pwilding@chichester.gov.uk](mailto:pwilding@chichester.gov.uk)

### Summary

	<b>£000</b>
Employee costs	3,142
Other running costs	1,626
Capital charges	367
Income	-22
Net Cost	<b>5,113</b>

### Area of Responsibility included in Summary:

#### Financial Services

Employee costs	906
Other running costs	322
Capital charges	13
Income	-4
	<b>1,237</b>

#### Which includes:

#### Accountancy Services

Employee costs	629
Other running costs	70
Capital charges	10
Income	-2
	<b>707</b>

#### Audit Services

Employee costs	181
Other running costs	18
Capital charges	2
Income	0
	<b>201</b>

#### Strategic Financial Services

Employee costs	0
Other running costs	225
Capital charges	0
Income	-2
	<b>223</b>

## CORPORATE SERVICES PORTFOLIO

### Health and Safety

Employee costs	96
Other running costs	9
Capital charges	1
Income	0
	<b>106</b>

### Legal and Democratic Services

Employee costs	651
Other running costs	524
Capital charges	21
Income	-7
	<b>1,189</b>

#### Which includes:

#### Legal Services

Employee costs	289
Other running costs	437
Capital charges	16
Income	0
	<b>742</b>

#### Democratic Representation

Employee costs	319
Other running costs	83
Capital charges	4
Income	-7
	<b>399</b>

#### Procurement

Employee costs	43
Other running costs	4
Capital charges	1
Income	0
	<b>48</b>

### Business Support

Employee costs	1,585
Other running costs	780
Capital charges	333
Income	-11
	<b>2,687</b>

#### Which includes:

#### Elections

Employee costs	173
Other running costs	106
Capital charges	5
Income	-1
	<b>283</b>

#### ICT

Employee costs	854
Other running costs	58
Capital charges	13
Income	-3
	<b>922</b>



## CORPORATE SERVICES PORTFOLIO

### Corporate Improvement and Facilities

Employee costs	316
Other running costs	583
Capital charges	311
Income	-7
	<b>1,203</b>

### Human Resources and Payroll

Employee costs	242
Other running costs	33
Capital charges	4
Income	0
	<b>279</b>

Full details of Cabinet Member Responsibilities can be found in the Council Website at <http://chichester.moderngov.co.uk/mgCommitteeDetails.aspx?ID=135>.

# PLANNING SERVICES PORTFOLIO

## Cabinet Member for Planning Services



Cllr Mrs Susan Taylor  
Tel: 01243 514034  
Email: [staylor@chichester.gov.uk](mailto:staylor@chichester.gov.uk)

### Summary

	<b>£000</b>
Employee costs	2,623
Other running costs	473
Capital charges	579
Income	-2,042
<b>Net Cost</b>	<b>1,633</b>

### Area of Responsibility included in Summary:

#### Development Management

Employee costs	1,940
Other running costs	392
Capital charges	29
Income	-1,965
	<b>396</b>

#### Which includes:

##### **Planning Enforcement**

Employee costs	201
Other running costs	61
Capital charges	5
Income	-4
	<b>263</b>

##### **Development Management**

Employee costs	1,739
Other running costs	331
Capital charges	24
Income	-1,961
	<b>133</b>

## PLANNING SERVICES PORTFOLIO

### Planning Policy

Employee costs	683
Other running costs	81
Capital charges	550
Income	-77
	<b>1,237</b>

Which includes:

### **Conservation and Design**

Employee costs	54
Other running costs	40
Capital charges	1
Income	-8
	<b>87</b>

### **Planning Policy**

Employee costs	629
Other running costs	41
Capital charges	549
Income	-69
	<b>1,150</b>

Full details of Cabinet Member Responsibilities can be found in the Council Website at <http://chichester.moderngov.co.uk/mgCommitteeDetails.aspx?ID=135>.

# HOUSING SERVICES PORTFOLIO

## Cabinet Member for Housing Services



Cllr Mrs Jane Kilby

Tel: 01243 773494

Email: [jkilby@chichester.gov.uk](mailto:jkilby@chichester.gov.uk)

	<b>£000</b>
<b>Summary</b>	
Employee costs	993
Other running costs	2,181
Capital charges	40
Income	-1,393
<b>Net Cost</b>	<b>1,821</b>

### Area of Responsibility included in Summary:

#### Housing

Employee costs	993
Other running costs	2,181
Capital charges	40
Income	-1,393
	<b>1,821</b>

#### Which includes:

##### Housing Options

Employee costs	406
Other running costs	350
Capital charges	34
Income	-523
	<b>267</b>

##### Housing Investments

Employee costs	389
Other running costs	1,831
Capital charges	6
Income	-870
	<b>1,356</b>

##### Homelessness Prevention

Employee costs	198
Other running costs	0
Capital charges	0
Income	0
	<b>198</b>

Full details of Cabinet Member Responsibilities can be found in the Council Website at <http://chichester.moderngov.co.uk/mgCommitteeDetails.aspx?ID=135>.

# ENVIRONMENT SERVICES PORTFOLIO

## Cabinet Member for Environment Services



Cllr Mr John Connor

Tel: 01243 604243

Email: jconnor@chichester.gov.uk

### Summary

	<b>£000</b>
Employee costs	1,723
Other running costs	850
Capital charges	240
Income	-1,262
Net Cost	<b>1,551</b>

### Area of Responsibility included in Summary:

#### Environmental Protection

Employee costs	1,137
Other running costs	675
Capital charges	229
Income	-832
	<b>1,209</b>

#### Which includes:

##### **Building Control**

Employee costs	410
Other running costs	58
Capital charges	6
Income	-416
	<b>58</b>

##### **Coastal Management and Land Drainage**

Employee costs	103
Other running costs	311
Capital charges	204
Income	-238
	<b>380</b>

##### **Environmental Protection**

Employee costs	414
Other running costs	126
Capital charges	10
Income	-46
	<b>504</b>

## ENVIRONMENT SERVICES PORTFOLIO

### Environmental Strategy

Employee costs	141
Other running costs	123
Capital charges	2
Income	-108
	<b>158</b>

### Foreshores

Employee costs	69
Other running costs	57
Capital charges	7
Income	-24
	<b>109</b>

### Promotion & Events

Employee costs	586
Other running costs	175
Capital charges	11
Income	-430
	<b>342</b>

### Which includes:

#### Consultation and Corporate Information

Employee costs	90
Other running costs	16
Capital charges	2
Income	0
	<b>108</b>

#### Licensing

Employee costs	250
Other running costs	39
Capital charges	5
Income	-353
	<b>-59</b>

#### Market and Farmers Market

Employee costs	19
Other running costs	29
Capital charges	1
Income	-51
	<b>-2</b>

#### Public Relations

Employee costs	227
Other running costs	91
Capital charges	3
Income	-26
	<b>295</b>

Full details of Cabinet Member Responsibilities can be found in the Council Website at <http://chichester.moderngov.co.uk/mgCommitteeDetails.aspx?ID=135>.

# RESIDENTS' SERVICES PORTFOLIO

## Cabinet Member for Residents' Services



Cllr Mr Roger Barrow

Tel: 01243 601100

Email: [rbarrow@chichester.gov.uk](mailto:rbarrow@chichester.gov.uk)

**£000**

### Summary

Employee costs	5,477
Other running costs	34,108
Capital charges	625
Income	-35,785
Net Cost	<b>4,425</b>

### Area of Responsibility included in Summary:

#### Chichester Contract Services

Employee costs	3,636
Other running costs	3,020
Capital charges	579
Income	-3,768
	<b>3,467</b>

#### Which includes:

##### **Cemeteries**

Employee costs	61
Other running costs	110
Capital charges	15
Income	-86
	<b>100</b>

##### **Grounds Maintenance**

Employee costs	319
Other running costs	217
Capital charges	21
Income	2
	<b>559</b>

##### **Parks and open Spaces**

Employee costs	43
Other running costs	298
Capital charges	60
Income	-302
	<b>99</b>

## RESIDENTS' SERVICES PORTFOLIO

### Street Naming and Numbering

Employee costs	33
Other running costs	12
Capital charges	0
Income	-2
	<b>43</b>

### Waste, Cleansing and Recycling Services

Employee costs	3,180
Other running costs	2,383
Capital charges	483
Income	-3,380
	<b>2,666</b>

### Revenues and Benefits

Employee costs	1,343
Other running costs	30,924
Capital charges	34
Income	-31,785
	<b>516</b>

#### Which includes:

#### Revenues Services

Employee costs	820
Other running costs	280
Capital charges	16
Income	-545
	<b>571</b>

#### Housing Benefits

Employee costs	523
Other running costs	30,644
Capital charges	18
Income	-31,240
	<b>-55</b>

### Customer Services & Land Charges

Employee costs	498
Other running costs	164
Capital charges	12
Income	-232
	<b>442</b>

#### Which includes:

#### Customer Services

Employee costs	422
Other running costs	118
Capital charges	10
Income	-3
	<b>547</b>



## RESIDENTS' SERVICES PORTFOLIO

### Land Charges

Employee costs	76
Other running costs	46
Capital charges	2
Income	-229
	<b>-105</b>

Full details of Cabinet Member Responsibilities can be found in the Council Website at <http://chichester.moderngov.co.uk/mgCommitteeDetails.aspx?ID=135>.



# **Capital and Projects Programme 2018-19**

Capital Financing Summary	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
<b>Capital Receipts</b>						
Capital Receipts Reserve	634,200	82,100	1,486,800	954,200	736,000	187,800
<b>Revenue Financing</b>						
Capital Projects Fund / General Revenue Reserves	8,178,100	2,947,300	0	0	0	0
Chichester Warm Homes Reserve	122,200	0	0	0	0	0
Asset Replacement Fund	2,600,700	1,440,900	904,300	1,789,500	1,767,500	1,815,500
Commutated Payments (S106)	23,600	1,085,000	210,000	76,300	0	0
New Homes Bonus	1,328,200	250,000	250,000	250,000	250,000	300,000
Community Infrastructure Levy (CIL)	20,000	140,000	1,835,000	1,410,000	1,675,000	1,250,000
Investment Opportunity Fund	2,589,100	0	0	0	0	0
Housing Investment Fund	285,000	0	0	0	0	0
<b>Capital Grants</b>						
Disabled Facilities Grants	2,069,800	750,000	800,000	850,000	900,000	950,000
Environment Agency coastal grants	348,100	212,500	212,500	212,500	0	0
Other Housing Grants	195,000	511,100	370,000	310,000	0	0
Other Contributions	208,900	49,000	0	0	0	0
<b>Funding Totals</b>	<b>18,552,900</b>	<b>7,467,900</b>	<b>6,068,600</b>	<b>5,852,500</b>	<b>5,328,500</b>	<b>4,503,300</b>

Project	Total Approved Budget £	Total Prior Years Payments £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2021/22 £
<b>LEADER</b>								
<b>Place</b>								
Electric Vehicle Charging Points	143,900	0	143,900	0	0	0	0	0
<b>Place Total</b>	<b>143,900</b>	<b>0</b>	<b>143,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Property &amp; Growth</b>								
Upgrade of Heating and Ventilation Systems, SW, EPH	186,300	159,500	26,800	0	0	0	0	0
Enterprise Centre (Plot 12 Terminus Road)	6,245,900	573,200	5,672,700	0	0	0	0	0
Plot 21 Terminus Road - Development	2,083,000	190,500	776,000	1,116,500	0	0	0	0
Investment Opportunity 2	1,650,000	1,626,800	23,200	0	0	0	0	0
Investment Opportunity 4	3,717,000	0	3,717,000	0	0	0	0	0
Developing a New Strategy for the Visitor Economy	265,000	0	47,100	67,900	50,000	50,000	50,000	0
New Employment Land - Retaining & attracting businesses	40,000	0	0	40,000	0	0	0	0
St. James Industrial Estate - Future development options	25,000	9,100	15,900	0	0	0	0	0
Midhurst Vision **	12,500	0	0	12,500	0	0	0	0
Selsey Vision **	10,500	0	0	10,500	0	0	0	0
Bracklesham Bay Land/Asset Opportunities **	55,000	0	0	32,500	22,500	0	0	0
The Old Bakery, Petworth **	52,500	0	0	30,000	22,500	0	0	0
<b>Property &amp; Growth Total</b>	<b>14,342,700</b>	<b>2,559,100</b>	<b>10,278,700</b>	<b>1,309,900</b>	<b>95,000</b>	<b>50,000</b>	<b>50,000</b>	<b>0</b>
<b>Regeneration</b>								
Southern Gateway - Masterplanning	194,500	81,200	113,300	0	0	0	0	0
Southern Gateway - Initial Implementation	155,000	1,600	153,400	0	0	0	0	0
Chichester City - Preparing a Vision for the City	65,000	57,900	7,100	0	0	0	0	0
<b>Regeneration Total</b>	<b>414,500</b>	<b>140,700</b>	<b>273,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>LEADER TOTAL</b>	<b>14,901,100</b>	<b>2,699,800</b>	<b>10,696,400</b>	<b>1,309,900</b>	<b>95,000</b>	<b>50,000</b>	<b>50,000</b>	<b>0</b>

Project	Total Approved Budget £	Total Prior Years Payments £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2021/22 £
<b>COMMUNITY SERVICES</b>								
<b>Culture</b>								
Tower Street	6,905,000	6,892,100	12,900	0	0	0	0	0
The Guildhall, Chichester - Improvement to heating & lighting	30,000	15,600	14,400	0	0	0	0	0
<b>Culture Total</b>	<b>6,935,000</b>	<b>6,907,700</b>	<b>27,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Communities</b>								
Bracklesham Bay - Use of S106	1,986,700	1,955,100	21,600	0	0	0	0	0
Petworth Leisure Facilities (Skatepark)	831,900	761,900	70,000	0	0	0	0	0
The Novium Museum - Option appraisal	55,000	40,600	14,400	0	0	0	0	0
The Novium Museum - Market testing	25,600	0	25,600	0	0	0	0	0
New Homes Bonus Scheme 2016-17 Allocation	173,300	162,100	11,200	0	0	0	0	0
New Homes Bonus Scheme 2017-18 Allocation	189,100	0	189,100	0	0	0	0	0
New Homes Bonus Scheme 2018-22 Allocation	1,300,000	0	0	250,000	250,000	250,000	250,000	300,000
Grants Portal 2016-17 Allocation	144,400	79,100	65,300	0	0	0	0	0
Grants Portal 2017-18 Allocation	106,500	0	106,500	0	0	0	0	0
Grants Portal 2018-22 Allocation	923,900	0	0	183,000	183,000	184,100	186,000	187,800
Careline - Business plan	10,000	3,600	6,400	0	0	0	0	0
Gypsies and Travellers Transit Site	151,400	71,100	80,300	0	0	0	0	0
<b>Communities Total</b>	<b>5,897,800</b>	<b>3,083,500</b>	<b>590,400</b>	<b>433,000</b>	<b>433,000</b>	<b>434,100</b>	<b>436,000</b>	<b>487,800</b>
<b>COMMUNITY SERVICES TOTAL</b>	<b>12,832,800</b>	<b>9,991,200</b>	<b>617,700</b>	<b>433,000</b>	<b>433,000</b>	<b>434,100</b>	<b>436,000</b>	<b>487,800</b>
<b>HOUSING SERVICES</b>								
<b>Housing</b>								
Discretionary Private Sector Renewal Grants and Loans	1,769,300	1,135,000	217,500	150,000	150,000	116,800	0	0
Mandatory Disabled Facilities Grants	11,909,000	5,589,200	2,069,800	750,000	800,000	850,000	900,000	950,000
Rural Housing Fund	1,500,000	1,040,500	0	200,000	259,500	0	0	0
Rural Enabler Post (Homefinder scheme)	105,000	103,000	2,000	0	0	0	0	0
Affordable Housing Capital Fund	2,980,400	480,400	500,000	500,000	500,000	500,000	500,000	0
Affordable Housing Grant Fund	1,371,300	0	0	1,085,000	210,000	76,300	0	0
Home Extensions & Conversions (for Hyde properties)	200,000	42,700	0	35,000	35,000	87,300	0	0
Homeless Prevention Fund - Mortgage Rescue	50,000	7,400	17,000	8,600	8,500	8,500	0	0
Under-Occupied Properties	66,000	40,200	7,500	5,000	5,800	7,500	0	0
Chichester Warm Homes Initiative	379,400	53,900	274,500	51,000	0	0	0	0
22 Freeland Close - Purchase	235,000	0	235,000	0	0	0	0	0
Community Led Housing	1,386,100	0	195,000	511,100	370,000	310,000	0	0
<b>Housing Total</b>	<b>21,951,500</b>	<b>8,492,300</b>	<b>3,518,300</b>	<b>3,295,700</b>	<b>2,338,800</b>	<b>1,956,400</b>	<b>1,400,000</b>	<b>950,000</b>
<b>HOUSING SERVICES TOTAL</b>	<b>21,951,500</b>	<b>8,492,300</b>	<b>3,518,300</b>	<b>3,295,700</b>	<b>2,338,800</b>	<b>1,956,400</b>	<b>1,400,000</b>	<b>950,000</b>

Project	Total Approved Budget £	Total Prior Years Payments £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2021/22 £
<b>CORPORATE SERVICES</b>								
<b>Business Support</b>								
NWOW - Electronic Document Mgt	38,000	33,500	0	4,500	0	0	0	0
EPH - Asset options appraisal	10,000	0	10,000	0	0	0	0	0
Pay Policy - Comprehensive Review	50,000	8,000	42,000	0	0	0	0	0
CRM Stage 2 Rollout	54,400	37,600	0	16,800	0	0	0	0
CRM Stage 2 - Temp IT Analyst Post	40,000	10,900	0	29,100	0	0	0	0
<b>Business Support Total</b>	<b>192,400</b>	<b>90,000</b>	<b>52,000</b>	<b>50,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Services</b>								
Finance Management System (FMS)	231,100	228,400	2,700	0	0	0	0	0
<b>Financial Services Total</b>	<b>231,100</b>	<b>228,400</b>	<b>2,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CORPORATE SERVICES TOTAL</b>								
	<b>423,500</b>	<b>318,400</b>	<b>54,700</b>	<b>50,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PLANNING SERVICES</b>								
<b>Development Management</b>								
Development Plan	1,031,900	853,400	48,000	130,500	0	0	0	0
Masterplanning Strategic Sites	100,000	21,700	64,300	14,000	0	0	0	0
<b>Development Management Total</b>	<b>1,131,900</b>	<b>875,100</b>	<b>112,300</b>	<b>144,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Planning Policy</b>								
Local Plan Review	735,000	19,300	215,700	250,000	250,000	0	0	0
Enhancements to Lavant Biodiversity Opportunity Area (project 194)	50,000	0	10,000	40,000	0	0	0	0
School access improvements - Chichester (project 657)	50,000	0	0	0	50,000	0	0	0
School access improvements - Bourne (project 660)	50,000	0	0	0	0	0	50,000	0
School places E-W Chichester (project 330)	1,200,000	0	0	0	1,200,000	0	0	0
School places Bourne's (project 331)	1,200,000	0	0	0	0	0	1,200,000	0
School places Manhood Peninsula (project 332)	1,200,000	0	0	0	0	0	0	1,200,000
Sustainable transport corridor - city centre to Portfield (project 656)	500,000	0	0	0	25,000	50,000	425,000	0
Sustainable transport corridor - city centre to Westhamphett (project 353)	500,000	0	0	0	500,000	0	0	0
Medical Centre West of Chichester (project 398)	1,300,000	0	0	0	0	1,300,000	0	0
School access improvements - Manhood (project 659)	50,000	0	0	0	0	0	0	50,000
Local land drainage East Beach Sea Outfall (project 293)	100,000	0	0	100,000	0	0	0	0
Brandy Hole Copse (project 196)	10,000	0	10,000	0	0	0	0	0
RTPI screens at Chichester City Project 355	120,000	0	0	0	60,000	60,000	0	0
<b>Planning Policy Total</b>	<b>7,065,000</b>	<b>19,300</b>	<b>235,700</b>	<b>390,000</b>	<b>2,085,000</b>	<b>1,410,000</b>	<b>1,675,000</b>	<b>1,250,000</b>
<b>PLANNING SERVICES TOTAL</b>								
	<b>8,196,900</b>	<b>894,400</b>	<b>348,000</b>	<b>534,500</b>	<b>2,085,000</b>	<b>1,410,000</b>	<b>1,675,000</b>	<b>1,250,000</b>

Project	Total Approved Budget £	Total Prior Years Payments £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
<b>ENVIRONMENT SERVICES</b>							
<b>Environmental Protection</b>							
Beach Management Plan Works (Selsey, Bracklesham and East Wittering)	2,613,500	1,627,900	348,100	212,500	212,500	212,500	0
Coast Protection at Lifeboat Way, Selsey	175,000	161,600	13,400	0	0	0	0
<b>Environmental Protection Total</b>	<b>2,788,500</b>	<b>1,789,500</b>	<b>361,500</b>	<b>212,500</b>	<b>212,500</b>	<b>212,500</b>	<b>0</b>
<b>ENVIRONMENTAL SERVICES TOTAL</b>	<b>2,788,500</b>	<b>1,789,500</b>	<b>361,500</b>	<b>212,500</b>	<b>212,500</b>	<b>212,500</b>	<b>0</b>
<b>RESIDENTS' SERVICES</b>							
<b>Contract Services (CCS)</b>							
Priority Park - Phase 1 Options appraisal	30,000	0	30,000	0	0	0	0
Closed cemeteries - Essential structural repairs	65,000	0	0	65,000	0	0	0
CCS Vehicle Wash Project **	126,000	0	0	126,000	0	0	0
<b>Contract Services (CCS) Total</b>	<b>221,000</b>	<b>0</b>	<b>30,000</b>	<b>191,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Revenues &amp; Housing Benefits</b>							
Revs & Bens and Customer Services Project	327,000	1,400	325,600	0	0	0	0
<b>Revenues &amp; Housing Benefits Total</b>	<b>327,000</b>	<b>1,400</b>	<b>325,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>RESIDENTS' SERVICES TOTAL</b>	<b>548,000</b>	<b>1,400</b>	<b>355,600</b>	<b>191,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROGRAMME OF CAPITAL PROJECTS TOTAL</b>	<b>61,642,300</b>	<b>24,187,000</b>	<b>15,952,200</b>	<b>6,027,000</b>	<b>5,164,300</b>	<b>4,063,000</b>	<b>2,687,800</b>
<b>Asset Replacement Programme Total</b>			<b>2,600,700</b>	<b>1,440,900</b>	<b>904,300</b>	<b>1,789,500</b>	<b>1,815,500</b>
<b>TOTAL CAPITAL SPEND</b>			<b>18,552,900</b>	<b>7,467,900</b>	<b>6,068,600</b>	<b>5,852,500</b>	<b>4,503,300</b>

Projects marked with (\*\*) are subject to a full Project Initiation Document (PID)



# **Asset Replacement Projects Programme 2018-19**



Project	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
<b>LEADER</b>						
<b>Property &amp; Growth</b>						
Westgate Leisure Centre - New pool heat exchangers	7,500	0	0	0	0	0
Westgate Carbon Trust 2014	24,300	0	0	0	0	0
Westgate LC - Auto & manual door replacement	30,000	0	0	0	0	0
Westgate LC - Replace curtain walling (Southern fire escape)	0	40,000	0	0	0	0
Westgate LC - Pool hail refurbishment	0	0	0	50,000	0	0
Bourne LC - Air conditioning replacement	20,000	0	0	0	0	0
Bourne LC - Auto Doors Replacement	0	0	0	0	0	16,000
Bourne LC - Electrical Distribution Boards & Cables	0	0	0	0	0	8,000
Novium - Internal floors & ceilings	13,000	0	0	0	0	0
Novium - Flat roof repairs	0	0	8,000	0	0	0
Novium - Lighting replacement	20,000	0	0	0	0	0
Novium - Mechanical pumps	0	0	0	6,000	0	0
Novium - Carpets	0	0	0	0	0	3,000
Novium - Resin Floor	0	0	0	0	0	3,000
NWOW - EPH Lighting Replacement	4,300	3,700	0	0	0	0
NWOW - EPH Internal Floors & Ceilings	1,400	137,900	0	10,000	0	0
NWOW - EPH Air Conditioning Replacement	26,700	4,500	0	0	0	8,000
EPH - Members Kitchen Refurbishment	0	12,000	0	0	0	0
EPH - Floor Finishes	0	0	0	10,000	0	0
EPH - Lift Replacement	35,000	0	0	0	0	0
EPH - CCTV Replacement	700	9,300	0	0	0	0
EPH - New boiler plant	0	0	0	50,000	0	0
EPH - Auto door replacement	8,000	8,000	0	0	0	0
EPH - Flat roof repairs	10,000	0	0	0	0	0
EPH - Fire alarm & electric lighting	0	0	0	60,000	0	0
EPH - Electricity distribution boards & cables	0	0	0	40,000	0	0
EPH - UPS batteries	0	12,000	0	0	12,000	0
EPH - Folding machine	0	0	10,000	0	0	0
EPH - Access / door control system	0	35,000	0	0	0	0
EPH - Pitched roof repairs	0	0	0	0	20,000	0
EPH - AHU Plant Refurbishment / Replacement	0	0	0	0	0	15,000
EPH - Office Furniture & Chairs	10,700	10,000	10,000	10,000	10,000	10,000
Careline - UPS System - Batteries	6,000	0	0	0	0	6,000
Careline - Air conditioning	6,000	0	5,000	0	0	0
Careline - UPS System Complete replacement	0	0	8,000	0	0	0
Careline - Floor finishes	5,000	0	0	0	0	0
Careline - Replace Generator (outside building)	0	23,000	0	0	0	0

Project	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Caroline - Internal Space Reconfiguration/Refurbishment	0	8,000	0	0	0	0
Westhampnett Depot - Refurbishment	190,200	0	0	0	0	0
Westhampnett Depot - General Resurfacing	0	0	200,000	0	0	0
Westhampnett Depot - Replace standby generator	0	32,000	0	0	0	0
Westhampnett Depot - Central Service Bays doors	0	13,000	0	0	0	0
Westhampnett Depot - Workshop fire separating wall	0	0	10,000	0	0	0
<b>Property &amp; Growth Total</b>	<b>418,800</b>	<b>348,400</b>	<b>251,000</b>	<b>236,000</b>	<b>42,000</b>	<b>69,000</b>
<b>Place</b>						
ADC Car Park Years 1 & 2 - Structural Replacement	80,000	0	0	0	0	0
ADC Car Park Year 3 - Essential Upgrade Vehicle Perimeter Barriers	100,000	0	0	0	0	0
ADC Refurbishment (incl Towers refurbishment)	257,700	0	0	0	0	0
ADC Car Park - Lighting replacement	160,000	0	0	0	0	0
ADC Car Park Year 3 - Upgrade Pedestrian Railings	150,000	0	0	0	0	0
ADC Car Park - Pump replacement	0	0	0	0	10,000	0
ADC Car Park - Bridge Repairs	0	0	0	0	0	5,000
Play and Display Machine replacement	110,100	0	0	0	0	0
CCCTV - Camera Replacement Costs	25,000	25,000	25,000	25,000	25,000	25,000
Marine Drive Selsey Public Convenience	0	12,000	0	0	0	0
Power Street Chichester Public Convenience	0	80,000	0	0	0	0
Northgate Chichester Public Convenience	0	120,000	0	0	0	0
Market Road Chichester Public Convenience	0	0	0	0	150,000	0
Bracklesham Bay Public Convenience	0	325,000	0	0	0	0
Bosham Public Convenience	0	0	120,000	0	0	0
Priory Park Public Convenience	0	0	0	150,000	0	0
Itchenor Public Convenience	0	0	0	0	20,000	0
East Beach Selsey Public Convenience	0	0	0	0	0	150,000
Public conveniences - Wallgate Replacement programme	0	25,000	0	30,000	0	0
<b>Place Total</b>	<b>882,800</b>	<b>587,000</b>	<b>145,000</b>	<b>205,000</b>	<b>205,000</b>	<b>180,000</b>
<b>Promotion &amp; Events</b>						
Farmers Market Canopies	400	10,000	0	10,000	0	10,000
<b>Promotion &amp; Events Total</b>	<b>400</b>	<b>10,000</b>	<b>0</b>	<b>10,000</b>	<b>0</b>	<b>10,000</b>
<b>LEADER TOTAL</b>	<b>1,302,000</b>	<b>945,400</b>	<b>396,000</b>	<b>451,000</b>	<b>247,000</b>	<b>259,000</b>

Project	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
<b>COMMUNITY SERVICES</b>						
Culture						
Oaklands Park - Resurface Tennis Courts	9,200	0	0	0	33,000	0
Oaklands Park - Power wash / relime	0	0	0	0	3,000	0
<b>Culture Total</b>	<b>9,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36,000</b>	<b>0</b>
<b>COMMUNITY SERVICES TOTAL</b>	<b>9,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36,000</b>	<b>0</b>
<b>PLANNING SERVICES</b>						
Environmental Protection						
Foreshores - Floatation suits	0	3,000	0	0	0	0
<b>Environmental Protection Total</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PLANNING SERVICES TOTAL</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>HOUSING SERVICES</b>						
Housing						
Westward House - Laundry equipment	0	5,000	0	0	0	0
Westward House - Fire alarm & emergency lighting	0	0	0	0	0	35,000
Westward House - Internal Finishes	0	0	0	0	0	12,000
Westward House - Floor Finishes	0	0	0	0	0	15,000
<b>Housing Total</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62,000</b>
<b>HOUSING SERVICES TOTAL</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62,000</b>
<b>CORPORATE SERVICES</b>						
Business Support						
NWOW - Relocation of Relate / CAB from Theatre Lane	18,900	0	0	0	0	0
Website Gateway Infrastructure	0	0	19,800	0	0	0
Software Application Upgrades	20,000	20,000	20,000	20,000	20,000	20,000
Website Enhancements - Channel Shift	11,400	0	0	0	0	0
NWOW - General desktop replacements	68,500	62,000	62,000	62,000	62,000	62,000
Scanners	2,100	0	0	0	0	0
Citrix Upgrade	15,000	0	0	15,000	0	0
Remote Access VPN	30,000	0	0	0	15,000	0
Printers	15,000	0	0	0	0	0
Network Hardware	37,700	24,000	24,000	24,000	24,000	24,000
VM Ware (Virtual Servers)	12,500	9,000	9,000	9,000	9,000	9,000
GIS Intranet Mapping Licences	0	0	10,000	0	0	0

Project	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Network Monitoring Equipment	0	0	10,000	0	0	0
Website Enhancements / Astun / NDL Hardware	10,000	0	0	0	0	10,000
SAN Additional Storage	12,600	0	0	15,000	0	0
Corporate Backups	0	0	20,000	0	0	0
Website Hardware	0	0	65,000	0	0	0
Lagan Upgrade	0	0	25,000	0	0	0
Exchange upgrade	0	15,000	0	0	0	0
Replacement (SUN Server)	0	66,000	0	0	0	0
SAN Infrastructure	0	55,000	0	0	0	0
Contact Centre Switch	0	25,000	0	0	0	0
Wireless Servers	0	15,000	0	0	0	0
SQL Server Licences	0	0	0	0	15,000	0
Telephone System	125,400	0	0	0	0	0
PSN / Compliance Health Checks	10,500	7,000	7,000	7,000	7,000	7,000
ICT Business Continuity	0	20,000	0	0	20,000	0
TOMS upgrade	10,000	0	10,000	0	0	10,000
Software Asset Replacement	0	0	0	0	0	400,000
<b>Business Support Total</b>	<b>399,600</b>	<b>318,000</b>	<b>281,800</b>	<b>152,000</b>	<b>172,000</b>	<b>542,000</b>
<b>CORPORATE SERVICES TOTAL</b>	<b>399,600</b>	<b>318,000</b>	<b>281,800</b>	<b>152,000</b>	<b>172,000</b>	<b>542,000</b>
<b>ENVIRONMENT SERVICES</b>						
Environmental Protection						
Environment Services - Purchase of Equipment	1,000	2,000	1,000	0	1,000	0
Sound Level Meter	0	9,000	0	9,000	0	0
PM10 TEOM Analyser	0	0	0	10,000	0	0
Ozone Analyser - Lodsworth	0	0	0	10,000	0	0
<b>Environmental Protection Total</b>	<b>1,000</b>	<b>11,000</b>	<b>1,000</b>	<b>29,000</b>	<b>1,000</b>	<b>0</b>
<b>ENVIRONMENT SERVICES TOTAL</b>	<b>1,000</b>	<b>11,000</b>	<b>1,000</b>	<b>29,000</b>	<b>1,000</b>	<b>0</b>

Project	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
<b>RESIDENTS' SERVICES</b>						
<b>Contract Services (CCS)</b>						
MUGA Whyke - Resurface	0	0	0	15,000	0	0
MUGA Florence Road - Resurface	0	0	0	25,000	0	0
Play Area and Leisure facilities	0	0	0	150,000	0	0
South Pond - Revetments replacement	0	0	0	0	20,000	0
Priory Park (White) Timber Pavilion*	0	0	150,000	0	0	0
CCS / Non CCS Vehicle Replacement	813,400	104,000	20,000	923,000	1,247,000	864,000
Vehicle Workshops - Equipment Replacement	4,000	2,000	2,000	2,000	2,000	2,000
Depot refurbishment - Air heaters	22,000	0	0	0	0	0
Sandbags	0	10,000	0	0	0	0
Vehicle workshops - Vehicle pit covers	7,000	0	0	0	0	7,000
Vehicle workshops - Vehicle pit jacks	0	0	6,000	0	0	0
Vehicle workshops - Roller brake tester	0	0	0	0	0	30,000
Vehicle workshops - 4 post vehicle lift	0	0	0	0	0	7,000
Vehicle workshops - Smoke / emissions tester	0	0	5,000	0	0	0
<b>Contract Services (CCS) Total</b>	<b>846,400</b>	<b>116,000</b>	<b>183,000</b>	<b>1,115,000</b>	<b>1,269,000</b>	<b>910,000</b>
<b>Revenues &amp; Housing Benefits</b>						
R&B Northgate support	42,500	42,500	42,500	42,500	42,500	42,500
<b>Revenues &amp; Housing Benefits Total</b>	<b>42,500</b>	<b>42,500</b>	<b>42,500</b>	<b>42,500</b>	<b>42,500</b>	<b>42,500</b>
<b>RESIDENTS' SERVICES TOTAL</b>	<b>888,900</b>	<b>158,500</b>	<b>225,500</b>	<b>1,157,500</b>	<b>1,311,500</b>	<b>952,500</b>
<b>Total Asset Replacement Fund</b>	<b>2,600,700</b>	<b>1,440,900</b>	<b>904,300</b>	<b>1,789,500</b>	<b>1,767,500</b>	<b>1,815,500</b>

\* Project subject to separate report & PID linked to Priory Park Options Appraisal

## Capital Programme Resource Statement 2017-18 to 2022-23

Position as at January 2018

Resource description	Jan 2018 (2017-18 to 2022-23)	<i>Memo: New Homes Bonus included in Col (B)</i>
(A)	(B)	(C)
	<b>£m</b>	<b>£m</b>
<b>Reserves at April 2017</b>	<b>43.653</b>	<b>9.466</b>
Contribution to Asset Replacement Fund	7.702	
Repayment of SLM advance	1.323	
Less Commitments:		
- Insurance Fund	-0.266	
- Provision for one-off costs of future service reductions	-0.966	
- Cultural Grants	-0.239	
- Housing Reserve	-0.765	
- Minimum level of reserves	-6.300	
- Other Earmarked Funding	-8.086	
<b>Non committed reserves</b>	<b>36.056</b>	<b>9.466</b>
<b>New Resources</b>		
- Right to Buy (RTB) receipts	0.300	
- Asset Sales	7.199	
- Interest on Investments	1.448	
- New Homes Bonus Scheme 2017-18 & 2018-19	5.389	5.389
- Other Reserves (grants, s106, revenue contributions etc)	17.145	
<b>Available Resources</b>	<b>67.537</b>	<b>14.855</b>
<b>Current Capital &amp; Projects Programme</b>	<b>-37.455</b>	<b>-2.628</b>
<b>Current Asset Replacement Programme</b>	<b>-10.318</b>	
<b>Uncommitted Resource (*)</b>	<b>19.764</b>	<b>12.227</b>

*(\*) Uncommitted Resource does not include any New Homes Bonus Grant received after 2018-19*

## CHICHESTER DISTRICT COUNCIL

## Statement of Reserves

Reserves	Balance at 31 <sup>st</sup> March 2017 £000	Purpose of the Reserve	How and when can reserve be spent	Authorisation required for use of reserve	Frequency of review for reserve adequacy
<b>REVENUE RESERVES</b>					
General Fund Reserve	12,247	This general reserve is used to fund non-recurring expenditure such as the capital programme, Policy Initiatives and emergencies. The reserve is used to finance any general fund deficits and is conversely credited with any surplus.	Use of this general reserve is reviewed by the Director of Corporate Services and Senior Leadership Team as part of the annual budget setting process and a 5 year Financial Strategy. Approval for non-recurring expenditure to be funded from this reserve must be sought from the Cabinet, and Council if greater than £100,000.	The Cabinet and delegated powers granted to the Director of Corporate Services.	Annually as part of the 5 year Financial Strategy and as part of the budget process i.e. funding the capital programme.

<b>Reserves</b>	<b>Balance at 31<sup>st</sup> March 2017 £000</b>	<b>Purpose of the Reserve</b>	<b>How and when can reserve be spent</b>	<b>Authorisation required for use of reserve</b>	<b>Frequency of review for reserve adequacy</b>
Revenue Budget Support Reserve  (As approved by Council in January 2018, the balance in this reserve has now been transferred to Council's General Fund Reserve)	1,300	The Council's 5 year Financial Strategy and plan includes the earmarking of £1.3m as available to support the revenue budget over the next five years should conditions dictate.	Approval to spend subject to reports to the Cabinet.	The Council	Annually as part of the 5 year Financial Strategy.
Housing Reserve	1,000	A reserve set aside to fund housing investment projects.	Approval to spend subject to reports to the Cabinet.	The Council	Annually as part of the 5 year Financial Strategy.
Theatre & Gallery Reserve	238	A reserve to provide ongoing financial support to the Chichester Festival Theatre and Pallant House Gallery.	Subject to funding agreements that are approved by the Cabinet.	The Council	Annually
Restructuring Reserve	966	A reserve earmarked to cover the potential one-off costs of future service reductions.	Approval to spend subject to approval by Cabinet and the Chief Executive.	Delegated powers to the Chief Executive.	Annually



Reserves	Balance at 31 <sup>st</sup> March 2017 £000	Purpose of the Reserve	How and when can reserve be spent	Authorisation required for use of reserve	Frequency of review for reserve adequacy
Capital Projects Fund	5,227	This reserve is earmarked to support the funding of the Council's approved capital programme.	As determined by the Director of Corporate Services when formulating the financing of the capital programme as part of the 5 year Financial Strategy.	The Council	Annually
Asset Reserve	6,563	To provide for the future replacement of plant and equipment, vehicles and information technology. The fund is replenished by repayments from revenue and interest generated from the Council's treasury management activities.	Approval to spend subject to reports to the Cabinet and Council.	The Council	Annually
Carry Forwards Reserve	121	A reserve containing the funds to finance approved carry forwards from the previous financial year.	Funds approved by the Cabinet to finance carry forwards from the previous financial year.	Corporate Governance & Audit Committee ↓ The Council	Annually

<b>Reserves</b>	<b>Balance at 31<sup>st</sup> March 2017 £000</b>	<b>Purpose of the Reserve</b>	<b>How and when can reserve be spent</b>	<b>Authorisation required for use of reserve</b>	<b>Frequency of review for reserve adequacy</b>
New Homes Bonus Reserve	9,466	A reserve containing the funds received under the New Homes Bonus Scheme.	Approval to spend subject to reports to the Cabinet.	The Council	Annually
Grants and Contributions Reserve	704	A reserve to hold external funds the Council has received where the condition(s) of the grant or contribution has been met but not all the expenditure has been incurred.	Funds held in this reserve are released once the qualifying expenditure relating to the grant or contribution is incurred.	Director of Corporate Services	Annually
Rent Deposits Reserve	216	A reserve to hold external funds the Council has received and revenue contributions the Council has made to fund the award of rent deposits to housing applicants	Applications received under the Rent Deposit Scheme are considered by Councils' Housing Team.	Director of Housing & Communities	Annually

<b>Reserves</b>	<b>Balance at 31<sup>st</sup> March 2017 £000</b>	<b>Purpose of the Reserve</b>	<b>How and when can reserve be spent</b>	<b>Authorisation required for use of reserve</b>	<b>Frequency of review for reserve adequacy</b>
Pump Prime Initiative	168	A one-off reserve created as part of the approved 2013-14 budget, to help fund pump prime initiatives where the primary objective is to help reduce the base budget in future years	Approval to spend subject to reports to the Cabinet as per approved delegation authority.	For individual initiatives <£20,000 – delegated to the Chief Executive and Cabinet Member for Finance.  For individual initiatives >£20,000 – Cabinet	Annually
Investment Opportunities Reserve	2,119	A reserve created to principally fund investments that aim to generate increased income. Its aim is to generate higher returns than currently available for alternative cash investments.	Approval to spend subject to reports to the Cabinet.	The Council	Annually
Building Repairs Reserve	204	A reserve set up to provide for slippage in the annual building repairs and maintenance programme.	As determined by the Director of Corporate Services.	Director of Corporate Services provided the funds are used for the purpose that the reserve was created.	Annually

<b>Reserves</b>	<b>Balance at 31<sup>st</sup> March 2017 £000</b>	<b>Purpose of the Reserve</b>	<b>How and when can reserve be spent</b>	<b>Authorisation required for use of reserve</b>	<b>Frequency of review for reserve adequacy</b>
Insurance Fund	266	A reserve to provide for a mechanism of self-insurance to meet potential liabilities arising from uninsured losses i.e. policy excesses and where external insurance cover is not available or uneconomic. The reserve is replenished by premium contributions from the Council's revenue budget.	As determined by the Director of Corporate Services	Director of Corporate Services provided the funds are used for the purpose that the reserve was created.	Annually
New Homes Bonus Grants Reserve	162	Grant funding of projects to reward those communities taking new housing growth. Represents grants awarded but not yet drawn down.	Applications made by Parish Councils for funding are considered by the Grants and Concessions Panel.	Grants and Concessions Panel	Annually
Elections Reserve	119	To provide for the funding of future District Council Elections. The reserve is replenished by annual contributions from the Council's revenue budget.	As determined by the Director of Corporate Services.	Director of Corporate Services provided the funds are used for the purpose that the reserve was created.	Annually

<b>Reserves</b>	<b>Balance at 31<sup>st</sup> March 2017 £000</b>	<b>Purpose of the Reserve</b>	<b>How and when can reserve be spent</b>	<b>Authorisation required for use of reserve</b>	<b>Frequency of review for reserve adequacy</b>
Retained Business Rates Equalisation Reserve	1,478	A reserve set up to account for timing differences relating to the accounting transactions required under the Business Rates Retention Scheme.	Funds held in this reserve are released annually when the Business Rates Collection Fund is closed at the end of the financial year.	Director of Corporate Services	Annually
Grants and Concessions Reserve	233	To provide for the future funding of the Grants and Concessions Panel. This reserve receives an annual contribution from the Council's revenue budget.	As determined by the Director of Corporate Services when formulating the financing of the capital programme as part of the 5 year Financial Strategy.	The Council	Annually
Chichester Warm Homes Initiative Reserve	122	A reserve that received the repurposing of the balance remaining in the former Carbon Reduction Fund. The purpose of the reserve is to provide funding to the most vulnerable residents living in the poorest housing in the district with an adequate and efficient heating system.	Applications for funding are assessed by the Council's existing Energy Visiting officers to ensure they meet the qualifying criteria of the scheme.	Director of Housing & Communities	Annually

Reserves	Balance at 31 <sup>st</sup> March 2017 £000	Purpose of the Reserve	How and when can reserve be spent	Authorisation required for use of reserve	Frequency of review for reserve adequacy
Other Reserves	734	Minor reserves and funds earmarked to be used for specific items of future expenditure.	These reserves and funds are earmarked for specific items of future expenditure.	Director of Corporate Services provided the funds are used for the purpose that the reserve was created.	Annually
<b>Total Revenue Reserves</b>	<b>43,653</b>				

#### CAPITAL RESERVES

Usable Capital Receipts Reserve	0	Receipts that arise from the sale of Council assets. These resources can only be used to finance the Council's capital programme.	All scheme proposals are considered as part of the Capital Strategy and funding allocated to schemes based upon the Council's capital prioritisation process.	The Council	Annually
<b>Total Capital Reserves</b>	<b>0</b>				
<b>Total Reserves</b>	<b>43,653</b>				

### Prudential Indicators and MRP Statement 2018/19

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives the Prudential Code sets out a number of indicators, some of which are set out below. The remaining indicators are set out in the Treasury Management Strategy 2018-19.

**Estimates of Capital Expenditure:** The Authority's planned capital expenditure and financing may be summarised as follows. Further detail is provided in Appendix 1c (Capital and Projects Programme 2018-19 to 2022-23) and Appendix 1d (Asset Replacement Forecast 2018-19 to 2022-23) to this Budget Report.

Capital Expenditure and Financing	2017/18 Rev £m	2018/19 Est £m	2019/20 Est £m	2020/21 Est £m	2021/22 Est £m	2022/23 Est £m
<b>Total Expenditure</b>	<b>18.553</b>	<b>7.468</b>	<b>6.069</b>	<b>5.853</b>	<b>5.329</b>	<b>4.503</b>
Capital Receipts	0.634	0.082	1.487	0.954	0.736	0.188
Government Grants	2.613	1.474	1.383	1.373	0.900	0.950
Other Contributions	0.252	1.274	2.045	1.486	1.675	1.249
Reserves	10.779	4.388	0.904	1.790	1.768	1.816
Revenue	4.275	0.250	0.250	0.250	0.250	0.300
<b>Total Financing</b>	<b>18.553</b>	<b>7.468</b>	<b>6.069</b>	<b>5.853</b>	<b>5.329</b>	<b>4.503</b>

**Ratio of Financing Costs to Net Revenue Stream:** This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2017/18 Rev	2018/19 Est	2019/20 Est	2020/21 Est	2021/22 Est	2022/23 Est
General Fund	-5.88%	-5.48%	-6.39%	-6.58%	-6.26%	-6.08%

The estimates of financing costs reflect the Budget Spending Plans for 2018-19 to be reported to Cabinet on 6 February 2018 and considered by Council on 6 March

2018. These indicators have been updated to reflect the current phasing of the capital programme and the effect on the cash flow forecasts for investments. The fact that the percentages remain negative shows that the investment interest remains an income source to the Council.

### **Annual Minimum Revenue Provision Statement 2018-19**

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Department for Communities and Local Government's *Guidance on Minimum Revenue Provision* (the CLG Guidance) most recently issued in 2012.

The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The CLG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement only incorporates options recommended in the Guidance:

Whilst the Council's General Fund Capital Financing Requirement is expected to remain negative as at 31st March 2018, if the CLG Guidance is adhered to there should be no MRP charge in 2018-19. However, as identified whilst preparing the 2014-15 statutory accounts a finance lease for the Multi-functional devices was identified which adjusted the negative CFR position, and as such an MRP charge of £29,000 will be required in 2018-19 in accordance with the Council's MRP policy.

The Council's MRP policy for all borrowing after 31<sup>st</sup> March 2008 is based on the asset life method.

*For new borrowing whether supported by the Government or not, MRP provision will be made over the estimated life of the asset for which the borrowing is undertaken. This will be done on a straight line basis in-line with the asset life determined for depreciation purposes and the MRP provision will commence in the financial year following the one in which the asset becomes operational.*

MRP is payable in the financial year following that in which the capital expenditure was incurred. The guidance allows for an important exception to this rule. In the



case of expenditure on a new asset, MRP would not have to be charged until the financial year following the year in which the asset became operational. In respect of major schemes, this would enable an “MRP Holiday” delaying the on-set of the revenue charge for possibly up to 2 or 3 years.

Based on the Council’s estimate of its Capital Financing Requirement on 31<sup>st</sup> March 2018, the budget for MRP has been set is set at **£29,000 for 2018-19** due to the MRP required for the MFD finance lease.

Authority/ organisation	Name of Contact	Email address	Representations	Recommended changes following consultation
WSSCC	Nathan Elvery, Chief Executive Officer	<a href="mailto:Nathan.elvery@westsussex.gov.uk">Nathan.elvery@westsussex.gov.uk</a>  Darryl Hemmings,  Caroline West	<p><u>Waste</u> There are currently no waste infrastructure projects in the 'list of all projects from all funding sources'. The existing waste infrastructure, its current and future capacities, usage, operation and configuration, is an integral part of the Waste Infrastructure Review being carried out by West Sussex County Council. An initial outcome from this work, for Chichester District, is the need for the reconfiguration of Westhampnett transfer station/Household waste recycling site in order to increase capacity to meet future demands from planned housing delivery across the area.</p> <p>Considering the type and source of waste that enters and is sorted at the site, as well as the planned housing delivery in the wider area, Chichester District Council is requested to identify 50% of the overall project cost estimate of £5m in the Infrastructure Delivery Plan for future CIL funding and subsequent consideration for prioritisation. The works are expected to take place in the medium to long term (2024-2029).</p> <p><u>Flooding and Drainage</u> The flood risk management schemes are consistent and in line with what is expected, however costs and details may require further refinement in future. The list reflects, at this current time and detail of knowledge, what would be potentially suitable to attract CIL funding, with one further project suggested to be included in the short term. As Lead Local Flood Authority the County Council would encourage early collaboration and engagement on any future scheme development brought forward from the IBP.</p> <p>The further project to be included in the Infrastructure Business Plan, is the Parklands Chichester daylighting of culvert with landscaping to create the primary benefit of natural flood attenuation / reduced downstream flood risk, additional benefits include improved amenity and biodiversity. An outline scheme is recommended in the Surface Water Management Plan (SWMP) for the Whitehouse Farm development at a provisional cost of £500k. There is a drainage connection (300mm culvert) between the proposed Whitehouse Farm development and the Parklands Estate. Insufficient is known about the exact nature of the drainage network to fully assess the degree of connectivity between Whitehouse Farm and Parklands. However, the proposal has the scope to reduce surface water flooding as occurred in 2013 as well as providing significant improvements in public amenity and biodiversity in the area.</p>	<p>This new infrastructure project will be added to the IBP/710.</p> <p>The scheme is primarily driven by the need for flood risk alleviation of the lower Parklands Estate, a key driver is habitat compensation for loss of open watercourse resulting from culverting for crossover accesses throughout the Whitehouse Farm SDL. On this basis S106 rather than CIL may be the appropriate funding Mechanism. This project will therefore be included within the IBP/711 but the funding source is not yet clear.</p>

			<p><u>Highways</u>  <b>IBP 353</b> - The National Productivity Investment Fund (NPIF) bid the County Council put forward for IBP 353 was unsuccessful. The County Council are considering the scope and timescales, as well as alternative sources for funding in order to progress this project. At this time we request that the funding profile remains as in the IBP 2018/2023 document. We will update the District Council as further feasibility work is progressed.</p> <p><b>IBP 339</b> - Further work undertaken by Arun District Council indicates the following cost estimates for the following junctions:-</p> <ul style="list-style-type: none"> <li>• Junction 7 A27/A29 Fontwell Eastern Roundabout – remains £380,000 - £595,000</li> <li>• Junction 17 A29/A259 Rowan Way junction improvement - £416,000 – 620,000; and</li> <li>• Junction 18 A29/A259 Felpham Relief Road Roundabout improvement) - £428,000 - £638,000</li> </ul> <p>The Enterprise Bognor Regis Transport Review (September 2017) builds on the Arun Transport Study 2016 and covers many if not all of the same junctions. The Enterprise Bognor Regis Transport Review (September 2017) has also resulted in updated recommendations and costs for two junctions in Chichester District; these are:</p> <ul style="list-style-type: none"> <li>• A27/A259 Bognor Road Roundabout £595,000-£915,000</li> <li>• B2166/B2145 roundabout at Hunston £76,000-£113,000</li> </ul> <p>It also references an updated design at A27/B2145 Whyke junction from Pagham developers without quoting costs.</p>	<p>IBP/353 Comments noted, no changes required to IBP</p> <p>IBP/339 The IBP will be amended following advice from WSCC as follows:</p> <p>Two further mitigation requirements that affect the A27 junctions listed in IBP 339 are:-</p> <ul style="list-style-type: none"> <li>• A27/A259 Bognor Road Roundabout £595,000-£915,000</li> <li>• updated design at A27/B2145 Whyke junction from Pagham developers without quoting costs. These will be added to the IBP</li> </ul> <p>Two further mitigation schemes within the Chichester District required from development in Arun District are:</p> <ul style="list-style-type: none"> <li>• A27/B2233 Nyton Road junction improvement £202,000-£300,000 – IBP/724 and</li> <li>• B2166/B2145 roundabout at Hunston £76,000-£113,000 – IBP/339 this project would not have Highways England as the delivery lead. These will</li> </ul>
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			<p><u>Education</u>  <b>IBP 536</b> and linked project <b>IBP 661</b> can be removed from the IBP as this part expansion project has been brought forward and is currently under construction. CIL funding is not being sought for this project.</p> <p><u>Public Rights of Way</u>  <b>IBP 666</b> is underway with a current budget of £300k, this project currently states £190,000 in the IBP</p>	<p>be added as new projects to the IBP.</p> <p>IBP/536 and IBP/661 will be removed from the list of CIL projects and the CIL spending plan. They will be recorded in the IBP as having being delivered from S106 within the educational locality in Horsham District.</p> <p>IBP/666 will be removed as a CIL project, and be listed as a project to be funded from S106 and capital funding.</p>
Arun DC	Nigel Lynn CEO	<p><a href="mailto:Nigel.lynn@arun.gov.uk">Nigel.lynn@arun.gov.uk</a></p> <p>Tel: 01903 737600</p> <p>Roger Spencer Karl Roberts Donna Moles</p>	<p>IBP/334 In the justification this refers to also being dependent upon development in Arun. ADC wants to know why it is dependent upon development in Arun.</p> <p>IBP/339 Ensure that CDC’s development trajectory ties in with this level of funding and that this is read with ADC’s Transport study and IDP particularly for Bognor Road.</p> <p>IBP/354 This could have a positive impact on ADC but timing is essential. The project should be changed to short term (2016-2021)</p> <p>IBP/629 This project would be of benefit to both areas. Has network rail confirmed barrier</p>	<p>IBP/334 WSCC has confirmed that based on the current housing allocations, updated education position and requirements in the wider area, this project can be removed.</p> <p>See changes relating to IBP/339 to WSCC comments above.</p> <p>Comments noted, no changes required to IBP/354 as it unlikely that the project would be achievable in the short term following advice from WSCC.</p> <p>IBP/629 Network Rail has</p>

			times for this?							been asked about their intentions for this project.									
Chichester DC	Dominic Henly	<a href="mailto:dhenly@chichester.gov.uk">dhenly@chichester.gov.uk</a>	<p>IBP/293. The total cost is estimated to be between £100k-£150k (not £250k) with £100k requested, and I believed approved from CIL. I suggest the table is updated as below</p> <table border="1"> <tr> <td>3. Policy High IBP/293</td> <td>Manhood Peninsula</td> <td>Flood and coastal erosion risk management</td> <td>Local land Drainage - East Beach Sea Outfall Policy 10 of Draft Local Plan "Mitigating and adapting to climate change" West Sussex Local Flood Risk Management Strategy 2015</td> <td>Select for CIL funding if the majority of money is match funded. This project can demonstrate it can assist the growth of the area.</td> <td>£250k FDGIA /LA contributions £100k-£150k</td> <td>£100,000.00</td> <td>£100,000 in year 2020-2021</td> <td>2018-2019</td> </tr> </table>							3. Policy High IBP/293	Manhood Peninsula	Flood and coastal erosion risk management	Local land Drainage - East Beach Sea Outfall Policy 10 of Draft Local Plan "Mitigating and adapting to climate change" West Sussex Local Flood Risk Management Strategy 2015	Select for CIL funding if the majority of money is match funded. This project can demonstrate it can assist the growth of the area.	£250k FDGIA /LA contributions £100k-£150k	£100,000.00	£100,000 in year 2020-2021	2018-2019	The table will be updated as suggested, and the project will be brought forward in the CIL Spending Plan to 2018/2019.
3. Policy High IBP/293	Manhood Peninsula	Flood and coastal erosion risk management	Local land Drainage - East Beach Sea Outfall Policy 10 of Draft Local Plan "Mitigating and adapting to climate change" West Sussex Local Flood Risk Management Strategy 2015	Select for CIL funding if the majority of money is match funded. This project can demonstrate it can assist the growth of the area.	£250k FDGIA /LA contributions £100k-£150k	£100,000.00	£100,000 in year 2020-2021	2018-2019											
Chichester DC	Stephanie Evans	<a href="mailto:sevans@chichester.gov.uk">sevans@chichester.gov.uk</a>	IBP/197 – FLOW Project – funding was secured for the project under the Heritage Lottery Fund and the final amount was £545,300.							IBP/197 will be amended to reflect this change.									
Parish Councils																			

Boxgrove	Imogen Whitaker	<a href="mailto:Boxgrovepc1@gmail.com">Boxgrovepc1@gmail.com</a>	<p>Boxgrove Parish Council would like the following items removed from the CDC IBP.</p> <ul style="list-style-type: none"> <li>• IDP 419 - transport and verge hardening St Blaises and St Mary's road</li> <li>• IDP 214 - Street scene and built environment in Halnaker</li> <li>• IDP 259 - Halnaker General Public realm improvements</li> </ul> <p>The council would like the following to figure for Boxgrove Parish Council:</p> <ul style="list-style-type: none"> <li>• IDP 324 - renovation to Boxgrove Sports Pavilion</li> <li>• IDP 213 - Halnaker improvements to pedestrian safety and reducing traffic speeds in Halnaker particularly along the A285</li> <li>• IDP 199 - Boxgrove improvements to pedestrian safety and reducing traffic speeds in Boxgrove, whilst protecting the special character of the conservation area</li> <li>• IDP 649 - Traffic calming at Halnaker crossroads</li> </ul>	<p>IBP/419, IBP/214 &amp; IBP/259 will be removed from the IBP as these are no longer required.</p> <p>IBP/324, IBP/213, IBP/199 &amp; IBP/649 will be retained in the IBP</p>
Chichester City Council	Mr R Duggua, Clerk	<a href="mailto:clerk@chichestercity.gov.uk">clerk@chichestercity.gov.uk</a>  01243 788502	<p>We would also like to add 'improvements to City signage' for 2017/18 for £20,000 to our list of projects please.</p>	<p>The IBP/712 will be amended to include this additional project according to the details provided in the project proforma.</p> <p>Informal comments were submitted by an individual Chichester City Councillor. The City Council confirmed that these were not their official views, as such they have not been recorded in this document</p>
Chidham and Hambrook	Caroline Davison	<a href="mailto:clerk@chidhamandhambrook.com">clerk@chidhamandhambrook.com</a>	New projects –see text at end of table	The new projects IBP/709 & IBP/713 will be added to the IBP as requested.
Fishbourne	Lucy Clerk	<a href="mailto:fishbourneparishcouncil@gmail.com">fishbourneparishcouncil@gmail.com</a> 01243	The chart on page 116 showing the 4 categories for prioritisation (Critical/ Essential/ High/ Desirable) is supported but we would like to see greater recognition of the need for road improvements to be made concurrently with major development work rather than as a later addition. This is highlighted by Highways England who predict total gridlock in and around	Comments noted, no changes required to IBP

		888506	Chichester by 2025 unless road improvements are completed by then.				<p>IBP/56, IBP/58 and IBP/66 will be removed from the list of CIL projects and recorded as having been delivered by NHB, and for IBP/66 the final cost will be recorded.</p> <p>The updated information to IBP/69, IBP/57 will be included in the IBP</p>		
		01243 788563	Please find attached update on Fishbourne’s CIL projects in yellow highlighting						
		Infrastr ucture Strategy	Scheme (descrip tion)	Justific ation/ rational e	Phasing (when)	Total estimat ed infrastr ucture cost		Sources of funding, showin g amount s from each source & any shortfall s	Delivery lead (who/ho w)
		Transport IBP/58	SIDs in 5 sites		Installed 09/17			NHB 2014 (see below)	Parish Clerk
		Transport IBP/56	Road colouring and roundels dropped with money spent on new village signs		Road colouring and roundels dropped with money spent on new village signs			NHB 2014 £12,239 (split between SIDs and signs	Parish Clerk
		Transport IBP/69	Lighting in Blackboy Lane south of level crossing		Sept 2019				tba
		Transport IBP/57	Bus shelters		Sept 2019				tba
Social Infrastru cture IBP/66	Seating around village & Playing		Installed in Playing Field 06/17;	£3,000		tba			

			Field	In village: Sept 2018					
Loxwood	Jane Bromley, Clerk	<a href="mailto:clerk@loxwoodparishcouncil.co.uk">clerk@loxwoodparishcouncil.co.uk</a>	With regard to projects put forward by Loxwood Parish Council the following amendments are required:  Extension to storage facility at North Hall increase to £50,000 Take out PA & AV system allocation as this had already been achieved.  Reduce cost of resurfacing playground at North Hall to £20,000						These amendments will be made to IBP projects IBP/573 and IBP/698  IBP/664 will be removed from the list and recorded as having been delivered in the IBP
North Mundham	Louise Chater	<a href="mailto:clerk@northmundham.org">clerk@northmundham.org</a>	IBP/92 I would like to confirm that North Mundham Parish Council have completed the project and made payment in full to B&M Plant Hire (Sussex) Ltd for the above project.  This project was included in the infrastructure business plan IBP/92 and I would be very grateful if you could advise the relevant officer of the completion of this project.						IBP/92 will be removed from the list of projects and recorded as having been delivered in the IBP
Southbourne	Robin Davison	<a href="mailto:clerk@southbourneparishcouncil.com">clerk@southbourneparishcouncil.com</a>	Southbourne has prioritised its projects as follows: IBP/307 IBP/691 IBP/662 IBP/663 IBP/693 IBP/692 IBP/306 IBP/700 IBP/521 IBP/305 IBP/694 IBP/192 And want a new transport project added to be funded from the CIL & Council Tax						The new project IBP/714 will be added to the IBP as requested.
Tangmere	Natalie Atherton	<a href="mailto:clerk@tangmereonline.co.uk">clerk@tangmereonline.co.uk</a>	IBP/145 (Parking-One Stop Shop – justification – delete last sentence relating to Perrymead. IBP/148 (Cycle Routes) – justification – delete second sentence (see new projects below). Planning Ref – add TNPP 8 & 9, WSCC Walking and Cycling Strategy App 1 Scheme IDs 192, 145, 291, 194 & 292. IBP/154 (Pedestrian Crossing) – delete as undeliverable due to non-compliance with highway design regulations. IBP/155 (Bus shelters) – Project Status – NHB funding for Hawker Close stop shelter						These amendments will be made to IBP projects IBP/145, IBP/148, IBP 192, IBP 145, IBP291, IBP/194, IBP/292, IBP/149, IBP/147, IBP/159, IBP/592, IBP/244.  IBP/154 & IBP/162 will be



		<p>approved Oct 2017.                  IBP/162 (Scout Hut/Church Hall..) –delete references to Scouts as no longer operating in Tangmere.                  IBP/149 (Museum) – Planning ref – add LPP18 &amp; TNPP2&amp;6.                  IBP/147 (Allotments) – justification – delete ref to fencing as being funded by S106.                  IBP/159 (Outdoor Recreation areas (add s )) – justification – replace with “Overall provision of outdoor recreation areas below that required for existing and permitted village size – see TPC response to latest CDC LPR related Open Space Study consultation”.                  IBP/592 (Tangmere SDL) – justification – add TNPP9.                  IBP/635 (Churchwood Drive fencing) – delete, project completed. Note ref in justification to IBP/244 – dropped kerbs intended for installation by WSCC this FY.</p> <p>Planning references need updating for Tangmere Neighbourhood Plan (TNP).</p> <p>TNP Policy 9 add to IBP/638, IBP/637 &amp; IBP/153.</p> <p>TNP Policy 2 (&amp; Local Plan Policy 18) add to IBP/153</p> <p>TNP Section 5.9 add to IBP/141, IBP/140, IBP/160, IBP/144, IBP/143, IBP/162 &amp; IBP/142.</p> <p><b>New Projects:</b></p> <p><u>Green Infrastructure</u> – New &amp; replacement trees throughout Parish. Justification – Amenity, biodiversity &amp; drainage management improvements. Note requirement to include this in IBP to support future NHB grant applications. Funding - “NHB/CIL/S106”.</p> <p><u>Transport</u>. Cycle/pedestrian infrastructure. Scheme – “Tangmere Airfield orbital cycle/bridleway/pedestrian PROW with links to Chichester &amp; Barnham. Justification – “improve sustainable &amp; green transport network utilising existing PROW, desire lines, Church Lane (S of airfield) &amp; perimeter track.” Phasing – “enable through HDA/SDL development”. Funding – HDA development Conditions/S106”. Delivery lead – “developer/WSCC.” Planning ref – “LPP18, TNPP8&amp;9, WSCC Walking &amp; Cycling Strategy App 1 Scheme IDs 192, 145, 291 &amp; 292.” Project status – “Permissive path secured around WSCC Solar Farm. New permissive section being sought as part of HDA application 17/01699/FUL.”</p> <p><u>Transport</u>. Pedestrian infrastructure. Scheme – “Extend footway on N side of Church Lane o/s Tangmere House.”</p>	<p>deleted from the IBP.</p> <p>IBP/155 &amp; IBP/635 will be recorded as having been delivered in the IBP.</p> <p>These amendments will be made to IBP/638, IBP/637, IBP/153, IBP/140, IBP/160, IBP/144, IBP/143, IBP/162 &amp; IBP/142.</p> <p>These new projects will be added to the IBP.</p>
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			<p>NHB, Parish CIL and (for Nos. 1&amp;2) as part of the SDLs drainage infrastructure.</p> <p><b>Overall comments on IBP:</b>                  TPC has concerns over the degree to which CIL (particularly Parish controlled CIL) maybe required to cover funding shortfalls for projects which are the responsibility of specific delivery authorities which have their own funding sources. For example have the CIL contributions to ambulance, medical, education and transport infrastructure projects been fully justified and alternative funding sources identified/secured? There is potential for the limited CIL fund to be consumed by projects listed as essential, leaving little for those given a lower priority (e.g. green and community infrastructure) in the IBP but which Parishes may consider essential in the context of their community’s needs.</p> <p>It is felt that the comprehensive nature of App A is appropriate as it lists all identified projects by all sources, regardless of current deliverability. The visibility it provides enables the potential for delivery via either existing funding sources (e.g. S106 TAD) and/or windfall development and funding and demonstrates infrastructure needs that maybe cited during consideration of planning applications (e.g. in order to justify site specific S106 transport contributions and measures). This comprehensive visibility also allows proposers of new projects to see, in one document, whether their proposal would complement or duplicate an existing project. It should be left to the relevant promoter to assess whether a project has sufficient credibility to warrant inclusion on this list, noting only projects submitted by elected local authorities or statutory undertakers should be included.</p> <p>TPC has a clear preference for hard sustainable transport infrastructure projects over soft “behaviour change” measures as well as RTPi screens at bus stops. “Soft” measures require continuous revenue funding to maintain currency within changing populations and RTPi screens require considerable revenue funding to operate, repair and maintain as well as regular capital investment to replace due to relatively short life. TPC does not therefore support use of CIL funds for “soft” measures nor RTPi screens.</p>	<p>The District Council has not asked the City, Town and Parish Councils to cover funding shortfalls for projects which are the responsibility of specific delivery authorities which have their own funding sources.</p> <p>It is inevitable that some projects will not be funded, which is why the IBP sets out a methodology for prioritisation. The parishes can spend their CIL money as they see fit, provided it meets the CIL Regulations.</p> <p>Comments noted, no changes required to IBP.</p> <p>Comments noted, no changes required to IBP.</p>
Infrastructure Commissioners				
Environm	Hannah	<a href="#">Hannah.hyla</a>	Thank you for the opportunity to review the Infrastructure Business Plan.	Comments noted, no

ent Agency	Hyland	<a href="mailto:nd@environment-agency.gov.uk">nd@environment-agency.gov.uk</a>	At this stage we have no further updates to provide in relation to the projects highlighted for the Environment Agency’s input. We will continue to input to future consultations where necessary.	changes required to IBP
Highways England	Elizabeth Cleaver Paul Harwood	<a href="mailto:Elizabeth.cleaver@highwaysengland.co.uk">Elizabeth.cleaver@highwaysengland.co.uk</a>  <a href="mailto:Paul.harwood@highwaysengland.co.uk">Paul.harwood@highwaysengland.co.uk</a>	<p>Highways England is concerned with proposals and policy documents that have the potential to impact on the safe and efficient operation of the SRN, in this case the A27.</p> <p><u>General Comments</u> Following the public Consultation on the Road Investment Strategy (RIS) options for the Chichester Bypass improvements and subsequent cancellation of the scheme from RIS (Period 1 - 2015/20) by the Secretary of State early this year the listing of the A27 Chichester Bypass Local Plan mitigation schemes given under identification IBP/339 in the draft document is no longer correct. For the purposes of the IBP we must assume that the only schemes to be delivered on the A27 Chichester Bypass are those 6 mitigation schemes that we have jointly agreed as part of your Local Plan proposals.</p> <p>Since the Local Plan was drawn up other development either in Chichester or Arun districts has received planning permission or has been identified for allocation in Arun’s draft Local Plan. As a result amendments, to be funded by developers, have been agreed to the Chichester Bypass Local Plan mitigation schemes originally identified. These are set out further down this email. We will need to agree with you the methodology for making project costs consistent across the IBP.</p> <p><u>Detail</u> On page 3 the text ‘Planning obligations – S106/S278 (infrastructure that provides site specific mitigation).’ In referring to <i>site specific mitigation</i> does not accurately describe the use of S278 agreements with Highways England to fund the improvements to the Chichester Bypass agreed as part of the Local Plan. It is suggested that these are set down as a separate bullet referencing the Planning Obligations &amp; Affordable Housing SPD.</p> <p>Para 2.4 refers to project costs being based on 2017 figures. However the cost of IBP/339 at least does not appear to have been adjusted, the £12.8m quoted appears to be the original (2012 prices) works cost.</p> <p>On page 95 IBP/339 states “2015 – 2020 Dependent on preparation of major scheme,</p>	<p>The text on page 3 will be amended as follows: The reference to S278 will be removed.</p> <p>IBP/339 will be amended to reflect the most up to date information provided by HE &amp; WSCC and revised phasing</p> <p>The text accompanying</p>

		<p>which may replace these improvements; currently undertaking work to establish contributions methodology.” This should be updated, we suggest “2020 – 2023 Dependent on status of major scheme, which may replace these improvements.” As stated above, costs should be updated.</p> <p>On pages 125 – 127 the section Transport needs updating, we suggest</p> <p><b>Other sources of funding</b> <b>Transport</b></p> <p><i>“There are currently five roundabouts and one traffic controlled junction along the A27 near Chichester. Congestion regularly occurs at these locations and will worsen unless traffic is managed more effectively. On this part of the A27 local commuter traffic competes with the through traffic and because of these conflicts, congestion occurs regularly. The congestion is particularly disruptive as it affects the flow of public transport into the city.</i></p> <p><i>In July 1998, the Transport White Paper 'A New Deal for Trunk Roads in England' initiated several comprehensive studies to improve transportation in various regions of England. The study carried out for the South East region of England was called the South Coast Multi Modal Study (SoCoMMS). In September 2002, the Study recommended a range of transport improvements. For the Chichester Bypass section, the Study recommended the provision of two - level junctions and/or junction closures, in association with a range of complementary measures including improvements to public transport. In 2003, the Secretary of State for Transport rejected all the proposed improvements identified for the bypass at that time by the study. As a result, he asked Highways England to work with the Local Authorities and Statutory Environmental Bodies to develop less environmentally damaging options that addressed local issues and included public transport solutions where considered appropriate.</i></p> <p><i>The Government Spending Review announcement in October 2013 listed the A27 Chichester Improvement Scheme for potential construction. In 2015 a scheme to upgrade to four junctions on the Chichester bypass was included in the Road Investment Strategy for the 2015/16 – 2019/20 Road Period but in 2017 the scheme was cancelled due to there being no clear consensus on a preferred option solution.</i></p> <p><i>Government is currently in the research phase for the Road Investment Strategy for the 2020/21 – 2024/25 Road Period (RIS2). It is not known whether a scheme to improve the Chichester Bypass will be included in RIS2.</i></p>	<p>IBP/339 will be amended as suggested. Cost updates were not provided and have been requested.</p> <p>The text on pages 125 to 127 of the IBP will be amended as suggested.</p>
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investment. These five funds allow for actions beyond business as usual and will help the Company invest in retrofitting measures to improve the existing road network as well as maximising the opportunities offered by new road schemes to deliver additional improvements at the same time. The funds are:

- Environment (£300m to mitigate noise, low carbon road transport, improve water quality & resilience to flooding, landscaping & work to halt the loss of biodiversity)
- Cycling, safety and Integration (£250m segregated cycleways alongside trunk roads & safer junctions & crossings).
- Innovation (£150m for the development of new technologies)
- Air Quality (£100m to target improvements in air quality)
- Growth and Housing (£100m to provide leverage and flexibility for the Company to engage in progressing schemes on the SRN required to unlock strategic growth. It is a supplement – not substitute for developer contributions and other existing sources of funding. The fund will normally only be applicable to investment on the SRN that: Unlocks major housing development (for example, in the order of 5,000 new homes or more); or key economic growth; and Involves multiple developers; and Is funded – at least in part by developer contributions.”

Additional mitigation works agreed to the A27 Chichester Bypass

IBP Id	Location	Category	CIL S106 Other	Planning app	Scheme	Funding sources	Delivery Lead	Cost Range	Total Max Cost £
IBP/339	A27 Whyke Junction	Transport	S278	HN/15/03489/FUL	Chichester free School	S278 Sussex Education Trust	Highways England	Tbc	Tbc
IBP/339	Whyke Junction	Transport	S278	Arun apps P/140/16/OUT P/6/17/OUT P/6/17/OUT	Arun Strategic Housing sites at Pagham	S278 Private Developers	Highways England	Tbc	Tbc
IBP/339	A27 Bognor Road Roundabout	Transport	S278	14.04284/OUT	Bognor Rd Former Fuel Depot	S278 Private Developers	Highways England	Tbc	Tbc

Minor points

IBP/339 will be amended to reflect these changes.

			IBP/345, and IBP/538 (see also page 89) – funding is through S278 with Highways England. The delivery lead is Highways England.	IBP/345 & IBP/538 will be amended as suggested.
Network Rail	Paul Best	<a href="mailto:Paul.Best@networkrail.co.uk">Paul.Best@networkrail.co.uk</a>	The costs for the Arundel Chord are detailed in the South East Route: Sussex Area Route Study, and we are not convinced of the benefits of the Chord, as detailed in the Route Study.	Comments Noted, no changes required to IBP
South Downs National Park Authority	Vicki Colwell	<a href="mailto:Vicki.Colwell@southdowns.gov.uk">Vicki.Colwell@southdowns.gov.uk</a>	<p>In general, there seems to be an opportunity to be clearer where there is potential for joint funding to be provided for projects, either with the SDNPA or Parish Councils, for example.</p> <p>There is also the potential to help fulfil the strategic need for pollinating services to be addressed in areas of high demand around urban edges of the Coastal Plain, as identified in the Green Infrastructure framework. This could be through the creation and management of habitats for pollinating insects, either associated with forthcoming CIL projects or relevant planning applications. The SDNPA would be happy to provide further advice on how this could be achieved.</p> <p>In terms of specific projects identified on the list:  <u>IBP/194</u> – it is noted that funding for this project has been identified as being provided over the next 2 years, which is welcomed.  <u>IBP/670</u> – the provision cycle route between Whitehouse Farm development and Salthill Road, I understand was felt to be desirable for the SDNPA when the planning application was being considered. Given the evolution of that particular proposal, and the inclusion of the perimeter walking/cycle route on the site and links to Centurion Way, I don't believe the SDNPA would be insisting it should be delivered and would not class this as an 'ambition' of the SDNPA. It is unlikely that we would be in a position to provide any direct funding for this and therefore the reference to this in the IBP should be omitted.  <u>IBP/671</u> – it is noted that the provision of this cycle way is a requirement of Policy 17 of the Chichester District Local Plan 2014-2029. I understand there has been earlier correspondence with the SDNPA on the matter of provision, where it has been explained that we would be unlikely to provide financial support as this route is outside of the SDNP, and the demand for use will directly arise from a strategic development (along with associated links) that the District Council promoted through its' own Local Plan. Notwithstanding the fact that we could not contribute financially to this scheme, officers from the SDNPA would be very willing to provide support in terms of further advice on the three route options and experience of the cost of similar projects that we have delivered elsewhere. It is very possible that a route could be delivered at a significantly lower price than the £150,000 quoted, but if additional financial support were still needed, we are also</p>	<p>Organisations and Parishes are encouraged to do this and advise CDC where this is the intention.</p> <p>IBP/194 Comments Noted, no changes required to IBP</p> <p>IBP/670 the reference to the ambitions of the SDNPA will be removed from the IBP.</p> <p>IBP/671 the reference to the ambitions of the SDNPA will be removed from the IBP.</p>



			<p>happy to share our experience of seeking external funding sources for such schemes.</p> <p>I trust you find the above comments useful. If you have any queries, or require clarification, please let me know.</p>	
Sussex and Surrey Police	Andy Taylor	<a href="mailto:Andrew.b.taylor@sussex.pnn.police.uk">Andrew.b.taylor@sussex.pnn.police.uk</a>	<p><b>Chichester Infrastructure Business Plan: Sussex Police response</b></p> <p>Our representation dated 19th May 2017 provided an overview of our existing level of infrastructure and the predicted expansion required to mitigate against the projected housing growth in Chichester. Notwithstanding the sites identified for additional ANPR coverage the remaining items of infrastructure (vehicles, premises, start-up costs, control room capacity) will require expansion proportionate to the increased population in Chichester and increased demand on our services.</p> <p>The existing capital programme is entirely devoted to maintaining the current level of infrastructure. Staff levels are under constant review to ensure that only minimum levels are maintained; the same applies to personal equipment, police vehicles, and radio cover, all of which correspond to staff levels.</p> <p>Admittedly there appears to some misunderstanding over this issue following your comments that the increase in fleet and ANPR capacity is only tied to the development of the strategic sites in Chichester. Chichester District Council have a projected housing requirement of 605 homes from 2017-2022 and each household will place an additional demand upon the services of the police force. The future demands upon the police force are not only directly tied to the strategic sites in Chichester but each new housing unit and resident in the District. The next five years will see the development of over 3000 homes in the District which will require mitigation which in this case concerns investment in police infrastructure.</p> <p>Sussex Police have allocated substantial funding in our capital and investment program to complete the necessary improvements to Chichester Police station to ensure additional capacity can be provided in the short term. However, moving forward we will need to significantly reduce our capital expenditure in our efforts to deliver savings and maximise our revenue budget for front line policing. For this reason we would ask if Chichester District Council would reconsider the allocation of funds within the draft IBP and prioritise the following projects:</p> <p><b>ANPR (Automatic Number Plate Recognition)</b></p> <p>Notwithstanding the six recommended sites for new ANPR, our intelligence department has highlighted two additional sites to serve the major development of 750 homes at</p>	<p>Comments Noted, no changes required to IBP</p> <p>Every new home will pay council tax towards police services.</p> <p>Each Band D property will yield the police £153.91 per year. So the 3000 new homes referred to would generate an additional £462k per year, ignoring any future council tax rises.</p> <p>750 homes at Graylingwell would generate £115k per year.</p>

		<p>Graylingwell Hospital, College Lane, Chichester. These sites have been identified by our intelligence department to mitigate against the rise in police incidents in the locality and absence of coverage in the wider surrounding area. These sites would need to be delivered prior to completion of this development or ideally within the next 12 months. The two identified sites are as follows:</p> <ul style="list-style-type: none"> <li>• A285 east of Sainsbury’s near junction to Kingsmead Avenue (Fixed ANPR camera with existing identified infrastructure) - <b>£9,000</b></li> <li>• A286 between Lavant and Binderton - (Fixed ANPR camera with existing identified infrastructure) - <b>£9,000</b></li> </ul> <p><b>Police vehicles</b> Our office have sought £63,360 to fund two additional police vehicles to increase Chichester’s fleet capacity. Vehicle costs have been capitalised on a 3 year pro rata lifetime cost for a low/medium size equipped vehicle (excluding fuel). Sussex Police are looking at a variety of options for our fleet replacement and expansion program to meet the increased demands upon our service. Our lowest specification vehicle is a Vauxhall Astra which has a capital cost of £17,000 per vehicle. To meet our increasing fleet capacity over the development plan period we have estimated that <b>£265,456</b> would need to be invested to ensure our fleet capacity is proportionately increased in line with the rising population in Chichester. This amounts to a minimum of <b>£22,121</b> per year over the next 12 years and over the next 5 years this would be <b>£110,605</b>. This does not take into account the substantial funding required to support our specialist fleet departments combatting major crime, counterterrorism, etc.</p> <p>Sussex Police have a statutory duty to provide the same level of service to new residents of Chichester that is currently delivered to the existing residents. The alternative is diverting vehicles from duties elsewhere, which simply moves the lack of capacity to a different location in the District and would clearly be an unacceptable impact. To support the increasing population in the Chichester District we consider that a minimum of two additional vehicles would be required at a minimum cost of £17,000 per vehicle or a total of £34,000 to be funded between 2017-2020. The whole life costs (5 year) per vehicle are estimated to be £52,800 per vehicle and therefore Sussex Police would be funding the majority of these projects with the upfront capital cost being supported by CIL.</p> <ul style="list-style-type: none"> <li>• Two additional vehicles at £17,000 per vehicle = <b>£34,000</b></li> </ul> <p><u>Overview</u> Whilst our office appreciate the recognition of policing as an infrastructure provider on the</p>	
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			<p>current CIL Regulation 123 list it is unlikely that CIL will be able to provide significant funding towards policing in the District. The Police service nationally have only received negligible amounts of capital funding from the Community Infrastructure Levy and which is concerning considering the number of CIL charging authorities across Sussex and Surrey at this time. In the absence of securing developer contributions via S106 or CIL the force will need to continually draw funding away from our revenue budget and the ability to increase front line policing in line with our fast growing population. In terms of the prioritisation of infrastructure types we consider each item of policing infrastructure to be critical to delivering effective policing in the District and creating safe and cohesive communities. We will need to complete more background work to support our engagement with each Council however the legal principle of contributions towards policing is clearly sound.</p> <p>Police forces nationally, are not in a position to support major development of the scale now being proposed for many of the nation's town and cities without the support from the planning system. If we are obliged to do so using our own resources only, then it is reasonable to conclude that there will be a serious risk of service degradation as existing coverage is stretched to encompass the new development and associated population growth.</p> <p>Our force must ensure that development growth is supported by the infrastructure necessary to guarantee the safety and security of the new communities. For this reason we are requesting the Council reconsider the request of our office to fund two new ANPR cameras and vehicles to serve the District of Chichester via the Chichester CIL.</p> <p>Thank you for the continued support of Sussex Police and if additional information is required to support this request I would be happy to provide this.</p>	
Royal Society for Protection of Birds	Chloe Rose	<a href="mailto:Chloe.Rose@rspb.org.uk">Chloe.Rose@rspb.org.uk</a>	IBP/376 Change cost to £300,00 and phasing to 2018/19	These amendments will be made to IBP/376
Scottish and Southern Electricity	Terry Davies	<a href="mailto:Terry.davies@sse.com">Terry.davies@sse.com</a>	<p>I can provide general guidance on the provision of electricity infrastructure and the treatment of any existing infrastructure in relation to future development.</p> <p>Connections for new development from existing infrastructure can be provided subject to cost and timescale.</p>	Comments Noted, no changes required to IBP

			<p>Where existing infrastructure is inadequate to support the increased demands from the new development, the costs of any necessary upstream reinforcement required would normally be apportioned between developer and DNO (Distribution Network Operator) in accordance with the current Statement of Charging Methodology agreed with the industry regulator (OFGEM). Maximum timescales in these instances would not normally exceed around 2 years and should not therefore impede delivery of any proposed housing development.</p> <p>Where overhead lines cross development sites, these will, with the exception of 400kV tower lines, normally be owned and operated by Scottish and Southern Electricity Networks. In order to minimise costs, wherever possible, existing overhead lines can remain in place with uses such as open space, parking, garages or public highways generally being permitted in proximity to the overhead lines. Where this is not practicable, or where developers choose to lay out their proposals otherwise, then agreement will be needed as to how these will be dealt with, including agreeing costs and identifying suitable alternative routing for the circuits. The existing customer base should not be burdened by any costs arising from new development proposals.</p> <p>To ensure certainty of delivery of a development site, any anticipated relocation of existing overhead lines should be formally agreed with Scottish and Southern Electricity Networks prior to submission of a planning application.</p>	
Thames Water	David Wilson	<a href="mailto:drwilson@savills.com">drwilson@savills.com</a>	<p><b>General Comments on Water/Wastewater Infrastructure</b></p> <p>Thames Water seeks to co-operate and maintain a good working relationship with local planning authorities in its area and to provide the support they need with regards to the provision of sewerage/wastewater treatment [and water supply] infrastructure.</p> <p>Wastewater [and water supply] infrastructure is essential to any development. Failure to ensure that any required upgrades to the infrastructure network are delivered alongside development could result in adverse impacts in the form of internal and external sewer flooding and pollution of land and water courses and/or low water pressure.</p> <p>Thames Water therefore support the section on how utility companies are funded and the use of conditions to infrastructure is delivered ahead of development coming forward on pages 128-129.</p> <p>Thames Water is funded in 5 year periods called Asset Management Plans (AMPs). We are currently in AMP6 (6th since privatisation) which runs from 1st April 2015 to 31st March 2020. Details of Thames Water’s 5 year plan for AMP6 can be viewed on their website at: <a href="http://ourplan.thameswater.co.uk/water-sewerage/">http://ourplan.thameswater.co.uk/water-sewerage/</a></p>	Comments Noted, no changes required to IBP

		<p>Thames Water’s growth plans are based on planning information in the public domain and as such, Local Plans play an extremely important role in their growth assumption planning.</p> <p>As part of Thames Water’s five year business plan they advise OFWAT on the funding required to accommodate growth at their treatment works. As a result Thames Water base their investment programmes on development plan allocations which form the clearest picture of the shape of the community as set out in the National Planning Policy Framework (paragraph 162) and the National Planning Practice Guidance.</p> <p>The time to deliver solutions should not be underestimated. For example, local network upgrades take around 18 months and Treatment Works upgrades can take 3-5 years.</p> <p>Thames Water are currently working on the draft Business Plan for the next Price Review in 2019 (PR19) which will cover AMP7 (1st April 2020 to 31st March 2025).</p> <p>It may be necessary for new or upgraded water and waste water infrastructure to be provided in respect of individual developments, depending on the type, scale and location of development. It is crucial that any such additional infrastructure is provided in time to service development to avoid unacceptable impacts on the environment and this is the reason that Thames Water seeks adequate policy coverage and support for Water/Wastewater Infrastructure within Local Plans and related planning policy documents.</p> <p>Thames Water understands that it cannot require that Section 106 Agreements be used to secure wastewater infrastructure upgrades. However, it is essential to ensure that such infrastructure is in place to avoid unacceptable impacts on the environment such as internal and external sewer flooding of residential and commercial property, pollution of land and watercourses. Thames Water therefore support the section on utilities at pages 157-158 and the following paragraph in particular: <i>“Where there is a capacity constraint and no improvements are programmed by the utility company, the Local Planning Authority should require the developer to provide for appropriate improvements which must be completed prior to occupation of the development. Such improvements should be secured through phasing or by the use of Grampian style conditions attached to planning permission.”</i></p>	
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Chidham and Hambrook – updated projects

IBPId	Category	ProjectType	Scheme	Justification	Delivery Lead	Priority Category	Phasing	Term Time	Funding Sources	Total Max Cost £	Funding Shortfall	Requested CIL	CIL/S106/Other	Comments
IBP/709	Public and Community Services	Cemetery	St Mary's Church Graveyard, Cot Lane, Chidham. Looking to extend graveyard. Local farmer willing to donate land adjacent to main churchyard.	Existing extension graveyard will be full in 18-24 months time.	Chidham and Hambrook PC	4 Desirable				£9,240.00			CIL	PC to be responsible for any costs. Could accommodate up to 130 graves. (Costs supplied without VAT)
IBP/713	Social Infrastructure	Community facilities	Improvements to St. Wilfrid's Church Hall	To enable them to support the community	St. Wilfrid's PCC	Desirable	2016-2023	Short term 2016-2023	S106	£57,368			S106	

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>1st April b/fwd</b>	-	<b>598,294.27</b>	<b>1,718,485.65</b>	<b>1,694,909.65</b>	<b>1,567,209.65</b>	<b>1,591,341.65</b>	<b>1,198,713.65</b>
<b>INCOME</b>							
<b>Gross Income</b>	775,847.84	1,529,460.79	166,320.00	2,439,000.00	2,048,760.00	1,831,960.00	2,053,800.00
<b>Parish Share</b>	120,392.28	312,796.37	41,580.00	609,750.00	512,190.00	457,990.00	513,450.00
<b>Admin</b>	38,792.39	76,473.04	8,316.00	121,950.00	102,438.00	91,598.00	102,690.00
<b>CDC Net Income</b>	<b>616,663.17</b>	<b>1,140,191.38</b>	<b>116,424.00</b>	<b>1,707,300.00</b>	<b>1,434,132.00</b>	<b>1,282,372.00</b>	<b>1,437,660.00</b>
<b>Funds Available</b>	<b>616,663.17</b>	<b>1,738,485.65</b>	<b>1,834,909.65</b>	<b>3,402,209.65</b>	<b>3,001,341.65</b>	<b>2,873,713.65</b>	<b>2,636,373.65</b>
<b>EXPENDITURE</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Ambulance response Post Chichester South Project 533	18,368.90						
Enhancements to the Lavant Biodiversity Opportunity Area -the stretch of the Lavant north of the Westhampnett SDL. Project 194		10,000.00	40,000.00				
Brandy Hole Copse Project 196		10,000.00					
Local land drainage East Beach Sea Outfall. Project 293			100,000.00				
Primary School places E-W project 330 Chichester (subject to further detail and evaluation)				1,200,000.00			
School access improvements at expanded primary school(s) Chichester. Project 657				50,000.00			
Sust trans corridor – City Centre to Portfield – Oving Rd part of project 656				25,000.00	50,000.00	425,000.00	
RTPI screens at Chichester City Project 355				60,000.00	60,000.00		
Westhampnett Rd/St Pancras/Spitalfields Ln/St James Rd dbi mini rondabouts junction improvements. Project 353				500,000.00			
Medical Centre W of Chichester. Project 398					1,300,000.00		

(Subject to further detail and evaluation)							
Primary School places Bournes. Project 331 (subject to further detail & evaluation)						1,200,000.00	
School access improvements at expanded primary school(s) Bournes. Project 660						50,000.00	
Primary School places Manhood Peninsula. Project 332 (subject to further detail & evaluation)							1,200,000.00
School access improvements at expanded primary school(s) Manhood. Project 659							50,000.00
<b>Total expenditure</b>	<b>18,368.90</b>	<b>20,000.00</b>	<b>140,000.00</b>	<b>1,835,000.00</b>	<b>1,410,000.00</b>	<b>1,675,000.00</b>	<b>1,250,000.00</b>
<b>31st March c/fwd</b>	<b>598,294.27</b>	<b>1,718,485.65</b>	<b>1,694,909.65</b>	<b>1,567,209.65</b>	<b>1,591,341.65</b>	<b>1,198,713.65</b>	<b>1,386,373.65</b>



Appendix 1: Key amendments made to 2018-19 strategy and Treasury Management Practices

Item	Amendment	Reason
TMP1 - appendix 3	Inserted a section “Fair value risk management” describing the potential risks associated with IFRS9 and how these will be mitigated	This addition brings to members’ attention new risks created by changes in accounting standards for 2018-19.
Treasury Management Strategy Statement	The last paragraph now recognises the probable need to update the Council’s 2018-19 strategy mid-way through 2018 once CIPFA and DCLG guidance is issued.	The revised Code of Practice and DCLG guidance will not be issued until early 2018, too late to reflect in the strategy due for consideration in the January/ February Committee cycle.
Borrowing Sources	<p>Added new text</p> <p>“The Council will, where possible, take advantage of the 20 basis points (0.20%) reduction in borrowing costs available from the PWLB to those authorities who provide information on their plans for long-term borrowing and associated capital spending. The earliest this opportunity can be taken is now Autumn 2018.”</p>	This has been included to ensure that, if we do undertake borrowing in the figure, officers are authorised to apply for the HMT ‘certainty’ rate – which has a discount over the normal PWLB rate.
Investment objective	<p>Text amended,</p> <p>Replaced “minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income.”</p> <p>With “in line with the Council’s risk appetite statement” at the end of the final paragraph</p>	To ensure consistency
2018-19 Strategy	Removed ‘Council’s own bank’ from Table 5 and added a separate paragraph ‘Operational bank accounts’ under the table	Operational bank accounts have been excluded from the definition of investments. There is now a simplified requirement to maintain no more than £2.5m across all

		operational bank accounts.
Specified Investments	Foreign country sovereign rating reduced from AAA to AA+	On advice from Arlingclose. Table 6 updated to match this restriction (Government column)
Corporates	Added the requirement for a credit assessment to be undertaken prior to any loans being made to unrated companies	Codifies existing practices
Tables 5 and 6. Investment limits	<p><b>Removed BBB+ as an available credit rating category.</b></p> <p>Clarified that the investment limits excludes investments with the UK Government and other Local Authorities</p> <p>Increased each limit by £5m to account for the proposed increased in medium term pooled funds described in table 5</p> <p>Clarified treatment of UK Local Government investments. Imposed 10 year maximum duration on this sector – Government generally is 25 years.</p> <p>UK Government maximum investment duration increased to 25 years</p> <p>Pooled Funds. Increased the limit that the Council can invest in pooled funds to £15m (excluding the Local Authority Property</p>	<p><b>Arlingclose used to have an A- rating limit, but reduced this to BBB- in 2013 following the removal of government support from UK and EU bank ratings as a pragmatic step. As banks have strengthened their balance sheets and credit ratings have improved, the recommendation is to increase this back to A-.</b></p> <p><b>The A category is broadly defined as “strong” credit quality, whereas BBB is “adequate”.</b></p> <p>To ensure the definition is clear</p> <p>Consistency</p> <p>To ensure limits on Local Government investments are clear</p> <p>On advice from Arlingclose</p> <p>The is to allow for potential investment of excess cash funds in shorter duration (12-18 month) ‘Cash Plus’ pooled</p>

	Fund)	funds during 2018-19.
Table 7: Investment limits	Increased maximum pooled funds total to £15m	Consistency
Liquidity Management	Added "To ensure adequate liquidity is maintained, 'worst case' estimates of cash flows are used when considering the Council's medium term investment position"	Codifying existing practice
New section; Non-Treasury investments	Added new section	On advice from Arlingclose
Liquidity	Tidied text, removing explanation for changes implemented in 2017-18	Drafting
Table 10: Interest rate exposure management indicators	Simplified indicators by removing percentages. No changes to absolute limits	Simplification
Table 11: Limits on investment periods	Increased amounts by £5m to accommodate earlier proposals	Consistency
Financial Implications	Deleted section	Not part of the policy and covered elsewhere.

## **Appendix 2 - Treasury Management Strategy**

### **Treasury Management Policy Statement, Treasury Management Strategy Statement and Annual Investment Strategy for 2018-19**

#### **Treasury Management Policy Statement**

Treasury management within the Council is undertaken in accordance with the CIPFA Code of Practice for Treasury Management in the Public Services (“the TM Code”).

The Council defines treasury management activities as:

“the management of the organisation’s financial 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.”

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. The analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The investment policy objective for this Council is the prudent investment of its treasury balances. The Council’s investment priorities are security of capital and liquidity of its investments so that funds are available for expenditure when needed. Both the CIPFA Code and the Ministry of Housing, Communities and Local Government (MHCLG) guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.

The Council’s borrowing objective, being debt free and with resources still available for its capital investment spending plans, means that it does not intend to borrow any monies, except for short term cash flow purposes for revenue and capital commitments.

The generation of investment income to support the Council’s spending plans is an important, but secondary objective. Other than income from the Council’s investment in the Local Authority Property Fund or other long term pooled funds, returns are generally used to fund one-off expenditure or capital investment.

## Treasury Management Strategy Statement

In February 2012 the Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.

The Department for Communities and Local Government issued *Guidance on Local Authority Investments* in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the MHCLG Guidance.

The Treasury Management Strategy Statement including the Annual Investment Strategy are underpinned by the CIPFA Code of Practice and Treasury Management Practices (TMPs) which provide prescriptive information as to how the treasury management function should be carried out.

In accordance with current MHCLG guidance, the Council will be asked to approve a revised Treasury Management Strategy should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, or in the Council's capital programme or in the level of its investment balances. For 2018-19 a revised strategy may be necessary as a result of updated MHCLG guidance or the CIPFA Code which are both due to be issued early in 2018.

## Risk Appetite Statement

As a debt free authority the Council's highest priority in its treasury management function is the security of those investments in accordance with the priorities set out in the CIPFA Code. However, whilst fundamentally risk adverse, the Council will accept some modest degree of risk.

The use of different investment instruments and diversified high credit quality counterparties along with country, sector and group limits, as set out in this Strategy, enables the Council to mitigate the nature and extent of any risks.

Relevant risks are described in Treasury Management Practices (TMP) 1.

When investing surplus cash, the Council will not necessarily limit itself to making deposits with the UK Government and local authorities, but may invest in other bodies including certain unrated building societies, money market funds. The Council may also invest surplus funds through tradable instruments such as gilts, treasury bills, certificates of

deposit, corporate bonds and pooled funds. The duration of such investments will be carefully considered to limit that risk of them having to be sold (although they may be) prior to maturity, mitigating the risk of the capital sum being diminished through price movements.

## Local Context

As at December 2017, the Council held £60.7m of investments, which comprised a diversified range of investments as set out in table 1 below

**Table 1: Investment Portfolio Position – 31 December 2017.**

<b>Investments</b>	<b>£000</b>	<b>Annualised Return %</b>
Short term Investments (cash, call accounts, deposits)	29,500	0.41
Money Market Funds	6,100	0.36
Corporate Bonds	3,057	0.73
<b>Total Liquid Investments</b>	<b>38,657</b>	<b>0.43</b>
Medium and Long term Investments	5,000	1.63
Pooled funds – Local Authority Property Fund (LAPF)	10,000	4.88
Pooled Funds – Other	7,950	2.95
<b>TOTAL TREASURY INVESTMENTS</b>	<b>61,607</b>	<b>1.67</b>

The Council monitors the return on its treasury investments against that achieved by other English non-met District Councils. This information is included within the Council's performance management suite of key performance indicators (KPI) maintained on Covalent.

The figure of £60.6m is expected to fall over the next few months due to the Council's ongoing capital programme and reduced local taxation receipts in February and March 2018.

The Council's latest finalised resource projection, indicates the following movements in resources, including funds available for investment, over the medium term.

**Table 2: Resource projection to 31 March 2022**

	<b>31.3.17 Actual £m</b>	<b>31.3.18 Estimate £m</b>	<b>31.3.19 Estimate £m</b>	<b>31.3.20 Estimate £m</b>	<b>31.3.21 Estimate £m</b>	<b>31.3.22 Estimate £m</b>
Reserves:						
Earmarked and specific	15.1	9.8	10.0	10.2	10.4	10.7
New Homes Bonus	9.4	11.2	10.9	10.6	10.3	9.9
Asset Replacement	6.6	4.8	5.3	5.6	5.7	5.8
General Fund	12.3	9.4	12.1	11.3	11.6	11.1
Section 106 balances	5.3	4.2	4.0	3.9	3.9	3.9
Working capital	6.5	5.2	5.6	5.5	5.6	5.5
<b>Total Resources</b>	<b>55.2</b>	<b>44.6</b>	<b>47.9</b>	<b>47.1</b>	<b>47.5</b>	<b>46.9</b>

Represented by:

Internal investments	37.2	26.6	27.9	27.1	27.5	26.9
External Investments	18.0	18.0	20.0	20.0	20.0	20.0
<b>Total Investments</b>	<b>55.2</b>	<b>44.6</b>	<b>47.9</b>	<b>47.1</b>	<b>47.5</b>	<b>46.9</b>

	<b>31.3.17</b>	<b>31.3.18</b>	<b>31.3.19</b>	<b>31.3.20</b>	<b>31.3.21</b>	<b>31.3.22</b>
Capital financing requirement (CFR)	(1.38)	(1.40)	(1.43)	(1.43)	(1.43)	(1.43)
Debt	(0.1)	(0.1)	(0.05)	0	0	0

Apart from a small lease liability for the Council's multi-function printer/copiers, the Council is currently debt free and its capital expenditure plans do not currently imply any need to borrow over the forecast period.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. As the Council does not expect to incur any debt (other than for temporary cash management purposes) over the next three years, table 2 demonstrates that the Council expects to comply with this recommendation.

### **Borrowing Strategy**

The Council is currently debt-free and has no borrowing other than that which might occur as part of routine working capital management. Under the Council's current resource projections, there are no plans to borrow to finance new capital expenditure over the medium term but this remains an option if deemed to be prudent.

This section describes the Council's policy should the need arise for any borrowing to be undertaken.

Short term internal borrowing (for schemes that pay back within the 5 year time frame of the capital programme) can be accommodated without incurring external interest charges, provided the resulting savings are recycled into reserves.

Longer term pay back periods will have to accommodate both the external interest and a minimum revenue provision (MRP) in accordance with the Council's MRP policy, which links repayment of the debt to the life of the asset.

Borrowing would add pressure on the revenue budget as MRP and interest would become payable. The capacity to make these payments would need to be identified in advance, namely the further efficiency savings generated by the investment in the assets.

### **Borrowing Objective**

If it considers it necessary to borrowing money, the Council's chief objective is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

### **Borrowing Sources**

The Council may need to borrow money in the short term to cover unexpected cash flow shortages, (normally up to one month) within the limits shown in tables 3 and 4.



The Council will, where possible, take advantage of the 20 basis points (0.20%) reduction in borrowing costs available from the Public Works Loan Board (PWLB) to those authorities who provide information on their plans for long-term borrowing and associated capital spending. The earliest this opportunity can be taken is Autumn 2018.

### Operational Boundary for External Debt

The operational boundary is based on the Authority's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring.

**Table 3: Operational boundary for external debt**

Operational Boundary	2017/18 Revised £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Borrowing	5	5	5	5	5	5
Other long-term liabilities	0	0	0	0	0	0
Total Debt	5	5	5	5	5	5

### Authorised Limit for External Debt

The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe.

The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

**Table 4: Authorised limit for external debt**

Authorised Limit	2017/18 Limit £m	2018/19 Limit £m	2019/20 Limit £m	2020/21 Limit £m	2021/22 Limit £m	2022/23 Limit £m
Borrowing	10	10	10	10	10	10
Other long-term liabilities	0	0	0	0	0	0
Total Debt	10	10	10	10	10	10

The approved sources of long-term and short-term borrowing are:

- PWLB and any successor body

- Any institution approved for investments (see below, Table 5)
- Any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except the West Sussex Pension Fund)

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Operating and finance leases
- Hire purchase
- Private Finance Initiatives
- Sale and leaseback

## **Investment Strategy**

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the 12 months to 30 November 2017, the Council's financial investment balance has ranged between £49.6m and £68.2m, but this is expected to reduce to lower levels in the forthcoming year due to the anticipated capital spending programme including any property investment commitments.

## **Investment Objective**

The Council has a duty to safeguard the public funds and assets it holds on behalf of its community. The CIPFA Code and MHCLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.

The Council's objective when investing money is to comply with the principles stated in this strategy document, striking an appropriate balance between risk and return in line with the Council's risk appetite statement.

## **2018-19 Strategy**

Given the increasing risk and remaining low returns from short-term unsecured bank investments, the Council will continue to diversify using secure and/or higher yielding asset classes.

The Council may invest its surplus funds with any of the counterparties in table 5 below, subject to the cash limits (per counterparty) and time limits shown.

**Table 5: Approved Investment Counterparties**

<b>Sector Limits/ Credit Rating</b>	<b>Banks Unsecured<sup>1</sup> £20m</b>	<b>Banks Secured<sup>1</sup> Unlimited</b>	<b>Government Unlimited</b>	<b>Corporates £10m</b>
UK Govt.	n/a	n/a	£ Unlimited 25 years	n/a
AAA	£2.5m 5 years	£5m 10 years	n/a	£2.5m 10 years
AA+	£2.5m 5 years	£5m 7 years	£5m 7 years	£2.5m 7 years
AA	£2.5m 4 years	£5m 5 years	£5m 5 years	£2.5m 5 years
AA-	£2.5m 3 years	£5m 4 years	£5m 4 years	£2.5m 4 years
A+	£2.5m 2 years	£5m 3 years	£2.5m 3 years	£2.5m 3 years
A	£2.5m 13 months	£5m 2 years	£2.5m 2 years	£2.5m 2 years
A-	£2.5m 6 months	£5m 13 months	£2.5m 13 months	£2.5m 13 months
UK Local Authorities			£5m 10 Years	
None (excludes pooled funds)	£1m 6 months	n/a	n/a	n/a
Pooled Funds	£5m per money market fund (MMF), subject to a maximum of 2% of MMF fund value and a total limit of £20m across all MMF £5m per pooled investment fund, to a maximum of £15m (excludes the Local Authority Property Fund). £10m in the Local Authority Property Fund			

This table must be read in conjunction with the details notes below and the limits stated in tables 6 and 7

**Credit Rating:** Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's.

Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

Investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

**Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. 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. See below for arrangements relating to operational bank accounts.

**Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £2.5m in total across all operational accounts. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

**Banks Secured:** Covered bonds and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

**Government:** Loans, bonds and 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.

**Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made following a credit assessment as part of a diversified pool in order to spread the risk widely.

For corporate bonds, the limits referred to in table 5 will apply to the sum of bond principal (par value) and any premium or discount paid to acquire the bond in the secondary market. The limit will exclude the accrued interest element paid to secure a secondary bond as this is recoverable on maturity of the Bond.

**Pooled Funds:** Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market

Funds that offer same-day liquidity and very low volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Where investments in pooled funds or other financial assets have prices or values that can vary according to fund performance and other factors, the investment limits in table 7 will operate to regulate the initial purchase cost (total initial investment) only.

**Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Council's treasury advisors, who will notify changes in the ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

If in the case of a decision to recall or sell an investment at a cost which is over the approved investment limits, the Council's urgent action procedure in its Constitution would be invoked by officers.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn in a timely manner will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other Information on the Security of Investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit

ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

**Specified Investments:** The MHCLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of “high credit quality”.

The Council defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+.

For clarity, under this Strategy, no sovereign rating criteria for investments made with institutions domiciled in the UK is required. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

**Non-specified Investments:**

Any investment not meeting the definition of a specified investment is classed as non-specified. Limits on non-specified investments are shown in table 6 below.

The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to medium and long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality.

**Table 6: Non-Specified Investment Limits**

	<b>Cash limit</b>
Total medium and long-term investments	£40m

	<b>Cash limit</b>
Total investments without credit ratings or rated below A- (except UK Government and local authorities)	£40m
Total non-specified investments	£55m

## **Investment Limits**

Investment limits are set out in Table 7

The Council's uncommitted revenue reserves available to cover investment losses are forecast to be £30.8m on 31st March 2018. These uncommitted reserves include the following items; General Fund Balance (£9.4m), earmarked revenue reserves (£9.8m) and New Homes Bonus (£11.1m); as stated in the current estimated Resources Statement. In order that no more than 25% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government and LAPF) will be £5 million. A group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

**Table 7: Investment Limits**

	<b>Cash limit</b>
Any single organisation, except the UK Central Government and the LAPF	£5m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£5m per group
Pooled funds (excluding MMF and LAPF) under the same management	£5m per manager (other than the LAPF), to a maximum of £15m in total
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£5m per country
Unsecured investments with Building Societies	£5m in total
Loans to unrated corporates	£2m in total

	Cash limit
Money Market Funds	£5m per money market fund (MMF), subject to a maximum of 2% of individual MMF fund value and £20m in total
Property Funds (1)	£10m in total

(1) The limit on Property Funds in table 7 does not apply to any element of a multi-asset pooled fund which is subject to the separate limit under 'Pooled funds'

**Liquidity Management:** The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast. To ensure adequate liquidity is maintained, 'worst case' estimates of cash flows are used when considering the Council's medium term investment position.

### Non-Treasury Investments

Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the MHCLG Guidance, the Authority may also purchase property for investment purposes and may also make loans and investments for service purposes.

Such loans and investments will be subject to the Authority's normal approval processes for revenue and capital expenditure and need not comply with this treasury management strategy.

### Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators. All comparative data is taken from benchmarking exercises conducted by the Council's Treasury Management advisors.

### Security

The Council will use the voluntary measures set out in Table 8 to control its exposure to credit risk and to monitor and assess overall security

**Table 8: Security management indicators**

Measure	Target
Average Credit Score (time-weighted)	Less than the average of other District Councils (AAA=1, D=24)*



Measure	Target
Average Credit Rating (time weighted)	Maintain below the time weighted average of other District Councils
Proportion Exposed to Bail-in (%)	Less than the average of other District Councils

## Liquidity

The Council will use the voluntary measures set out in Table 9 to control its exposure to liquidity risk.

Officers will continue to manage the Council's treasury management investments ensuring that sufficient cash is available to accommodate known payments. In the unlikely circumstance that a large unexpected cash payment is required and the Council does not have sufficient liquidity immediately available, the Council will use its facility to borrow temporarily for cash management purposes.

**Table 9: Liquidity management indicators**

Measure	Target
Proportion of investments available within 7 days (%)	Compare and explain against District Council average
Proportion available within 100 days (%)	Compare and explain against District Council average
Average days to maturity	Compare and explain against District Council average

## Interest Rate Exposures

The Council will use the indicators set out in Table 10 to control its exposure to liquidity risk.

This indicator is set to control the Council's exposure to interest rate risk. Under the TM Code the upper limits on fixed and variable rate interest rate exposures, should be expressed as the amount or proportion of net principal borrowed or interest payable, with investments counting as negative borrowing. As the Council is debt free and to provide a meaningful indicator the limits on fixed and variable rate interest rate

exposures are expressed as an amount in £ of net principal invested. Any borrowing would count as negative investment. Strictly this is contrary to the TM Code definition.

**Table 10: Interest rate exposure management indicators**

	2018/19	2019/20	2020/21
Upper limit on fixed interest rate exposure	£28m	£24m	£22m
Upper limit on variable interest rate exposure	£70m	£60m	£55m

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

### **Maturity Structure of Borrowing**

As the Council is debt free it currently holds no fixed long term borrowing for which a maturity profile exists.

### **Principal Sums Invested for Periods Longer than 364 days**

Limits on the long-term principal sum invested to final maturities beyond the period end are established in Table 11

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments in response to adverse economic or market conditions or credit rating downgrades.

**Table 11: Limits on investment periods**

	2018/19	2019/20	2020/21
Limit on principal invested beyond year end	£40m	£35m	£30m

### **Other Items**

There are a number of additional items that the Council is obliged by CIPFA or MHCLG to include in its Treasury Management Strategy.

### **Policy on Use of Financial Derivatives**

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to.

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

## **Investment Training**

To address the training need of members, training will be provided to members of both Cabinet and the Corporate Governance and Audit Committee in advance of them considering the forthcoming year's strategies.

Member and officer training is an essential requirement in terms of understanding roles, responsibilities and keeping up to date with changes and in order to comply with the CIPFA Treasury Management Code of Practice.

The training needs of the officers involved on treasury management are identified through the annual performance and development appraisal process, and additionally when the responsibilities of individual members of staff change. Staff attend relevant training courses, seminars and conferences.

Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

## **Investment Advisers**

The Council currently contracts with Arlingclose Limited as its treasury management adviser and receives specific advice on investment, debt and capital finance issues. However, responsibility for final decision making remains with the Council and its officers.

The quality of this service is controlled and monitored against the contract by the Accountancy Services Manager, which is in place until the 30th June 2018.

### **Investment of Money Borrowed in Advance of Need**

Although not envisaged at this stage, the Council may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money.

Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £10 million. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.

### **Reporting**

The Council/Cabinet will receive as a minimum:

- An annual report on the strategy and plan to be pursued in the coming year and on the need to review the requirements for changes to be made to the Treasury Management Strategy Statement.
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of decisions taken and the transactions executed in the past year, by 30th September in the next financial year, including any circumstances of non-compliance with the organisation's treasury management policy statement and Treasury Management Practices.

The body responsible for scrutiny of treasury management policies and practices is the Corporate Governance and Audit Committee. Monitoring reports on Treasury performance and compliance with this strategy will be prepared and presented to this Committee as a minimum for the half year to September and the full year to March.

The Leader of the Council, the Cabinet Member for Corporate Services and the members of the Corporate Governance & Audit Committee receive weekly monitoring reports of the investments held. Corporate Governance & Audit Committee will receive half yearly monitoring reports.

## **Appendix 1 – Arlingclose Economic & Interest Rate Forecast November 2017**

### **Economic background**

The major external influence on the Authority's treasury management strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy has remained relatively robust since the surprise outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.

Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. Unemployment continued to fall and the Bank of England's Monetary Policy Committee judged that the extent of spare capacity in the economy seemed limited and the pace at which the economy can grow without generating inflationary pressure had fallen over recent years. With its inflation-control mandate in mind, the Bank of England's Monetary Policy Committee raised official interest rates to 0.5% in November 2017.

In contrast, the US economy is performing well and the Federal Reserve is raising interest rates in regular steps to remove some of the emergency monetary stimulus it has provided for the past decade. The European Central Bank is yet to raise rates, but has started to taper its quantitative easing programme, signalling some confidence in the Eurozone economy.

### **Credit outlook**

High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic slowdown will exacerbate concerns in this regard.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. In addition, the largest UK banks will ringfence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain very low.

## Interest rate forecast

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.19
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.15

The Authority's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.50% during 2018/19, following the rise from the historic low of 0.25%. The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.

Future expectations for higher short term interest rates are subdued and on-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions. The risks to Arlingclose's forecast are broadly balanced on both sides. The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

### Underlying assumptions:

- In a 7-2 vote, the MPC increased Bank Rate in line with market expectations to 0.5%. Dovish accompanying rhetoric prompted investors to lower the expected future path for interest rates. The minutes re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.
- Further potential movement in Bank Rate is reliant on economic data and the likely outcome of the EU negotiations. Policymakers have downwardly assessed the supply capacity of the UK economy, suggesting inflationary growth is more likely. However, the MPC will be wary of raising rates much further amid low business and household confidence.
- The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. While recent economic data has improved, it has done so from a low base: UK Q3 2017 GDP growth was 0.4%, after a 0.3% expansion in Q2.
- Household consumption growth, the driver of recent UK GDP growth, has softened following a contraction in real wages, despite both saving rates and consumer credit volumes indicating that some households continue to spend in the absence of wage growth. Policymakers have expressed concern about the continued expansion of consumer credit; any action taken will further dampen household spending.
- Some data has held up better than expected, with unemployment continuing to decline and house prices remaining relatively resilient. However, both of these factors can also be seen in a negative light, displaying the structural lack of investment in the UK economy post financial crisis. Weaker long term growth may prompt deterioration in the UK's fiscal position.

- The depreciation in sterling may assist the economy to rebalance away from spending. Export volumes will increase, helped by a stronger Eurozone economic expansion.
- Near-term global growth prospects have continued to improve and broaden, and expectations of inflation are subdued. Central banks are moving to reduce the level of monetary stimulus.
- Geo-political risks remains elevated and helps to anchor safe-haven flows into the UK government bond (gilt) market.

## Appendix 2 – Benchmarking Definitions

The benchmarking compares various measures of risk and return, which are calculated as follows:

### Investment Value

For internal investments, the value is the sum initially invested. For external funds, the value is the fund's bid price on the quarter end date multiplied by the number of units held.

### Rate of Return

For internal investments, the return is the effective interest rate, which is also the yield to maturity for bonds. For external funds (LAPF) this is measured on an offer-bid basis less transaction fees. For external funds the income only return excludes capital gains and losses.

Average returns are calculated by weighting the return of each investment by its value. All interest rates are quoted per annum.

### Duration

Average duration is calculated by weighting the duration of each investment by its value. Higher numbers indicate higher risk.

### Credit Risk

Each investment is assigned a credit score, based where possible on its average long-term credit rating from Fitch, Moody's and Standard & Poor's. This is converted to a number, so that AAA=1, AA+=2, etc. Higher numbers therefore indicate higher risk. Unrated local authorities are assigned a score equal to the average score of all rated local authorities.

Average credit risk is measured in two ways. The value-weighted average is calculated by weighting the credit score of each investment by its value. The time-weighted average is calculated by weighting the credit score of each investment by both its value and its time to final maturity. Higher numbers indicate higher risk.



## **TREASURY MANAGEMENT PRACTICE NOTES**

### **TMP 1 – RISK MANAGEMENT**

#### **General Statement**

The Section 151 Officer will oversee the design, implementation and monitoring of all arrangements for the identification, management and control of treasury management risk. The Section 151 Officer will ensure that reports are presented at least annually, on the adequacy/suitability thereof and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives.

In respect of each of the following risks, the arrangements that seek to ensure compliance with these objectives are set out in this document and take into account the risk appetite statement in the Council's Treasury Management Strategy Statement, available via the following link:

<http://www.chichester.gov.uk/article/24169/Treasury-Management-Strategy>

This document is integral to the Council's treasury management practices and all staff involved in treasury management activities should familiarise themselves with its contents.

#### **Credit and Counter party risk management**

This risk is the risk of a third party failing to meet its contractual obligations (for example, to pay any investment money or interest back in full, on time).

Statutory guidance restricts the types of investments that local authorities can use and forms the structure of the Council's policy, which is contained in the Council's treasury management strategy.

The Council's key objective is to invest prudently, giving priority to security, then liquidity before yield.

The Council also has regard to the CIPFA publications Treasury Management in Public Services: Code of Practice and Cross-Sectoral Guidance Notes and the sector specific guidance; Guidance Notes for Local Authorities including Police Authorities and Fire Authorities.

The Council adopted the revised 2011 TM Code in February 2012 and ensures that its counter party lists and limits;

- reflect a prudent attitude towards organisations with whom funds may be deposited, and
- restrict investment activities to the instruments, methods and techniques referred to in the Council's Treasury Management Strategy, published at the link above.

The Council also maintains a formal counter party policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements. This is contained within the Council's Treasury management policy statement and approved each year by the Council.

### **Monitoring Investment Counterparties**

The assessment of credit worthiness or credit rating of investment counterparties will be monitored regularly.

The Council obtains credit rating information from its treasury advisers who monitor all 3 credit ratings (FITCH, Moody's and Standard and Poor's), and notify the Council of any changes in ratings as they occur. This includes and takes account of changes, ratings watches and rating outlooks as necessary.

The Council has established counterparty limits by sector and credit rating and compliance with these limits is reviewed before any investment decision is made. Voluntary indicators. As set out in the annual Treasury Management Strategy, are employed as a further means to control Counterparty risk.

In considering credit rating, the lowest rating issued by three main agencies (above) is used, unless an investment-specific rating is available when this will be used.

The Council considers other possible sources of information available to assess the credit worthiness of counterparties. This includes information direct from brokers, the Financial Times, news agencies and its treasury advisers monitoring the Credit Default Swaps (CDS) market.

On occasions ratings may be downgraded after an investment has been made, however, the criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest.

Any counterparty failing to meet the criteria or due to adverse information in the public domain, will be removed from the approved list immediately by the Section 151 Officer, and if required new counterparties which meet the criteria will be added to the list.

### **Liquidity Risk Management**

This risk is the risk that cash will not be available when needed

The Council ensures it has adequate though not excessive cash resources, borrowing arrangements, overdraft facilities to enable it at all times to have a level of funds available to it which are necessary for the achievement of its business/service objectives.

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

To ensure adequate liquidity is maintained, 'worst case' estimates of cash flows are used when considering the Council's medium term investment position

Voluntary indicators. As set out in the annual Treasury Management Strategy, are employed as a further means to control Counterparty risk.

The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme.

To maintain flexibility and liquidity the Council determines a maximum amount of principal that can be invested for periods longer than 364 days and closely monitors known future cash demands. The Council has also set an operational boundary for external debt that can be used on a short term basis for daily cash management purposes.

### Interest rate risk management

This risk is the risk of fluctuations in interest rates creating unexpected and unbudgeted burdens on Council finances

The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 (Reporting requirements and managing information arrangements).

The Council determines annually the upper limits on fixed and variable rate interest rate exposures that it can incur.

The effects of varying levels of inflation, so far as they can be identified, will be controlled by the Council as an integral part of its strategy for managing its exposure to inflation.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, to create stability and certainty of costs and revenues, whilst retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

To achieve this objective the following specific policies are followed:

- maintaining the Council's debt free position and undertake no new borrowing unless the business case is proven for 'invest to save' projects
- retaining an appropriate minimum level of reserves in order to maintain flexibility in the use of interest earned from deposits
- lending surplus funds only to approved counterparties as specified by the Council's Treasury Management Strategy
- minimising short term borrowing by efficient cash flow management
- ensuring that the use of any hedging tools such as derivatives are only used for the management of risk and prudent management of the financial affairs of the council, as set out in the Council's Treasury Management Strategy

## Exchange rate Risk Management

The Council does not invest in foreign denominations but does occasionally make payments to foreign suppliers. In so doing we will manage our exposure to fluctuations in exchange rates to minimise any detrimental impact on budgeted income expenditure levels.

Any large contracts let by the Council must be denominated in £Sterling and the Section 151 Officer consulted on any proposed departure from this policy.

## Refinancing risk management

The Council will ensure that any borrowing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies are managed, with a view to obtaining offer terms for renewal or refinancing, which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time.

The Council will actively manage its relationship with counter parties in these transactions in such a manner as to secure this objective, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.

## Fair value risk management *[New Section for 2018-19]*

The Council is able to invest in variable Net Asset Value Instruments, or instruments that are revalued to Fair Value each accounting period, subject to the risk management provisions below

For the main classes of such instrument, the risk to security of the principal sum involved are managed as follows

Investment	Risk	Mitigating actions and risk management
Money Market Funds	These funds are likely to be Low Volatility Net Asset value funds	Exposure is limited to 10% of total investments for any single Money Market fund and 50% across all funds.
External Pooled funds, including the Local Authority Property Fund	We may incur a loss to the Council's General fund balances if the Fair Value of these investments falls	<p>The Council's investment in external pooled funds (including the Local Authority Property Fund) is limited to £25m.</p> <p>The Council carefully selects mixed asset and diversified funds to reduce the potential for volatility of capital values.</p> <p>The potential exposure to movements in fair values is considered in determining</p>

		the adequacy of the Council's revenue reserves.
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#### Appendix 4 – Treasury Management Glossary

<b>Amortised Cost Accounting</b>	Values the asset at its purchase price, and then subtracts the premium/adds back the discount linearly over the life of the asset. The asset will be valued at par at its maturity.
<b>Authorised Limit (Also known as the Affordable Limit)</b>	A statutory limit that sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities).
<b>Balances and Reserves</b>	Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.
<b>Bail - in Risk</b>	<p>Following the financial crisis of 2008 when governments in various jurisdictions injected billions of dollars into banks as part of bail-out packages, it was recognised that bondholders, who largely remained untouched through this period, should share the burden in future by making them forfeit part of their investment to "bail in" a bank before taxpayers are called upon.</p> <p>A bail-in takes place before a bankruptcy and under the current regime, regulators have the power to impose losses on bondholders while leaving untouched other creditors of similar stature, such as derivatives counterparties. A corollary to this is that bondholders will require more interest if they are to risk losing money to a bail-in.</p>
<b>Bank Rate</b>	The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate".
<b>Basis Point</b>	A unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). In most cases, it refers to changes in <b>interest rates</b> and <b>bond yields</b> . For example, if interest rates rise by 25 basis points, it means that rates have risen by 0.25% percentage points. If rates were at 2.50%, and rose by 0.25%, or 25 basis points, the new interest rate would be 2.75%. In the bond market, a basis point is used to refer to the yield that a bond pays to the investor. For example, if a bond yield moves from 5.45% to 5.65%, it is said to have risen by 20 basis points. The usage of the basis point measure is primarily used in respect to yields and interest rates, but it may also be used to refer to the percentage change in the value of an asset such as a stock.
<b>Bond</b>	A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The repayment date is also set at the onset but can be traded during its life, but this will affect the price of a bond which may vary during its life.
<b>Capital Expenditure</b>	Expenditure on the acquisition, creation or enhancement of capital assets.

<b>Capital Financing Requirement (CFR)</b>	The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.
<b>Certainty Rate</b>	The government has reduced by 20 basis points (0.20%) the interest rates on loans via the Public Works Loan Board (PWLb) to principal local authorities who provide information as specified on their plans for long-term borrowing and associated capital spending.
<b>CD's</b>	Certificates of Deposits with banks and building societies
<b>Capital Receipts</b>	Money obtained on the sale of a capital asset.
<b>Constant Net Asset Value (CNAV)</b>	These are Money Market Funds which maintain a stable price of £1 per share when investors redeem or purchase shares which mean that that any investment will not fluctuate in value
<b>Corporate Bonds</b>	Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
<b>Counterparty List</b>	List of approved financial institutions with which the Council can place investments with.
<b>Covered Bond</b>	Covered bonds are debt securities backed by cash flows from mortgages or public sector loans. They are similar in many ways to asset-backed securities created in securitisation, but covered bond assets remain on the issuer's consolidated balance sheet (usually with an appropriate capital charge). The covered bonds continue as obligations of the issuer (often a bank); in essence, the investor has recourse against the issuer and the collateral, sometimes known as "dual recourse."
<b>CPI</b>	Consumer Price Index – the UK's main measure of inflation
<b>Credit Rating:</b>	Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees
<b>Department for Communities and Local Government (DCLG)</b>	The DCLG is the UK Government department for Communities and Local Government in England. It was established in May 2006 and is the successor to the Office of the Deputy Prime Minister, established in 2001. From 2018, it has been renamed the Ministry for Housing, Communities and Local Government.
<b>Debt Management Office (DMO)</b>	The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the <b>DMADF</b> . All deposits are guaranteed by HM Government and therefore have the equivalent of a

	sovereign triple-A credit rating.
<b>Diversification /diversified exposure</b>	The spreading of investments among different types of assets or between markets in order to reduce risk.
<b>European Investment Bank (EIB)</b>	The European Investment Bank is the European Union's non-profit long-term lending institution established in 1958 under the Treaty of Rome. It is a "policy driven bank" whose shareholders are the member states of the EU. The EIB uses its financing operations to support projects that bring about European integration and social cohesion
<b>Fair Value</b>	Fair value is defined as a sale price agreed to by a willing buyer and seller, assuming both parties enter the transaction freely. Many investments have a fair value determined by a market where the security is traded.
<b>Federal Reserve</b>	The US central bank. (Often referred to as "the Fed").
<b>Floating rate notes (FRNs)</b>	Floating rate notes (FRNs) are debt securities with payments that are reset periodically against a benchmark rate, such as the three-month Treasury bill or the three-month London inter-bank offer rate (LIBOR). FRNs can be used to balance risks incurred through other interest rate instruments in an investment portfolio.
<b>FTSE 100 Index:</b>	The FTSE 100 Index is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalisation. It is one of the most widely used stock indices and is seen as a gauge of business prosperity for business regulated by UK company law.
<b>General Fund</b>	This includes most of the day-to-day spending and income of the Council
<b>Gilts</b>	Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.
<b>Gross Domestic Product (GDP)</b>	Gross Domestic Product measures the value of goods and services produced within a country. GDP is the most comprehensive overall measure of economic output and provides key insight as to the driving forces of the economy
<b>IFRS</b>	International Financial Reporting Standards.
<b>LIBID</b>	The London Interbank Bid Rate (LIBID) is the rate bid by banks on Eurocurrency deposits (i.e. the rate at which a bank is willing to borrow from other banks). It is "the opposite" of the LIBOR (an offered, hence "ask" rate, the rate at which a bank will lend). Whilst the British Bankers' Association set LIBOR rates, there is no correspondent official LIBID fixing.



<b>LIBOR</b>	The London Interbank Offered Rate (LIBOR) is the rate of interest that banks charge to lend money to each other. The British Bankers' Association (BBA) work with a small group of large banks to set the LIBOR rate each day. The wholesale markets allow banks who need money to be more fluid in the marketplace to borrow from those with surplus amounts. The banks with surplus amounts of money are keen to lend so that they can generate interest which it would not otherwise receive.
<b>LOBO</b>	<p>LOBO stands for Lender Option Borrower Option.</p> <p>A LOBO loan is typically a very long-term loan – for example 40 to 70 years. The interest rate is initially fixed, but the lender has the option to propose or impose, on pre-determined future dates, such as every 5 years, a new fixed rate. The borrower has the option to either accept the new rate or repay the entire loan.</p>
<b>Maturity</b>	The date when an investment or borrowing is repaid.
<b>Maturity Structure / Profile</b>	A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by quarter or month-by-month basis.
<b>Minimum Revenue Provision (MRP)</b>	An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.
<b>Money Market Funds (MMF)</b>	<p>An open-end mutual fund which invests only in money markets. These funds invest in short term debt obligations such as short-dated government debt, certificates of deposit and commercial paper. The main goal is the preservation of principal, accompanied by modest dividends.</p> <ul style="list-style-type: none"> <li>• <b>Constant net asset value (CNAV)</b> refers to funds which use amortised cost accounting to value all of their assets. They aim to maintain a net asset value (NAV), or value of a share of the fund, at €1/£1/\$1 and calculate their price to two decimal places known as "penny rounding".</li> <li>• <b>Variable net asset value (VNAV)</b> refers to funds which use mark-to-market accounting to value some of their assets. The NAV of these funds will vary by a slight amount, due to the changing value of the assets and, in the case of an accumulating fund, by the amount of income received.</li> </ul> <p>A new class of Money Market Fund will be introduced by the EU MMF reform process. Most CNAV funds will become Low Volatility NAV (LVNAV) funds. LVNAV MMFs are permitted to maintain a constant dealing NAV provided that certain criteria are met, including that the market NAV of the fund does not deviate from the dealing NAV by more than 20 basis points.</p>
<b>Multilateral Development Banks</b>	See Supranational Bonds below.

<b>Municipal Bonds Agency</b>	An independent body owned by the local government sector that seeks to raise money on the capital markets at regular intervals to on-lend to participating local authorities.
<b>Non Specified Investment</b>	Investments which fall outside the CLG Guidance for <b>Specified investments</b> (below).
<b>Operational Boundary</b>	This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.
<b>Par Value</b>	Par value is the face value of a bond. Par value is important for a bond or fixed-income instrument because it determines its maturity value as well as the value of coupon payments.
<b>Pooled Funds</b>	A pooled investment is an investment in a large, professionally managed portfolio of assets with many other investors. As a result of this, the risk is reduced due to the wider spread of investments in the portfolio. They are also sometimes called 'collective investments'.
<b>Property</b>	Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.
<b>Prudential Code</b>	Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.
<b>Prudential Indicators</b>	Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators
<b>Public Works Loans Board (PWLb)</b>	This is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.
<b>Quantitative Easing (QE)</b>	In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It <i>"does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions – that could be insurance companies, pension funds, banks or non-financial firms – and credits the seller's bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim against the Bank of England (known as reserves). The end result is more money out in the wider economy"</i> . Source: Bank of England.

<b>Revenue Expenditure</b>	Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.
<b>RPI</b>	Retail Prices Index is a monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent. Pensions and index-linked gilts are uprated using the RPI index.
<b>(Short) Term Deposits</b>	Deposits of cash with terms attached relating to maturity and rate of return (Interest) with maturity durations of less than 365 days
<b>Specified Investments</b>	Term used in the CLG Guidance and Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than one year. UK government, local authorities and bodies that have a high credit rating
<b>Supranational Bonds</b>	Instruments issued by supranational organisations created by governments through international treaties (often called <b>multilateral development banks</b> ). The bonds carry a AAA rating in their own right. Examples of supranational organisations are the European Investment Bank, the International Bank for Reconstruction and Development.
<b>Treasury (T) -Bills</b>	Treasury Bills are short term Government debt instruments and, just like temporary loans used by local authorities, are a means to manage cash flow. Treasury Bills (T-Bills) are issued by the Debt Management Office and are an eligible sovereign instrument, meaning that they have a AAA-rating.
<b>Temporary Borrowing</b>	Borrowing to cover peaks and troughs of cash flow, not to fund capital spending.
<b>Treasury Management Code</b>	CIPFA's Code of Practice for Treasury Management in the Public Services, initially published in 2003, subsequently updated in 2009 and 2011. CIPFA intend to update the Code again in 2018.
<b>Treasury Management Practices (TMP)</b>	Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities.
<b>Unsupported Borrowing</b>	Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.
<b>Variable Net Asset Value (VNAV)</b>	Redemptions and investments in Money Market Funds (MMF's) are on the basis of the fund's Net Asset Value (NAV) per share. The NAV of any money market fund is the market value of the fund's assets minus its liabilities and is stated on a per share basis. The net value of the assets held by an MMF can fluctuate, and the market value of a share may not always be exactly the amount that has been invested.
<b>Yield</b>	The measure of the return on an investment instrument.



## Appendix 1

### WEST SUSSEX & GREATER BRIGHTON STRATEGIC PLANNING BOARD

#### Title: Future direction and role of the Strategic Planning Board

Paper prepared on behalf of the officer group supporting the Strategic Planning Board

**Purpose: The intention of this paper is to clarify the role and function of the Board in the delivery of strategic planning for the board area.**

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1. At the last meeting of the Board, members considered a report produced by GL Hearn that reviewed the geographic extent of both the Housing Market Area and the Functional Economic Market Area. This report highlighted that there were three identifiable functional areas operating within the current Strategic Planning Board area, with some overlap between functional areas within the Board area but also stretching beyond it (see box below).
  
2. Therefore in high level planning terms it made sense that all the authorities covered by the 'Western' And 'Coastal' functional areas together with those authorities in the West Sussex part of the 'Inland' functional area come together to discuss the 'larger than local' issues with the objective of finding common solutions. However, it is also important to recognise that the 'Inland' functional area also includes authorities in Surrey and therefore the 'Gatwick Diamond Strategic Planning Board' will take the lead on work for this area. However, it is important that representatives of this Board engage extensively and proactively with representative of the Gatwick Diamond Strategic Planning Board to co-ordinate work programmes.

West Sussex & Greater Brighton Strategic Planning Board		Gatwick Diamond Strategic Planning Board
Western	Coastal	Inland
Chichester Part of Arun Part of SDNPA Part of WSCC	Arun Worthing Adur Brighton & Hove Lewes Part of Mid Sussex Part of Horsham Part of SDNPA Part of WSCC & ESCC	Horsham Mid Sussex Crawley Part of WSCC Part of SDNPA <hr style="border-top: 1px dashed black;"/> Various Surrey Councils

3. To this end, Crawley Borough Council (CBC) has initially agreed to join the Board with the status of an as an observer similar to ESCC. It is hoped that in due course they become a full Board member.
  
4. Thus, having established that from a strategic planning perspective all of the relevant authorities are involved it is important that the Board (and the constituent authorities) determine firstly what the future role and function of

the Board should be going forward and secondly how might this be successfully implemented.

5. Members may recall that last year the Board considered a discussion paper prepared by an external consultant on the future of strategic planning in the Board area. The decision at that time was to postpone consideration of the paper until the question of the geographical coverage of the Board had been addressed and the Housing White Paper had been released. With the first issue having now been resolved, and the White Paper having now been released, it is now considered time to reconsider the discussion paper.
6. The Housing White Paper expresses the Government's view that Local Plans will need to be kept up to date and to that end should be reviewed every 5 years. The paper also advises that the Government would like to see more and better joint working where planning issues go beyond individual authorities, building on the existing duty to co-operate. This comment would on face value seem to support the concept of strategic planning. However, instead the paper suggests that in future each local planning authority will be required to maintain a set of key strategic policies, with flexibility over whether these are in a plan produced by an individual authority, in a joint local plan produced by a group of authorities, or in a spatial development strategy produced by a combined authority.
7. It is noted that areas not subject to combined authority status will not have the ability to produce spatial development strategies. However, that might change once the responses to the paper are considered. What has been suggested is that in a strengthening of the Duty to Cooperate, authorities are required to produce a Statement of Common Ground setting out how authorities intend to work together to meet housing requirements that cut across authority boundaries. Producing such a document will be an opportunity for the constituent authorities of the Board to demonstrate their willingness to work collaboratively on strategic planning matters.
8. For the Board area, a combined authority approaches remain in development, for the Greater Brighton area<sup>1</sup>. The outcome for this initiative plus the supporting activity developing economic strategies, investment prospectuses, and infrastructure delivery programmes across the whole area will also inform the strategic planning of the Board area.
9. All of the above, plus the acquired learning from individual Local Plan examinations is providing a context for the Board to inform its consideration of how it wishes to develop in order to effectively meet the challenges ahead.
10. The purpose of the paper is therefore to consider how the authorities that make up the Board can positively tackle the need for improved cross boundary working to address the many 'larger than local issues' that we collectively face. It is important to stress that this is not just a question of

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<sup>1</sup> Work on a different combined authority approach for a large part of the Board area is currently suspended.

housing supply and delivery, but also about delivering an improved economy and the required infrastructure to support all forms of growth, whilst at the same time protecting the environment.

11. The Board has championed the creation of a Local Strategic Statement (LSS) to set out our collective high level objectives and spatial priorities. The original award winning document has recently been updated to reflect not only the passage of time and changing priorities but also the growth in the Board membership (and thus area). However, LSS2 remains very much a document which brings together the respective work of individual areas. For example it does not set out any mechanisms for addressing the under provision of housing in certain areas when measured against the Objectively Assessed Needs of individual authorities. This is a significant risk for all the authorities in the Board area for either the soundness of the plans they are working on or any reviews which are undertaken.
12. The challenge for the future is to create an approach which allows all the authorities in the Board to work collectively on developing a new high level plan which will seek to address the 'larger than local' issues that are currently holding back the potential of the sub region. From this new strategic plan (referred to as LSS3) each individual authority would be able to prepare their own plans to not only address their own local issues but also set out how they intend to address the cross boundary issues set out in the LSS3.
13. It is recognised that some authorities may find the concept of working across the three Housing Market Areas a very challenging principle to accept because of a concern that they might be faced with taking on additional growth beyond their own needs. However, it is important that the authorities have a forum to enable them to work together collaboratively to address the high level pressures that we all face and to ensure that we can work together in a consensual manner. The LSS3 will facilitate this discussion to reassure authorities that every authority has done everything it can to meet their own housing needs within their own administrative area in the first instance. It will then enable discussions to take place, around joint evidence, to consider how the unmet need remaining within an authority can be met elsewhere.
14. Being part of the Board allows all the authorities to help shape the key decisions of the Board. The alternative is to withdraw or fragment into the separate HMA areas. However, such approaches also has risks, notably that the very notion of taking such an approach could be misinterpreted in respect of the authorities' willingness to work together and the danger of losing influence over the future. Current Local Plan Examinations have highlighted the need for a mechanism to be in place to review and seek to deliver unmet housing need within the identified housing market areas across the area.
15. One of the many challenges in successfully achieving a collective approach to strategic planning this is that not all authorities are working to a common timeline with some having had their plans adopted, whilst others are due to be examined in 2017 and 2018, whilst others have yet to reach that stage. For any collective approach to work it is vital that all accept that the Board needs

to work with a dual focus. Firstly, all need to commit towards working on the joint commissioning of evidence to deliver the required outputs and more importantly joint solutions in the form of a new strategic plan (LSS3) and secondly, all need to assist, and recognise that individual authorities will need to progress the completion of their current plans or any reviews that have commenced. The alignment of plans to a common time horizon is an outcome which will take time to achieve and therefore the creation of LSS3 will inevitably be an evolutionary process.

16. The Government view is that all Local Plans should be reviewed every 5 years and therefore it is suggested that the conclusions drawn to support the preparation of a LSS3 also be also expressed in 5 year time horizons.
17. The diagram attached as Appendix A shows the intended lifetime of each of the current adopted or emerging plans. Some authorities have already commenced their reviews. Therefore, whilst it is recommended that the Board should focus the core of its work on the 20 year period beyond 2030 covering the period up to 2050 it must be recognised that there may be implications arising from the work which impacts upon the period up to 2030. This may be of assistance for any authorities with a shortfall in their OAN who are undertaking a review of their plan.
18. To illustrate how a LSS3 might help address larger than local issues between 2030 and 2050, consideration could be given for example to, in consultation with the NHS, the location of any expanded or new acute health provision, informed by decisions around the likely distribution of any housing growth for the period. Whilst, planning for health provision does happen at a local scale within individual areas there is currently no systematic approach to addressing the 'larger than local' issues such as acute hospital provision.
19. To inform the creation of a LSS3, work will need to be commissioned to understand and answer the following:
  - i. A baseline of current growth proposals and an understanding of any shortfall in housing, employment and infrastructure provision;
  - ii. The capacity of the Board area to absorb further growth in this period
  - iii. Undertake a rigorous assessment of every potential site within each authority to meet existing and future needs;
  - iv. The likely required level of growth between 2030 and 2050 having regard to any under provision of need up to 2030;
  - v. The strategic options available to deliver additional growth;
  - vi. The investment necessary (in infrastructure) to ensure the successful delivery of appropriate growth.
20. In undertaking the work to resolve points i – iv above this work could be undertaken separately within each of the identified Housing Market Areas. However, if this were to be done it would only be a robust analysis if the work was undertaken using an agreed methodology and a consistent approach so that the overall conclusions could be used to inform a future LSS3 across the wider Board area. Inevitably there will be a tension where different authorities



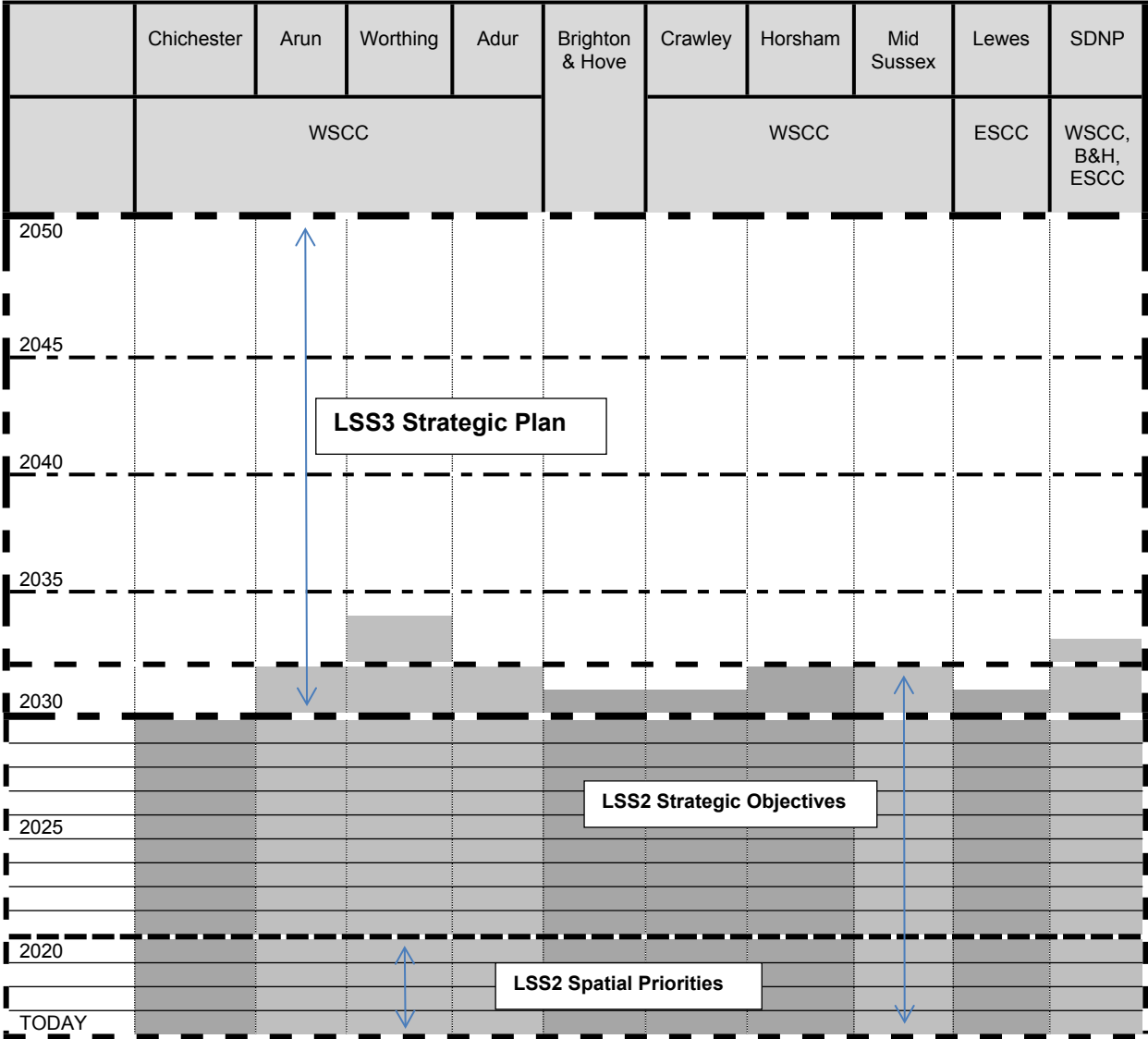
have reached different points in the Local Plan preparation cycle. Compromise will be needed from all parties for joint working to be effective. Those who are at an early stage will need to be prepared to take the initiative in developing and seeking agreement on the use of common methodologies for other to use.

21. If the principle of such an approach is agreed then the Board needs to determine what governance arrangements would best suit the intended approach and how the work of the Board will be funded.
22. With the continuing uncertainty regarding the Government's approach to strategic planning it is considered that the most appropriate way forward for the present is to maintain the 'status quo', with the Board making recommendations to the constituent authorities to consider. To assist the Leaders and Chairman of the SDNPA together with the Chief Executives of each authority to understand how these important strategic issues are being addressed by the Board it is also recommended that they receive a quarterly report from the Board.
23. At present the work of the Board is supported by officers from the constituent authorities and some funding has been provided by the same authorities to support individual commissions of work. However, officers are unable to sustain that level of support in the long term and dedicated support is needed to deliver the required outcomes. Furthermore, the current budget reserves are limited (approximately £55k) and could not fund any future work of significance. Therefore, the Board ideally needs to consider both the funding of an 'Advisor' and the resourcing of a fund to commission technical work as and when required.
24. If each constituent member was to commit to the sum of £15k per annum for an initial 3-year period, this would be sufficient to fund both the advisor (including on-costs) and commission an initial programme of technical work. This approach would also allow the administrative burden of running the Board to transfer from the Coastal West Sussex Partnership to the role of the Board's advisor.
25. It is recognised that Council budgets are under significant financial pressure at present. However, such costs could be funded from the recent approval given to each authority to increase their planning fees by 20% or in the case of the West Sussex Councils from the Business Rates Pool. In any event, the cost of committing to this approach cumulatively is likely to be less than that each authority would incur undertaking the same work individually.
26. It is important that the Board makes a firm recommendation on this matter at the meeting in order to inform the budget setting process for 2018/19. Any expenditure would not be incurred until April 2018.

## **Recommendations**

- A) That the Board agrees to robustly and creatively explore options for meeting the unmet needs across the Board area, starting by leaving 'no stone unturned' within the respective administrative boundary for the period up to 2030 and for these options to inform Local Plan reviews
- B) That the Board agrees to prepare a Local Strategic Statement 3 covering the period 2030 to 2050 with an appropriate level of stakeholder participation to ensure that all those with an interest in LSS3 have an opportunity to engage in the development of the strategy
- C) That the Board agrees to commission work to provide an evidence base for the preparation of a Local Strategic Statement 3 which covers the following,
- A baseline of current growth proposals and an understanding of any shortfall in housing, employment and infrastructure provision;
  - A common methodology for determining the 'no stone unturned' approach to identifying possible locations to meet any unmet need.
  - The capacity of the Board area to absorb further growth in this period;
  - The likely required level of growth between 2030 and 2050;
  - The strategic options available to deliver additional growth;
  - The investment necessary (in infrastructure) to ensure the successful delivery of appropriate growth.
- D) That the Board agrees to continue with the current governance arrangements and provide Leaders/Chairman and Chief Executives with a quarterly report.
- E) The Board supports the appointment of an 'Advisor' to the Board from April 2018 for a three-year period subject to funding being agreed and for a constituent member to be the employing body.
- F) That the Board agrees to request each full member of the Board to contribute the sum of £15,000 per annum for three years support the cost of employing the Board's Advisor and to fund the commissioning of technical work.
- G) The Board reviews the Terms of Reference to ensure that they remain fit for purpose having regard to the proposed changes.
- H) Representative of the Board engage with representative of the Gatwick Diamond Strategic Planning Board to co-ordinate work programmes.
- I) That the Board agrees the responses to the recommendations to the report prepared by Catriona Riddell Associates as set out in Appendix B below.

Appendix A



**Note:** Shading relates to current Local Plan timescales. Dark grey signifies the plan has been adopted, light grey signifies the anticipated end date.

**Catriona Riddell Associates Report Recommendations**

Recommendation 1

It is recommended that the status of LSS3 continues to be non-statutory but that mechanisms are put in place to ensure that there is a high level of confidence that the strategic priorities will be collectively developed, supported and delivered. The recommended mechanisms include:

- Strong governance and working arrangements to ensure that LSS3 has the highest level of commitment and ownership from local authorities, and that key partners have a much more integral role in its development and implementation.
- A robust strategic evidence base to develop the spatial options and ensure that LSS3 provides a framework capable of supporting local plans through their examination testing process.
- An appropriate level of stakeholder and public participation to ensure that all those with an interest in LSS3 have an opportunity to engage in the development of the strategy.

***The underlying sentiments behind this recommendation are noted. However, it is recommended that the work required and steps undertaken to produce a LSS3 should be based on the future possibility that the document might be a statutory document.***

Recommendation 2

There are two, potentially significant, factors in the form and content of LSS3 that remain unknown; the outcome of the Expert Panel's recommendations and of the devolution negotiations. It is therefore further recommended that a risk management assessment is embedded into the work of LSS3 to ensure that it can adapt to changing circumstances as it evolves.

***Agreed.***

Recommendation 3

A new governance structure is put in place to support work on LSS3 ensuring that there is clear corporate commitment and ownership to help build consensus around the long term spatial strategy and strategic priorities. This should be supported by strong officer working arrangements, including a project board comprising members of the Strategic Leadership from each authority and a project sponsor. A suggested structure is set out in the diagram below.

***The covering report recommends retaining the current governance arrangements pending clarity on the Government's position on Strategic Planning. However, to ensure that Leaders and Chief Executives are suitably informed about the work of the Board and its progress on addressing strategic planning issues it is recommended that they receive a quarterly report. The board would welcome an opportunity for a representative of the Board to be able to make an annual presentation to both the West Sussex Leaders Group and the Greater Brighton Economic Board.***

#### Recommendation 4

A project manager and project assistant should be appointed as soon as possible either through an internal secondment(s) or through a competitive tender / external appointment process.

***At this time, it is proposed to only recommend the creation of a Board Advisor post from April 2018 for a 3-year period. In due course the Board can consider the need for possible secondments to support the work of the Board.***

#### Recommendation 5

A workshop for Leaders, Chief Executives and the SPB should be arranged as soon as practically possible (after the April 18th meeting) to outline the SPB's recommendations for taking forward work on LSS3 and agree the governance arrangements.

***At the time the report was initially considered in 2016 there didn't appear to be a significant desire to hold such a workshop. It is considered that this position hasn't changed.***

#### Recommendation 6

Local authority membership should be reviewed as part of the new governance and working arrangements to ensure all the relevant authorities are involved. Specifically, East Sussex County Council should be invited to participate in the LSS3 process.

***Agreed. Both East Sussex CC and Crawley BC currently have observer status.***

#### Recommendation 7

A budget is agreed to cover the full LSS3 expenses including evidence base and external support. This should be procured at the start of the process and reviewed every 6 months to ensure that adequate resources are available to cover the costs on a shared basis.

***Agreed***

#### Recommendation 8

A full review of evidence should be undertaken at the start of the process to identify what is already available, where the gaps are and potential opportunities to work in partnership to develop new evidence.

***Agreed***

#### Recommendation 9

A project plan and timetable should be prepared as soon as possible following a decision on LSS3. This should reflect the urgent need to move forward with LSS3 but also recognises the need to get all the right arrangements in place to ensure the process is owned and effective, and the need to have a robust evidence base in place.

***Agreed***