

At a meeting of the CABINET held in the CIVIC CENTRE (COMMITTEE ROOM NO. 1) on Wednesday 11 January 2012 at 2.00 p.m.

Present:-

Councillor Trueman in the Chair

Councillors Blackburn, Charlton, Gofton, Kelly, P. Smith, Speding and T. Wright

Also Present:-

Councillor Oliver
Councillor Wood

Part I

Minutes

The minutes of the meeting of the Cabinet held on 7 December 2011, Part I (copy circulated) were submitted.

(For copy report - see original minutes).

1. RESOLVED that the minutes of the last meeting be confirmed and signed as a correct record.

Receipt of Declarations of Interest

The following Councillors declared personal interests in the reports below as Members of the bodies indicated:-

Item 6 – Review of Members’ Allowances Scheme by the Independent Remuneration Panel	Councillors Blackburn, Charlton, Gofton, Kelly, P. Smith, Speding, Trueman and T. Wright	Members of the Council
Item 8 - Calculation of Council Tax Base 2012/2013	Councillor Blackburn	Member of Hetton Town Council

Item 10 – Revenue Budget 2012/2013 Proposals	Councillor Blackburn	Tyne and Wear Integrated Transport Authority, South Tyne and Wear Waste Management Partnership Joint Executive Committee
	Councillor T Wright	South Tyne and Wear Waste Management Partnership Joint Executive Committee
	Councillor Speding	Substitute Member of South Tyne and Wear Waste Management Partnership Joint Executive Committee
Item 11 - Revenue Budget Third Review 2011/2012	Councillor Blackburn	South Tyne and Wear Waste Management Partnership Joint Executive Committee
	Councillor T Wright	South Tyne and Wear Waste Management Partnership Joint Executive Committee
	Councillor Speding	Substitute Member of South Tyne and Wear Waste Management Partnership Joint Executive Committee
	Councillors Blackburn, Charlton, Kelly, P. Smith and Speding	Members of GMB (in relation to Single Status)
Item 12 - Capital Programme - Third Review 2011/2012, Provisional Resources 2012/2013 and Treasury Management Review 2011/2012	Councillor Speding	Football Foundation (matching contribution from the Council)
	Councillor Blackburn	Tyne and Wear Integrated Transport Authority

Apologies for Absence

Apologies for absence were submitted to the meeting on behalf of Councillors P. Watson and Allan.

Report of the Meeting of the Personnel Committee, Part I

The report of the meeting of the Personnel Committee held on 24 November 2011, Part I (copy circulated) was submitted and consideration was given thereto.

(For copy report – see original minutes).

2. RESOLVED that the report of the meeting of the Personnel Committee held on 24 November 2011, Part I be noted.

Mbombela Local Municipality – Economic Summit

The Chief Executive submitted a report (copy circulated) to seek authorisation for participation in Mbombela Local Municipality's Economic Summit.

(For copy report – see original minutes).

Councillor Speding reminded Cabinet Members that the Council had been working with Mbombela Local Municipality in South Africa, as part of the Commonwealth Local Government Forum's Good Practice Scheme, to share experience and expertise in economic development and build capacity within the South African local authority. He explained that the project had run for two years from October 2009 to September 2011 and focussed on four aspects of economic development namely, developing a long-term strategy, building and maintaining relationships with employers, attracting inward investment and supporting unemployed residents into work.

Councillor Speding reported that the City Council had a long track record in successfully developing Sunderland's economy and had shared significant experience and expertise with Mbombela during the lifetime of the project. He added that the Commonwealth Local Government Forum's interest in working with Sunderland on this project reflected their view of the strength of the City's expertise and experience in this field.

Turning to the Economic Summit, Councillor Speding advised that this was a key element in Mbombela's implementation of its new approach to economic development, drawing on experience and learning from within the project and that it was important that Sunderland participated as this would play a key role in helping the municipality to engage its business community effectively at this critical stage and to secure its support with developing the area's economy.

Cabinet Members having noted the keen interest from Mbombela in Sunderland and how valuable the project had been, agreed that it was right on both an economic and a national level to be present at the Economic Summit.

Consideration having been given to the report, it was:-

3. RESOLVED that:-

- (i) the participation in Mbombela Local Municipality's Economic Summit from 26 – 27 January 2012 and the consequential travel of the Deputy Leader to Mbombela, South Africa be authorised, and
- (ii) the progress made under the Commonwealth Local Government Forum Good Practice Scheme project be noted.

Review of Members' Allowances Scheme by the Independent Remuneration Panel

The Chief Executive and the Executive Director of Commercial and Corporate Services submitted a joint report (copy circulated) on the outcome of the Independent Remuneration Panel's Review of Members' Allowances and to make appropriate recommendations to Council.

(For copy report – see original minutes).

The Chairman highlighted that the report informs members of the recommendations of the independent remuneration panel regarding members' allowances. He explained that generally the panel considered that the current levels of allowances should remain unchanged. He added that it recommended only a small number of changes, namely that the allowance paid to the Cabinet Secretary should be at the same level as that of the Deputy Leader and that appropriate allowances should be paid to the co-opted members of the Port Board to reflect the time and expertise they bring to their role. The panel also clarified that it would be appropriate for an allowance to be paid to up to two elected members appointed to the Adoption and Permanency Panel and in respect of overseas travel, while it did not see a need to amend the level of allowance, it endorsed a proposed change in the approval arrangements, as set out in the report.

Cabinet Members were advised that on this occasion the panel did not recommend automatic annual adjustment of the level of allowances in line with an index, such as the retail prices index, as it considered that any increases should follow further consideration by the panel.

Councillor Wright was pleased that recognition had been given to the workload of Members appointed to the Adoption Panel and that in the future the work could be shared by two Members.

Councillor Kelly stated that it was appropriate that the allowances remained unchanged in the current difficult financial climate.

Cabinet Members having noted that the recommendations were supported by evidence, statutory guidance and analysis as detailed in the report of the Independent Panel and having considered the date of implementation, it was:-

4. RESOLVED that it be recommended to Council to amend the members' allowances scheme to reflect the recommendations of the panel as set out in the panel's report and summarised in Appendix 2 and to backdate the amendments to 1st April 2011.

Review of Discretionary Council Tax Discount on Long Term Empty Properties and Second Homes

The Executive Director of Commercial and Corporate Services submitted a report (copy circulated) to review the current policy on Council Tax discounts for Long Term Empty Properties and Second Homes and to detail the response to the Government's recent consultation paper 'Technical Reforms of Council Tax.'

(For copy report – see original minutes).

Councillor Speding highlighted that the report set out a proposal to amend the current policy on Council Tax Discounts for Long Term Empty Properties, to remove the current 50% discount and for Second Homes, to reduce the discount from 50% to 10% both from 1st April 2012. He explained that this would mean that the discounts in place for 2012/2013 would not only reflect the minimum statutory levels allowed but would also be consistent with most other Councils in the North East region. He added that the proposals were also in line with a Government consultation paper on council tax reforms which would probably enforce these changes from 2013/14 anyway.

Cabinet Members were advised that the proposal regarding empty properties would also act as an additional stimulus for more homes to become occupied in line with the Council's housing strategy. It was estimated that the proposed changes would increase income from Council Tax by £1.150m in 2012/13 and might also generate this benefit on an ongoing basis to the Council, depending on how this was reflected in the new retention of local business rates system.

Councillor Speding drew attention to the deadline for responses on the Government's consultation paper 'Technical Reforms of Council Tax' which was 29 December 2011, and requested Cabinet Members to note the comments made by the Council, which were set out in Appendix 2 of the report.

Consideration having been given to the report, it was:-

5. RESOLVED that:-

- (i) the current policy on Council Tax discounts for Long Term Empty Properties, be amended by removing the discount of 50% and for Second Homes by reducing the discount from 50% to 10%, both with effect from 1st April 2012, and

- (ii) the Council's response to the consultation paper 'Technical Reforms of Council Tax' which deals primarily with proposed changes to discounts from April 2013 be noted.

Council Tax Base 2012/2013

The Executive Director of Commercial and Corporate Services submitted a report (copy circulated) on the calculation of the Council Tax Base for 2012/2013 and to seek approval to recommend to Council the Council Tax Base for 2012/2013 in accordance with the Local Government Finance Act 1992.

(For copy report – see original minutes).

The Chairman highlighted that the report detailed the Council Tax Base to be used in calculating the 2012/2013 Council Tax for the Council, and was to be set at £81,202. He added that the Council must also calculate the Tax Base for any Parish Councils within their Council boundary and as such Hetton Town Parish Council would have a Tax Base for 2012/2013 of £4,130.

The Chairman reported that the calculations detailed in the report were very complex and must follow strict Government regulation which specifies the factors and formula to be applied and that the calculations must be based on all information available to the Council at 30th November of each year.

The Chairman drew attention to paragraph 4.5 of the report which detailed that the Council Tax Base figures for 2012/2013 had increased from last year by £1,035 and this was due, in the main, to the fact that the Council was to reduce the discounts on long term empty properties and second homes to the statutory minimum for 2012/2013, in line with most other councils in the region, as referred to previously.

The Chairman also reported that the Precepting Bodies, the Fire and Police Authorities, and Hetton Town Parish Council must be informed of the Council Tax Base figures as soon as possible, once agreed by the Council, but by no later than 31st January 2012.

Cabinet Members having been pleased to note that collection levels were expected to remain at 98% for 2012/13, it was:-

6. RESOLVED that it be recommended to Council that:-

- (i) the report for the calculation of the Tax Bases for the City Council and Hetton Town Council for 2012/2013 be approved, and

- (ii) pursuant to the report and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003 the amount calculated by Sunderland City Council as its Council Tax Base for the year 2012/2013, shall be 81,202, and for the area of Hetton Town Council shall be £4,130.

The Provisional Local Government Finance Settlement for 2012/13

The Executive Director of Commercial and Corporate Services submitted a report (copy circulated) to set out the details of the Provisional Local Government Finance Settlement for 2012/13.

(For copy report – see original minutes).

Councillor Speding highlighted that the Provisional Local Government Settlement for 2012/2013 was generally consistent with the details of the Indicative Settlement that was released in February 2011 and other related Government announcements. He reported that the Council had continued to see significant cuts to its revenue grant funding with a £12.3m reduction in 2012/13. He added that taking into account the additional costs of inflation, other cost pressures and increased demand for services faced by the Council, this meant that the cuts were in fact significantly worse and were closer to £28m. This was on top of the cuts of £57.9m already being implemented in the current financial year.

Councillor Speding also reported that the Government had merged the ongoing Council Tax Freeze Grant for 2011/12 into Formula Grant from 2012/2013 and had set out its proposed capping levels for each type of authority, with a 3.5% increase for Sunderland. The Government had also confirmed that a one-off grant for 2012/2013 was available for those Councils that chose to freeze their Council Tax in 2012/2013 which was based on a 2.5% increase.

Councillor Speding advised Cabinet Members that it was positive to note that the Council's financial forecasting remained accurate and that the Council's position for 2012/2013 remained as expected. He added that the Council would continue to do its best to protect the services to the most needy and vulnerable in what promised to be another challenging budget for 2012/13.

Turning to the future funding of local government, Councillor Speding advised that the Government also had said that cuts to the public sector would be for a longer period, to 2017 at least, extending into the next Spending Review period and that the level of cuts in 2013/14 and 2014/15 would also be higher than previously announced. He added that these issues would be taken into account as part of the Medium Term Financial planning process.

Consideration having been given to the report, it was:-

7. RESOLVED that the report be noted.

Revenue Budget 2012/2013 Proposals

The Chief Executive and the Executive Director of Commercial and Corporate Services submitted a joint report (copy circulated) on the provisional budget proposals for 2012/2013, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2012/2013.

(For copy report – see originals minutes).

Councillor Speding in highlighting the report advised that this was a very difficult budget, as the reductions in Government funding for the second year running had a significant negative impact on the Council's position. In addition, he reported that there were also a wide range of pressures that the Council needed to address to continue to provide efficient and effective frontline services particularly to those most vulnerable.

Councillor Speding reported that the impact of the provisional finance settlement funding reductions were in line with what was anticipated and taken into account within the previously agreed Budget Planning Framework. He added that however, the Government had announced deeper cuts from 2013/2014 which would present significant challenges into the medium term.

Cabinet Members were advised that the provisional proposals set out in the report provided more detailed proposals and actions underpinning the framework to ensure a balanced budget position going into 2012/2013. Reductions proposed for 2012/13 financial year total £28.1m on top of the £57.9m of reductions already being delivered this year.

Councillor Speding advised that the proposals represented a balanced approach to addressing the significant funding cuts by:-

- progressing the existing improvement plan and programme of savings which maximised savings through the Sunderland Way of Working, while seeking to minimise the impact on frontline services; and
- the development and implementation of three year improvement plans to reshape services to meet needs.

Councillor Speding reported that these proposals presented a balanced set of measures for 2012/13 and over the medium term and of course were underpinned by the Council's continued robust approach to financial resilience, financial management and use of its resources. He added that the report also confirmed the robust approach taken to both wide ranging budget consultation and equality impact analysis.

Councillor Speding thanked Cabinet colleagues for the positive and constructive way in which they had engaged with their Executive Directors, in identifying the proposals to address the funding gap again this year.

In conclusion Councillor Speding reported that there were a number of outstanding uncertainties around the financial position which were still being confirmed and therefore some final decisions remained to be taken. He added that the consultation which the Council would be undertaking between now and the February meeting was very important to inform those final decisions.

Consideration having been given to the report, it was:-

8. RESOLVED that the provisional budget proposals be approved as a basis for the continuation of budget consultation prior to the receipt of the final Local Government Finance Settlement for 2012/2013.

Revenue Budget Third Review 2011/2012

The Director of Commercial and Corporate Services submitted a report (copy circulated) to report the details of the outcome of the Revenue Budget Third Review for 2011/2012.

(For copy report – see original minutes).

Councillor Speding highlighted the results of the Third Quarterly Review of the Revenue Budget for this financial year and the latest progress on achievement of target savings of £58m which were taken into account when setting the budget. He reported that in overall terms, the position remained positive which was a significant achievement given the level of budget reductions implemented.

Councillor Speding drew attention to the main areas of variation in service budgets in the current financial year, namely:-

- The ongoing impact of the economic downturn and income generation in a number of areas including industrial units, car parks and Leisure facilities, provision for which had been included in setting the 2011/2012 contingency budget.
- The continued demand pressures on Children's Safeguarding Services which would be partly met from earmarked reserves with management actions being taken to generate savings in other areas of Children's services budget to meet the balance.
- With regard to other variations identified in the report, actions plans had been identified to address the position and ensure all Portfolios were within their delegated budgets at the end of the year.

Turning to the current position on achievement of the £58m reductions taken into account in setting the current year's budget, Councillor Speding reported that:-

- £56.3m of reductions had been fully achieved;
- £400,000 of reductions were still to be realised but on target to be achieved as planned;
- £500,000 of reductions have one off alternatives identified for 2011/2012 with further work required to secure the ongoing position into next year;
- £700,000 of reductions were forecast to be achieved ongoing and directorates were considering alternatives to meet the shortfall in this financial year.

Cabinet Members having been advised that an anticipated £4m saving was previously earmarked by Cabinet to support transitional costs in 2012/13, it was:-

9. RESOLVED that the contingency transfers proposed at Appendix A and budget transfers referred to at paragraph 3.5 of the report be approved.

Capital Programme - Third Review 2011/2012, Provisional Resources 2012/2013 and Treasury Management Review 2011/2012

The Executive Director of Commercial and Corporate Services submitted a report (copy circulated) to detail changes made to the Capital Programme 2011/2012 since the Second Capital Programme Review 2011/2012, show provisional Capital Resource allocations for 2012/2013 and provides an update on progress in implementing the Treasury Management Borrowing and Investment Strategy for 2011/2012.

(For copy report – see original minutes).

Councillor Speding drew to Cabinet Members' attention that the anticipated spend in 2011/2012 was £17.8 million below that reported at the Second Capital Review stage in October. He explained that the reasons for the slippage were due to a variety of external factors that were beyond the Council's control, such as delays in agreeing funding contributions from external partners and due to re-profiling of the contingency capital schemes which was necessary in order to allow a full appraisal of business cases to take place. He assured that resources would be secured for any slippage into 2012/13 financial year.

Councillor Speding highlighted the extremely positive news that the Council had been successful in obtaining Department of Transport funding towards the much needed New Wear Crossing. He advised that however other capital allocations received for 2012/2013 highlighted that the Council continued to receive low levels of capital funding with a £2.5m reduction in local authority funding for Education compared to last year on top of similar cuts already made to funding in 2011/2012. He added that the Cabinet would of course be considering the 2012/13 Capital Programme during February.

Turning to the Treasury Management aspects of the report, Councillor Speding was pleased to report that the Council continued to achieve a high rate of return on its investments whilst adhering to the Council's prudent Treasury Management Strategy of primarily having security of its funds as its main aim.

Cabinet Members having expressed their appreciation to the Council's Executive Directors and officers of Commercial and Corporate Services for their hard work, in what had been a very difficult year, for the robust arrangements in place regarding treasury management, delivery of budgets and planning for future challenges, it was:-

10. RESOLVED that:-

- (i) in relation to the Third Review of the Capital Programme for 2011/2012, the inclusion of additional schemes for 2011/2012 detailed at Appendix A and associated resourcing of the Capital Programme since the Second Review of the Capital Programme was reported to October Cabinet be approved, and where necessary recommended to Council,
- (ii) in relation to the Capital Programme for 2012/2013:
 - (a) the allocation of resources as set out in paragraph 6 of the report, subject to any adjustment when final resource announcements are made, be agreed;
 - (b) it be noted that Cabinet Members with Portfolios for areas covered by the Children's Services, Adult Services, Housing, Highways and Other Services Blocks will consider proposals for new starts based on the resource allocations outlined in paragraph 6 of the report in order to incorporate proposed new starts in the Capital Programme to be presented to Cabinet in February 2011;
- (iii) in relation to the Treasury Management Strategy for 2011/2012, the progress in implementing the Treasury Management Strategy for 2011/2012 be noted.

Children's Services Inspection Outcomes (Ofsted Annual Assessment of Children's Services and Annual Unannounced Inspection of Contact, Referral and Assessment Arrangements)

The Executive Director of Children's Services submitted a report (copy circulated) to provide a summary of the outcomes from both the Annual Children's Services Assessment and the Annual Unannounced Inspection of Contact, Referral and Assessment Arrangements published by Ofsted in November 2011.

(For copy report – see original minutes).

Councillor Smith highlighted that Children's Services had received two inspection outcomes during 2011. She was pleased to report the positive outcomes of both of the inspections:-

- that the Ofsted Annual Assessment of Children's Services had given a judgement of "Performs Well" and stated that the Council had exceeded the minimum requirements, and
- the Annual Unannounced Inspection of Contact, Referral and Assessment Arrangements which whilst it offered up no graded judgement, identified areas of strength and areas for further development.

Councillor Smith assured Cabinet Members that where there were areas for development these would be addressed through both service planning and the development of Children's Services three year priorities.

Councillor Smith having thanked the Executive Director and his staff for these achievements particularly in the light of the difficulties faced with many changes in legislation, it was:-

11. RESOLVED that the outcomes of the Annual Children's Services Assessment and the Annual Unannounced Inspection of Contact, Referral and Assessment be noted.

Local Government (Access to Information) (Variation) Order 2006

At the instance of the Chairman, it was:-

12. RESOLVED that in accordance with the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during consideration of the remaining business as it was considered to involve a likely disclosure of information relating to any individual, which is likely to reveal the identity of an individual, the financial or business affairs of any particular person (including the Authority holding that information) and to consultations or negotiations in connection with labour relations matters arising between the Authority and employees of the Authority (Local Government Act 1972, Schedule 12A, Part I, Paragraphs 1, 2, 3 and 4).

(Signed) H. TRUEMAN,
Chairman.

Note:-

The above minutes comprise only those relating to items during which the meeting was open to the public.

Additional minutes in respect of other items are included in Part II.

