

**CABINET MEETING – 15 FEBRUARY 2012**

**EXECUTIVE SUMMARY SHEET- PART 1**

**Title of Report:**

Collection Fund 2011/2012

**Author(s):**

Executive Director of Commercial and Corporate Services

**Purpose of Report:**

This report advises Cabinet of the estimated balance on the Collection Fund for 2011/2012 and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2012/2013.

**Description of Decision:**

Members are requested to note the position in relation to the Collection Fund for 2011/2012 and the surplus of £500,000 which will be taken into account when setting the Council Tax level for the Council for 2012/2013.

**Is the decision consistent with the Budget/Policy Framework?** No, the decision forms part of the budget setting process for 2012/2013.

**If not, Council approval is required to change the Budget/Policy Framework**

**Suggested reason(s) for Decision:**

Estimating the Collection Fund balance available at the end of 2011/2012 for use in setting the Council Tax for 2012/2013 is a legal requirement, which the Council must fulfil, based on information available to it as at 15<sup>th</sup> January, each year.

The Council also has an obligation to notify its major precepting authorities of the estimated surplus or deficit on the Collection Fund within 7 working days of when this calculation has been made.

**Alternative options to be considered and recommended to be rejected:**

Not applicable as the report is for information only.

**Is this a “Key Decision” as defined in the Constitution?**

Yes

**Relevant Scrutiny Committee:**

Management

**Is it included in the Forward Plan?**

Yes

## **Cabinet Meeting – 15<sup>th</sup> February 2012**

### **Collection Fund 2011/2012**

#### **Report of the Executive Director of Commercial and Corporate Services**

##### **1. Purpose of Report**

- 1.1 This report advises Cabinet of the estimated balance on the Collection Fund for 2011/2012 and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2012/2013.

##### **2. Description of Decision (Recommendation)**

- 2.1 Members are requested to note the position in relation to the Collection Fund for 2011/2012 and the surplus of £500,000 which will be taken into account when setting the Council Tax level for the Council for 2012/2013.

##### **3. Background Information**

- 3.1 The Local Authorities (Funds) (England) Regulations 1992 made under Section 99 of the Local Government Act 1988, require that billing authorities inform their relevant major precepting authorities of the amount of any estimated surplus or deficit on their Collection Fund at 31st March.
- 3.2 The estimate is to be made on 15th January or if that is not a working day, the next such day, in accordance with prescribed rules.
- 3.3 Major precepting authorities are to be notified of the estimated surplus or deficit within 7 working days of the estimate being made.

##### **4. Council Tax Surplus or Deficit**

- 4.1 The amount of any surplus or deficit, which the billing authority estimates on its Collection Fund as at 31st March is shared by the billing authority and the major precepting authorities in proportion to their respective demands upon the Collection Fund. The amount which is estimated will be taken into account by those authorities in calculating their basic amounts of Council Tax for the following year. The estimated surplus or deficit at 31st March 2012 will therefore be taken into account in setting the Council Tax for 2012/2013.
- 4.2 The sums calculated in accordance with paragraphs 3.1 and 3.2 above are not to be taken into account by authorities in calculating their budget levels, but are to be taken into account when calculating the basic amounts of Council Tax for 2012/2013.

## 5. Collection Fund 2011/2012

5.1 The surplus on the Collection Fund as at 31st March 2011, reported as part of the Statement of Accounts for 2010/2011, was £1,673,137 and relates entirely to Council Tax. The actual level of the surplus reported is higher than the forecasted level because of three main factors which include:

- a) the impact of the various proactive actions taken by the Council during the year to help people claim benefits that they were entitled to, to point the public to where they could access free financial advice and to provide more flexible payment arrangements and has sponsored a free website known as LIBRA with partner organisations which acts as a 'Financial Friend' which signposts the public to where they can obtain free financial advice and guidance on a wide range of topics to help them save money (cheaper insurance, access to responsible credit unions etc.);
- b) the impact of the new council tax system which has meant better targeting of recovery measures and a much more streamlined and lean process which has resulted in less court action and higher level of payments. These actions working together has helped improve collection rates on in year and arrear levels in 2011/2012.

5.2 It was estimated, in a report to Cabinet on the 16<sup>th</sup> February 2011, that the Council would use some of the projected surplus on the Collection Fund at 31<sup>st</sup> March 2011 as follows:

	£
Council Tax	
Sunderland City Council	500,000
Northumbria Police Authority	35,280
Tyne and Wear Fire and Rescue Authority	<u>30,844</u>
	<u>566,124</u>

These sums were consequently taken into account when setting the Council Tax for 2011/2012 by the Council and its precepting authorities.

5.4 On the basis of current collection rates and the recovery of Council Tax arrears, it is estimated that the surplus on the Collection Fund as at 31st March 2012 will be £1,107,013. The sum of £566,124 is proposed to be used in 2012/13 as a prudent measure with any remaining actual surplus to be used in future years. The amount of £566,124 is to be shared as follows:

	£
Sunderland City Council, (Billing Authority)	500,000
Precepting Authorities:	
Northumbria Police Authority	35,280
Tyne and Wear Fire and Rescue Authority	<u>30,844</u>
	<u>566,124</u>

The major precepting authorities have been informed of the position.

5.5 The sum of £500,000 has been taken into consideration in resourcing the Council's Revenue Budget for 2012/2013.

**6. Reasons for Decision**

6.1 Estimating the Collection Fund balance available in 2011/2012 for use in setting the Council Tax for 2012/2013 is a legal requirement, which the Council must carry out, based on information available to it as at 15<sup>th</sup> January of each year.

6.2 The Council also has an obligation to notify its major precepting authorities of the estimated surplus or deficit on the Collection Fund within 7 working days of when this calculation has been made.

**7. Alternative options to be considered and recommended to be rejected**

7.1 Not applicable as the report is for information only.

**Background papers:**

Collection Fund 2010/2011 Report 16<sup>th</sup> February, 2011

Calculation of Council Tax Base Report 11<sup>th</sup> January, 2012

Statement of Accounts 2010/2011

Council Tax Collection Estimates for 2011/2012

## CABINET MEETING – 15 FEBRUARY 2012

### EXECUTIVE SUMMARY SHEET – PART I

**Title of Report:**

Capital Programme 2012/2013 and Treasury Management Policy and Strategy 2012/2013, including Prudential Indicators for 2012/2013 to 2014/2015.

**Author:**

Chief Executive and Executive Director of Commercial and Corporate Services

**Purpose of Report:**

To update Cabinet on the level of capital resources and commitments for the forthcoming financial year and seek a recommendation to Council to the overall Capital Programme 2012/2013 and the Treasury Management Policy and Strategy (including both borrowing and investment strategies) for 2012/2013 and to approve the Prudential Indicators for 2012/2013 to 2014/2015.

**Description of Decision:**

Cabinet is requested to recommend to Council approval of:

- the proposed Capital Programme for 2012/2013
- the Treasury Management Policy and Strategy for 2012/2013 (including specifically the Annual Borrowing and Investment Strategies)
- the Prudential Indicators for 2012/2013 to 2014/2015
- the Minimum Revenue Provision Statement for 2012/2013.

**Is the decision consistent with the Budget/Policy Framework?**

No – this report is integral in reviewing and amending the Budget and Policy Framework.

**If not, Council approval is required to change the Budget/Policy Framework**

**Suggested reason(s) for Decision:**

To comply with statutory requirements.

**Alternative options to be considered and recommended to be rejected:**

No alternatives are submitted for Cabinet consideration.

**Is this a “Key Decision” as defined in the Constitution?** Yes

**Relevant Scrutiny Committee:**

Management Scrutiny

**Is it included in the Forward Plan?** Yes

## **Cabinet - 15th February 2012**

### **Capital Programme 2012/2013 and Treasury Management Policy and Strategy 2012/2013, including Prudential Indicators for 2012/2013 to 2014/2015.**

#### **Report of the Chief Executive and Executive Director of Commercial and Corporate Services**

##### **1. Purpose of the Report**

- 1.1 To update Cabinet on the level of capital resources and commitments for the forthcoming financial year and seek a recommendation to Council to the overall Capital Programme 2012/2013 and the Treasury Management Policy and Strategy for 2012/2013 (including both borrowing and investment strategies) and to set the Prudential Indicators for 2012/2013 to 2014/2015.

##### **2. Description of Decision**

- 2.1 Cabinet is requested to recommend to Council approval of:
- the proposed Capital Programme for 2012/2013
  - the Treasury Management Policy and Strategy for 2012/2013 (including specifically the Annual Borrowing and Investment Strategies)
  - the Prudential Indicators for 2012/2013 to 2014/2015
  - the Minimum Revenue Provision Statement for 2012/2013.

##### **3. Capital Programme 2012/2013**

###### **General**

- 3.1 The proposed Capital Programme for 2012/2013 totals £60.251m and reflects ongoing capital scheme commitments from previous years of £30.052m and new starts of £30.199m. The details of the full Capital Programme for 2012/2013 are included as Appendix 2 and the proposed new starts are set out in Appendix 1 which the rest of this section of the report covers in more detail.
- 3.2 The overall programme is strong and positive and reflects both the drive to deliver on the aims and priorities set out in the Economic Master Plan as well as the Council's increasing commercial approach to secure capital investment in the City in order to secure growth and jobs.

###### **Resources Available for new Starts**

###### **Resources - Grants**

- 3.3 As reported to Cabinet in January 2012 resources have been allocated for the main programme areas of Children's Services, Adult Services, Highways, and Housing on the basis of their specific government funding approvals and other service specific resources.

The table below details Government Grants announced for 2011/2012 onwards with provisional settlements announced beyond 2012/2013.

	2011-12 £000s	2012-13 £000s	2013-14 £000s	2014-15 £000s
Highways Capital Maintenance	2,804	2,919	2,877	2,768
Highways Integrated Transport	2,008	2,141	2,141	3,011
Pot Hole Repair Grant	614			
Congestion Reward Grant	50			
Nexus - Public Transport	136	188		
<b>Total Transport</b>	<b>5,612</b>	<b>5,248</b>	<b>5,018</b>	<b>5,779</b>
Education Capital Maintenance	3,979	3,177		
Education Basic Need	3,308	1,635		
Schools Devolved Funding	770	726		
<b>Total Education*</b>	<b>8,057</b>	<b>5,538</b>		
<b>Department of Health</b>	<b>829</b>	<b>848</b>		
<b>CLG–Disabled Facilities **</b>	<b>1,417</b>	<b>1,417</b>		
<b>Total Government Grants</b>	<b>15,915</b>	<b>13,051</b>	<b>5,018</b>	<b>5,779</b>
*In addition the Department for Education announced funding of £1.281m in 2011/2012 and £1.221m in 2012/2013 to be paid directly to schools.				
**The 2012/2013 Disabled Facilities Grant has been estimated based on the allocation for the previous year.				

The above table shows reduced grant allocations compared to 2011/2012, which follows significant cuts of over 50% in 2011/2012 allocations. In particular, grants for Children's Services have reduced by 31% as the criteria for grant award has moved towards school capacity issues and allocations are made to academy schools direct rather than to local authorities. Grant awards received have been considered in the drafting of proposals for future years capital programmes submitted by Directorates.

Grant allocations received in 2012/2013 are to be used to fund existing commitments, and spend on new capital schemes where that spend may take place in future years.

### Transport Funding

A provisional award of £82.6m from the Department for Transport (DfT) has been made against the total anticipated scheme costs of £117.6m for the Sunderland Strategic Corridor - New Wear Crossing. This is in line with the bid submitted in September 2011. The exact funding arrangements are subject to further discussion and agreement with DfT which may necessitate the reprofiling of expenditure within the overall total. There is a commitment to release £10m over 5 years from Transport allocations to support this project.

### New Homes Bonus Grant

From 2011/2012 the Government introduced 'New Homes Bonus' grant funding which allocates resources to local authorities in respect of increasing the housing stock in their area either through new build or returning empty properties back into use. In 2011/2012 the Council was

allocated £3.462m in total to be paid at £0.577m per annum for the next 6 years as each grant allocation is spread over a 6 year period. Cabinet approved use of the 2011/2012 allocation of £0.577m to support the Empty Property Plan through an equity loan fund of £0.250m to offer loans to owners to refurbish empty properties and through a purchasing loan fund of £0.327m available to Registered Providers or similar such as Housing Co-operatives, who could bid for funding to purchase and improve problematic empty homes.

The Council has received a provisional allocation of £1.152m New Homes Bonus grant for 2012/2013 and it is proposed that this funding is earmarked pending further consideration of use for new housing initiatives or other proposals subject to a suitable business case being developed.

Any further grant approvals which are received will be reported to Cabinet as part of the regular capital programme reviews during the year together with any proposals for additional schemes as appropriate.

### **Resources – Capital Receipts**

- 3.4 There has been a large drop in both the price of land and in market interest since the economic downturn. To mitigate this impact the Council has adopted an incremental (but prudent) approach of undertaking more prudential borrowing to fund capital schemes where ongoing costs are affordable and sustainable.

In line with previous decisions of Cabinet, the position in relation to marketing of sites will be kept under review and sites marketed when appropriate.

### **Resources – Revenue**

- 3.5 To support the Other Services Block new starts an assessment has been made of the capital programme and a range of potential sources of funding including:

- § Revenue budget and potential savings;
- § Reallocation of existing reserves.

After reviewing the above and taking into account capital commitments, resources available to support new starts at this stage total £3.570m for 2012/2013 and £2.570m for each of the following 4 years.

### **Resources – Borrowing**

- 3.6 In addition to the above the Council has some flexibility in funding its capital programme through the use of prudential borrowing. Funding sources will be closely monitored and specific allocated funding may be switched between capital schemes where this will create efficiencies and provide best value to the Council.



Given the Council's ambitions as set out in the Economic Masterplan, the Council is pursuing a number of avenues to support business growth and to create jobs in the city. This is evident in approvals to support regeneration priorities through developments such as the Enterprise Zone, the Vaux site and other priorities across the city.

In accordance with the approach taken during 2011/2012 which supported a number of capital developments the medium term plan and budget has been updated based on enabling new capital developments to support key priorities to be funded through additional prudential borrowing.

The budget includes prudent provision for capital financing charges that may arise from an additional £12.257m prudential borrowing in 2012/2013 and £70.911m over the five year period to 2016/2017. However, it is important and positive to note that almost 50% of this investment is anticipated to be recouped through commercial arrangements over time. In addition some areas of funding will be subject to grant funding and European funding bids which are being developed. This position will therefore continue to be prudent, affordable, and sustainable into future years and within overall limits whilst still retaining flexibility.

This approach reflects a continued commercial approach to capital investment to support the regeneration of the City and the delivery of the Economic Masterplan. This approach is clear and evident in the capital programme presented for 2012/2013.

### **Detailed Proposals for New Starts and Capital Programme 2012/2013**

- 3.7 Since the January 2012 Cabinet meeting, consultation with the appropriate Cabinet Portfolio Holders has been undertaken on the proposals to utilise the resources available for new starts. The table below sets out a summary position for 2012/2013 in respect of new starts and continuing commitments. Full details of all proposed new capital projects to be included in the Council's 2012/2013 capital programme are detailed in Appendix 1.

	<b>Capital Programme 2012/2013</b>
	<b>£m</b>
Children's Services	14.488
Transport	8.916
Health, Housing and Adult Services	4.820
Other Services	32.027
<b>Total</b>	<b>60.251</b>

In drawing up the Other Services new starts account was taken of the priorities set out in the Sunderland Economic Master plan and also the outcome of budget consultations. The following major schemes are proposed in respect of the Other Services Block. Further details about the schemes are shown in Appendix 1, Section 4.

Project	Total Council Funding £m	Spend 2012/2013 £m
Infrastructure works To support City Centre Development		
- Magistrates Square and Public Realm	8.000	1.264
- Sunderland Station	3.000	0.100
- Festivals and events	0.500	0.250
Enterprise Zone infrastructure Works	21.000	2.000
Strategic site acquisitions	3.000	1.000
Economic Development Grants	4.100	0.900
Transport Priorities	5.000	1.000
Washington Leisure Centre Replacement	11.300	1.700
Roker Pier and Lighthouse structural works	1.350	0.450
Seafront Regeneration	1.500	0.500
Port invest to save operational investments	0.500	0.500
Planned building maintenance works	3.000	1.000
Riverside Repairs	0.200	0.100
Modernisation investment – invest to save	1.100	1.100
	<b>63.550</b>	<b>11.864</b>

The recommended Capital Programme is included in full as Appendix 2 to this report.

### **Further Reports**

- 3.8 In accordance with the Council's Constitution, prior to commencement of projects, details of all new schemes with an estimated cost in excess of £250,000 need to be reported for approval to Cabinet utilising the capital investment appraisal documentation which outlines the detail of the scheme, the outputs and outcomes expected together with funding sources and the consequential revenue implications.
- 3.9 For schemes below £250,000, full capital investment appraisal documentation needs to be prepared and consultation must take place with the relevant Cabinet Portfolio Holder in advance of delegated decisions being taken to implement these schemes.

## **4. Prudential Framework and Code**

- 4.1 One of the principal features of the Local Government Act 2003 was to provide the primary legislative framework to introduce a prudential regime for the control of Local Authority capital expenditure. The regime relies upon both secondary legislation in the form of regulations, and a prudential code issued and maintained by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Prudential Code was reported to Council in March 2004.

4.2 Under the prudential framework local authorities are free to borrow without specific government consent if they can afford to service the debt without extra government support. The basic principle is that authorities are free to invest as long as their capital spending plans are affordable, sustainable and prudent. This allows the Council the freedom to manage and control its capital programme and how it is financed. The key elements of control and management of capital finance are through:

- capital expenditure plans – the Council's Capital Programme;
- external debt - how the Council proposes to fund its Capital Programme;
- treasury management – the management of the Council's investments, cash flows, banking, money market and capital market transactions, the effective control of risks associated with those activities and the pursuit of optimum performance consistent with those risks.

4.3 All authorities must follow the prudential code published by CIPFA. This involves setting various prudential limits and indicators that must be approved by the Council before the start of the relevant financial year as part of their budget setting process. The prudential and treasury management indicators have been prepared for the financial year 2012/2013, taking into account all matters specified in the code. Regular monitoring will take place during the year and reports made to Cabinet to show the council's performance and compliance with these indicators as part of the quarterly capital review reports as appropriate.

4.4 All of the indicators together with background information to these indicators and what they are seeking to assess, are detailed in Appendix 3 in full compliance with the code.

4.5 In addition regulations came into force on 31<sup>st</sup> March 2008 revoking secondary legislation to make a Minimum Revenue Provision (MRP) charge to the revenue account for the repayment of debt associated with expenditure incurred on capital assets. The legislation was replaced with a new duty for local authorities to set, each year, an amount of MRP it considers prudent. It also recommends that an annual statement of its policy on making a MRP in respect of the following financial year is submitted to full Council for approval.

4.6 The recommended Minimum Revenue Provision Statement for 2012/2013 for the Council is set out in Section 1.10 a) to d) of Appendix 4.

## **5. Treasury Management**

### **5.1 General**

Treasury management is defined as “the management of the local authority's 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.”

## 5.2 Statutory requirements

The Local Government Act 2003 (the Act) requires the Council to adopt a Treasury Management Policy Statement (detailed in Appendix 5) and to set out its Treasury Management Strategy comprising the Council's strategy for borrowing and the Council's policies for managing its investments, and giving priority to the security and liquidity of those investments (set out in Appendix 6).

The Department of Communities and Local Government issued revised investment guidance which came into effect from 1 April 2010 and the Chartered Institute of Public Finance and Accountancy (CIPFA) has updated its Treasury Management in the Public Services Code of Practice in November 2011. Revisions made in the Code of Practice were largely regulatory updates to reflect developments resulting from the Localism Act 2011 and in particular changes to the way that local authority housing finance will operate. The Council has adopted the CIPFA Code of Practice and there are no major changes required to Treasury Management practices and arrangements that the Council already has in place. This is due in the main to the fact the Council undertook a Large Scale Voluntary Transfer in March 2001 and consequently has no housing stock.

## 5.3 CIPFA Code of Practice requirements

The CIPFA Code of Practice on Treasury Management was fully adopted by the Council on 3<sup>rd</sup> March 2010.

The primary requirements of the Code are as follows:

1. The Council will create and maintain, as the cornerstones for effective treasury management:
  - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
  - suitable treasury management practices (TMP's), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement is detailed in Appendix 5 and the TMP's follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments which are minor in nature do not result in the Council deviating from the Code's key principles.

2. The Council will receive reports on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year ahead, a mid-year review and an annual report after its close, in the form prescribed in its TMP's.

3. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Executive Director of Commercial and Corporate Services, who acts in accordance with the organisation's Policy Statement, TMP's and CIPFA's Standard of Professional Practice on Treasury Management.
4. The Council has previously nominated the Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

#### **5.4 Treasury Management Strategy for 2012/2013**

- 5.4.1 The Treasury Management Strategy comprises a Borrowing and an Investment Strategy. These set out the Council's policies for managing its borrowing and investments and for giving priority to the security and liquidity of investments.
- 5.4.2 There are no major changes being proposed to the overall Treasury Management Strategy in 2012/2013 which maintains the careful and prudent approach adopted by the Council in previous years. Particular areas that inform the strategy include the extent of potential borrowing included in the Council's capital programme, the availability of borrowing, and the current and forecast global and UK economic position, in particular forecasts relating to interest rates and security of investments.
- 5.4.3 The proposed Treasury Management Strategy Statement for 2012/2013 is set out in Appendix 6 and is based upon the views of the Executive Director of Commercial and Corporate Services, supplemented with money market data, market information and leading market forecasts and views provided by the Council's treasury adviser, Sector Treasury Services.
- 5.4.4 The strategy is subject to regular review to ensure compliance to the agreed treasury management strategy and that the strategy adapts to changing financial markets as appropriate. The Council's current average rate of borrowing at 3.42% is low in comparison with other local authorities whilst the current rate earned on investments at 1.63% is higher than the benchmark rate. In addition debt rescheduling undertaken by the Council has achieved significant savings in interest charges and discounts and these interest savings have been secured for many years to come. Market conditions are also under constant review so that the Council can take a view on the optimum time to carry out further borrowing or debt rescheduling. This is reflected in the recent acquisition of a 50 year PWLB loan for £10m at a rate of 3.99%, where rates have been monitored daily and the council has taken advantage of a dip in the rates to access a loan that represents excellent value over the longer term.

#### **6. Suggested Reason for Decision**

- 6.1 To comply with statutory requirements.

7. **Alternative Options**

7.1 No alternatives are submitted for Cabinet consideration

**Background Papers**

Various Notifications regarding Capital Resources for 2012/2013

Sector City Watch (Monthly)

Local Government Act 2003

The Prudential Code for Capital Finance in Local Authorities

Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (2011 Edition)

Treasury Management in the Public services Guidance Notes for Local Authorities including Police Authorities and Fire Authorities (2011 Edition)

## Capital Programme 2012/2013 – New Starts

### 1.0 Children’s Services Capital Proposals 2012/2013

- 1.1 The Secretary of State for Education, Michael Gove announced details of schools capital funding for 2012/2013 on 13<sup>th</sup> December 2011 following the Local Government Finance Settlement.

Details of the grant allocations for Sunderland are set out in the table below.

	<b>2011/2012 Allocation</b>	<b>2012/2013 Allocation</b>
	<b>£’000</b>	<b>£’000</b>
<b>Education – LA Block</b>		
Capital Maintenance	3,979	3,177
Basic Need	3,308	1,635
	<b>7,287</b>	<b>4,812</b>
<b>Schools Block</b>		
Local Authority Devolved Formula Capital (Standards Fund)	770	726
Local Authority Voluntary Aided Devolved Formula Capital (Standards Fund)	222	222
Local Authority Co-Ordinated Voluntary Aided Programme	1,059	999
	<b>2,051</b>	<b>1,947</b>
<b>All Capital Approvals</b>	<b>9,338</b>	<b>6,759</b>

### 1.2 Proposals for Children’s Services Capital Programme New Starts 2012/2013

- 1.2.1 In 2012/2013 Sunderland City Council will be allocated £1.635 million in Basic Need funding and £3.177 million for Capital Maintenance.

- 1.2.2 Education Capital has again been severely reduced. Overall Capital Grants have reduced by 27.6% from 2011/2012 allocations (this follows a 53.0% reduction in 2011/2012 from original 2010/2011 allocations). The Local Authority Element has reduced by 34.0% (following a 39.6% reduction in 2011/2012). The intention was that 2011/2012 would be treated as an interim year before the recommendations from the Sebastian James review of Department for Education (DfE) capital programmes could be implemented. However, DfE have again announced a one year funding allocation for 2012/2013 whilst they reflect on ‘the rapidly changing situation in local areas on both demographic growth and numbers of schools converting to Academy status’.

- 1.2.3 The maintenance proportion of the funding has been determined by weighted pupil numbers by school from the most recent data available and shows a 20% reduction on the maintenance funding available in 2011/12. The voluntary-aided sector has been allocated a share based on pupil numbers, and reflecting the governors' contribution and eligibility for VAT. Nationally funding of £276 million has been held back centrally for academies which mean that there will be no call from academies on the capital maintenance funds allocated to Local Authority schools. Basic Need (BN) funding has been also reduced by approximately 40%. BN funding is intended to provide new school places where needed and must cover the needs of maintained, and voluntary aided (VA) schools. Unlike last year where there was no requirement for new places, it is proposed that a proportion of this funding be allocated to provide additional primary places in areas where there is pressure on capacity. The LA will need to discuss a pro-rata share of BN funding with the Dioceses and potentially Academy Trusts. It is proposed that the remainder of the BN funding and the Capital Maintenance allocation are then treated as a single sum to address priority projects across all schools.
- 1.2.4 In October 2011 the Council submitted bids for five schools (2 secondary and 3 primary schools) to the Priority Schools Capital Programme (PSCP). Cabinet approved the submission on 5<sup>th</sup> October 2011. The programme, which is a Private Finance Initiative (PFI) is designed to re-build schools in the worst condition nationally and those in the most pressing case of Basic Need. The full scale of the national programme is still to be finalised but it is likely to include a mix of primary, secondary and special schools, sixth form and alternative provision potentially covering 100 -300 schools in total. Procurement will be based upon standardised designs and space standards. The programme will build new schools rather than refurbish or extend existing ones.

Being a PFI initiative, there is a requirement that Schools must accept being part of a long-term (approximately 27 year) private finance arrangement including Hard/ Soft Facilities Management (FM). This includes a requirement for schools to make a contribution to the annual revenue payment of around £50-£60 per square metre. As it would be extremely difficult for individual schools to meet this additional cost pressure an alternative way of funding the shortfall for the schools involved would be an increased allocation from the overall Dedicated Schools Grant (DSG). This would be an additional call on the DSG which would be effectively 'top-sliced' before schools receive their individual allocations. The Schools Forum agreed this proposal in principle at its 15<sup>th</sup> September 2011 meeting. Outcomes from the bidding exercise are anticipated in March 2012.



- 1.2.5 The Asset Management Plan identifies significant levels of capital maintenance necessary. This work includes the replacement of life-expired boiler plant, water systems, infrastructure, roofing and windows to schools. However, final allocation of capital resources to support the most pressing needs in the schools Asset Management Plan will only be made following the outcome of the PSCP bids that the Council has made. Should the Council not be successful in its bids then it will be necessary to complete high priority capital work outstanding at those schools. If the bid is successful it is proposed that resources are made available from within the programme to provide some loose furniture and ICT kit at successful schools as there is no allocation within PSCP for this.
- 1.2.6 The priority for Children's Services is health and safety, keeping buildings wind and watertight, and thereby avoiding school closures. A contingency sum is therefore also required to address the numerous ad-hoc situations that arise in schools year on year.
- 1.2.7 For a number of years Children's Services has relied upon temporary borrowing in lieu of capital receipts to support investment in new school builds. This is not sustainable moving forward and £1.000 million has been repaid from 2011/2012 funding allocations with £0.250 million allocated on an ongoing basis until repayments have been made (pending further government announcements concerning future capital allocations).
- 1.2.8 Devolved Formula Capital allocated to schools to address maintenance priorities or to upgrade ICT stock reduced by 75% in 2011/12 and remains at a similar level in 2012/13.

**2.0 Highways Capital Proposals 2012/2013**

2.1 The Department for Transport (DfT) announced LTP allocations on 13<sup>th</sup> December 2010 for 2011/2012 and 2012/2013 which are set out below. In addition the Council receives a contribution from Nexus Allocation towards public transport initiatives.

	<b>2011-12 £000s</b>	<b>2012-13 £000s</b>	<b>2013-14 £000s provisional</b>	<b>2014-15 £000s provisional</b>
Highways Capital Maintenance	2,804	2,919	2,877	2,768
Highways Integrated Transport	2,008	2,141	2,141	3,011
Nexus Allocation	136	188		
<b>Total Transport</b>	<b>4,946</b>	<b>5,248</b>	<b>5,018</b>	<b>5,779</b>

**2.2 Proposals for Highways Capital Programme New Starts 2012/2013**

2.2.1 Both the Highways Capital Maintenance and Integrated Transport funding blocks are calculated through a needs-based formula and in Metropolitan Areas is allocated to the Integrated Transport Authority (ITA) in that area. It is up to the ITA to distribute funds to constituent authorities in their area and, in consultation with Districts they have agreed the allocations included in the table above.

2.2.2 The proposed capital programme for future years, excluding ongoing commitments in relation to land costs associated with Southern Radial Route, Central Route and New Wear Crossing, will leave £3.808m to support the following priorities

- the structural maintenance of highways and bridges – £1.570m.
- economic development and regeneration by managing congestion; support safe and sustainable communities by improving Road Safety and, improving access; address climate change by promoting sustainable travel through a bid for funding from the Local Sustainable Transport Fund - £2.050m
- public transport initiatives - £0.188m

**3.0 Health, Housing and Adult Services Capital Proposals 2012/2013**

3.1 The Council now receive a single Department of Health (DoH) capital grant on the basis of social care Relative Needs Formula. The allocation to Sunderland was £0.829 million in 2011/2012 and will be £0.848 million in 2012/2013. The grant is not ring fenced but is expected to be used to support three key areas which comprise of personalisation, reform and efficiency.

3.2 The amount of Disabled Facilities Grant for 2012/2013 to is not anticipated to be announced until mid-February 2012 however CLG have confirmed that they will protect the overall level of DFG available nationally and it is anticipated the Council will receive a similar level to the £1.417m received in 2011/2012. The DFG grant is not ring fenced but is expected to be used to support individuals being able to remain in their own properties for as long as possible in a safe and secure environment.

The Council has an ongoing Area Renewal programme that will continue to be funded from Homes and Communities Agency grant received in advance.

**3.3 Proposals for Health, Housing and Adult Services Capital Programme New Starts 2012/2013**

The following projects are proposed for inclusion in the 2012/2013 capital programme:

**3.3.1 Housing**

**Disabled Facilities Grant**

It is proposed that the Disabled Facilities Grants budget for 2012/2013 remains at £2.346m, the same level as 2011/2012. This can be funded through a specific government grant of £1.417m (indicative allocation), a Council contribution of £0.570m, a Directorate revenue contribution of £0.127m, a contribution from Registered Social Landlords of £0.130m and DoH funding of £0.102m.

**Housing Renovation Loans Scheme**

The Housing Renovation Loans Scheme which is administered by 5 Lamps requires a partner contribution of approximately £0.100m in 2012/2013. This is the same level of contribution as 2011/2012 and can be met from the DoH grant.

**3.3.2 Adult Services**

**Refurbishment Works**

Annually the Directorate reviews all establishments including those occupied by clients and a schedule of works that are required is drawn up to ensure that these establishments are maintained at an acceptable level. Directorate establishments refurbishment needs amounting to £0.150m

have been identified to maintain standards of provision for residential and day care and enhancing service delivery.

### **IT Schemes**

Continuous development of the Document Management System (Road Map) will ensure current systems support the modernisation agenda. A budget of £0.025m for each year 2012/2013, 2013/2014 and 2014/2015 is proposed which can be met from the DoH grant.

### **Extra Care**

It is proposed £0.409m is allocated towards extra care, allowing the council to contribute towards enabling the provision of housing solutions for older households in the city. It will enable the provision of more reablement opportunities; older persons accommodation solutions including dementia specialist housing options and opportunities for maximising referrals into appropriate self contained accommodation which gives people independent living for longer with the provision of care and support tailored to the needs of the individual.

### **Summary of Capital Proposals in 2012/2013**

	<b>£'000</b>
Disabled Facilities Grant	2,346
Housing Renovation Loans Scheme	100
Improvements to Care and Support	150
Document Management System	25
Extra Care	409
<b>Total Expenditure</b>	<b>3,030</b>

#### 4.0 Other Services Capital New Start Proposals 2012/2013

Resources to support other services proposals for capital projects are set out in Section 3 of the main report. The following projects are proposed for inclusion in the 2012/2013 capital programme:

##### 4.1 City Centre Infrastructure Developments

Following acquisition of the Vaux site in February 2011 interim site works are underway to improve the appearance of the site and provide temporary uses pending comprehensive redevelopment. A number of developments around the city centre are proposed that will assist in attracting developers to the site.

##### 4.1.1 Magistrates Square / High Street West improvements £5.000m (£0.264m in 2012/2013, £0.088m in 2013/2014, £3.648m in 2014/2015 and £1.000m in 2015/2016 – timing of spend uncertain)

This scheme will provide a contemporary, vibrant and flexible civic space. Formation of the civic space will form a central hub providing clear access to High St West, the Bridges, Minster Quarter and Vaux. It is envisaged Magistrates Square would become an important civic space within the city centre capable of accommodating a wide range of events and activities and will contribute significantly to achieving the vision for Vaux and also in reviving the heart of the city centre. Appropriate improvements to the High St West area would be undertaken following completion of Magistrates Square to deliver a comprehensive and cohesive public realm at the heart of the retail core.

##### 4.1.2 Investment Corridors £3.000m (£1.000m in 2012/2013, 2013/2014 and 2016/2017)

This project will target investment in public realm improvements, property acquisitions and improvements, and complementing private sector development / investment. It will build on investment to date in the city centre and is important in improving perception of the city centre, boosting business confidence and private investment. Work is to be carried out will seek to optimise any opportunities afforded by private sector development within the corridors and could include Fawcett St, St Michael's Way, High St East, and High St West.

##### 4.1.3` Sunderland Railway Station £3.000m (£0.100m in 2012/2013, £0.100m in 2013/2014 and £2.800m in 2014/2015)

Following the completion of the platform level improvements by Nexus, the long-term proposal to deliver improvements to the above ground station building will be the next phase to take place. A feasibility study has been undertaken and Network Rail and Nexus are also keen to progress phase 2 and are also seeking to provide match funding of £6m, however detailed plans and the programming of funding by partners is still to be agreed.

**4.2 Festivals and Events £0.500m (£0.250m in 2012/2013 and 2013/2014)**

It is proposed that funding is provided to continue with the Council's festivals and events programme. The programme is aimed at attracting supporting business and investment to the city through continual development of the programme.

**4.3 Enterprise Zone Infrastructure £21.000m (£2.000m in 2012/2013, £2.000m in 2013/2014, £2.500m in 2014/2015, £2.000m in 2015/2016 and £12.500m in 2016/2017)**

This proposed investment involves potential forward funding of infrastructure required to facilitate development that will help to deliver the objectives of the Enterprise Zone as previously reported to Cabinet. It is envisaged Council's capital expenditure will be recouped over time from a rise in associated business rates. The project detail is at an early stage of development and the extent and spend profile of work is indicative at this stage.

It is anticipated that European and other funding will be available to support works within the Sunderland Enterprise Zone, and bids are being pursued.

**4.4 Strategic Land Acquisitions £3.000m (£1.000m per annum for three years)**

It is proposed that funding is provided to acquire further land and buildings which are considered to be of strategic importance and would contribute towards the Council's physical regeneration aspirations for the City. Proposals for acquisition will be brought forward in accordance with the requirements of the Council's policy.

**4.5 Economic Development Grants Provision £4.100m (£0.900m in 2012/2013, £0.800m in 2013/2014, £0.800m in 2014/2015, £0.800m in 2015/2016 and £0.800m in 2016/2017)**

This proposal seeks to continue the policy of providing funding for a range of capital projects. Particular emphasis will be to assist sustainable business growth and investment activities, particularly where new job creation in the City will result.

**4.6 Washington Leisure Centre £11.300m (£1.700m in 2012/2013 and £9.600m in 2013/2014)**

A feasibility study has identified that significant investment is required in order to redevelop sports facilities in Washington. The Northumbria Centre closed in 2009 as a result of health and safety related issues and Washington Leisure Centre is in a poor state of repair with an upgrade not representing value for money.

A new centre providing a 25m pool, learner pool, wellness facilities, an 8 court sports hall plus outdoor football facilities is proposed. The new centre will provide much improved facilities and it is projected that the additional use of the centre will generate savings to the current budget of £0.178m per annum.

Timing of spend is indicative at this stage and subject to further detailed work to be undertaken.

**4.7 Transport Priorities £5.000m (£1.000m per annum for 5 years)**

The Council's Local Transport Plan allocation available for highways maintenance and integrated transport works has been significantly reduced with a cut of over £3.4m (48%) planned for 2012/2013 compared to 2009/2010. This will have a detrimental effect on the ability to adequately maintain highways and footways and to improve road safety, pedestrian facilities and congestion measures which are of significant importance to the public.

In order to minimise deterioration to transport infrastructure and meet priorities for residents it is proposed that an additional £1m per year for 5 years is made for transport schemes. The focus of additional capital maintenance works will be on residential streets and the links between these and the classified road network. For Bridges additional funding will be allocated to structural maintenance and for Integrated Transport the additional funding would allow better roll out of community projects such as 20 mph zones, parking management schemes in residential areas and pedestrian crossing facilities.

**4.8 Roker Pier and Lighthouse £1.350m (£0.450m per annum for three years)**

To recognise the need to address major maintenance works to Roker Pier and Lighthouse and avoid significant future capital expenditure a rolling programme of refurbishment works is proposed. This includes repairs to the lighthouse and pier structure below the waterline; resurfacing of the full length of the decking; and, the restoration / replacement of railings and new interpretation material along the pier. Works would maintain the fabric of the Grade II Listed pier and would compliment the promenade improvements undertaken through the Sea Change project.

Opportunities will be explored to seek match funding towards the works from the Environment Agency and Heritage Lottery Fund.

**4.9 Sea Front £1.500m (£0.500m per annum for three years)**

In order to recognise community priorities and help deliver the Council's Sea Front Regeneration Strategy a three year improvement programme for the seafront is proposed. Works will be designed to generate and support private sector investment, such as the development of a new visitor building on the site of the former Seaburn Shelter, in line with the approved Seaburn and Marine Walk Masterplans.

Following Sunderland's success in the 3rd Sea Change round, and the work that has been undertaken to progress the Seafront Regeneration project, it is also hoped to secure Coastal Communities funding following the Government's announcement that further funding is to be made available.

**4.10 Property Planned Maintenance – £3.000m (£1.000m per annum for three years)**

To help prevent the ongoing degradation of the property portfolio it is proposed that additional resources amounting to £1m per annum are provided for three years to allow proactive investment on planned capital maintenance.

**4.11 Port of Sunderland £0.500m in 2012/2013**

In order to meet operational requirements there is a need to carry out capital maintenance to Number 1 Dock Gates and it is proposed to purchase a second hand tug and other items of plant and machinery. Funding can be met from existing prudential borrowing and reserve allocations made to the Port.

**4.12 Coast Protection – Port £2.387m (£0.694m in 2013/2014 and £1.693m in 2014/2015 – net cost)**

The completed Coast Protection Strategy Review Report Phase 1 identifies the North East Pier, South West Breakwater and Hendon Foreshore Barrier, all of which are located within Strategy Frontage 3 within the Port of Sunderland, as being the top priority for future coastal defence capital works. These structures protect the Port's infrastructure from coastal erosion and flooding and a delay in carrying out this scheme may in turn adversely impact on infrastructure and business of the Port tenants. In addition the current condition of these structures may deter potential new businesses from taking residence in the Port.

Under the new DEFRA funding regime, schemes are to be funded locally with Environment Agency (EA) partial contributions. There is a high degree of confidence in securing Flood Defence Grant in Aid (FDGiA) funding contributions from the EA, what is unclear is the timing in which this funding would become available which will be dependent on a full bid following production of a Project Appraisal Report. At this stage it is estimated that total cost of the scheme would be £4.230m and that the net costs to the council would be £2.387m with an additional £1.843m being received in grant.



#### **4.13 Coast Protection – South Bents to Seaburn £0.570m in 2013/2014 (net cost)**

This coast protection scheme, to begin in 2013/2014, continues protection to Strategy Frontage 1 (South Bents and Seaburn). With climate change and anticipated sea level rise the provision of a rear flood protection wall to the promenade is proposed to afford protection to the A183 highway and adjacent residential and business properties.

As part of the ongoing Coast Protection Strategy Review Phase 2 a detailed flood risk assessment is being undertaken to establish the extent and depth of future coastal flooding. The outcome of this assessment will inform the need for and magnitude of the flood wall. The coastal frontage is seen as a significant leisure and tourism asset with aim 3 of the Sunderland Economic Masterplan being to develop a prosperous and well-connected waterfront and seafront centre. Total cost of the scheme is estimated as being £0.800m and FDGiA of £0.230m will be pursued.

#### **4.14 Riverside Repairs - £0.200m (£0.100m in 2012/2013 and £0.100m in 2013/2014)**

Accelerated Low Water Corrosion is affecting riverside structures supporting footpaths and other infrastructure. A programme of repairs would prevent these structures from deteriorating and failing.

#### **4.15 Modernisation Improvements £1.100m in 2012/2013**

A provision is proposed to enable further investment to support business transformation and the delivery of further efficiencies in key areas including employee self service, document management and SAP developments to meet alternative methods of delivery.

#### **4.16 Capital Contingencies**

Resources have also been provisionally allocated as a capital contingency to a number of outline schemes which it is intended will be brought forward subject to the consideration of the individual business case. These schemes support the Council's key priorities in terms of regeneration plans and strategic priorities and include

- 'invest to save' schemes in partnership with the private sector to support investment in the City and enable future strategic developments to take place
- major leisure and cultural projects where funding details with partners are being progressed
- other major regeneration capital works within the City that will support the five Aims of the Sunderland Economic Masterplan

## CAPITAL PROGRAMME

Summary of Programme  
2011/12 to 2015/16

Expenditure by Portfolio	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
			2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Leader	24,655	4,756	5,619	5,780	3,000	3,500	2,000
Deputy Leader	14,001	4,812	6,364	2,825			
Cabinet Secretary	7,640	779	2,818	2,043	1,000	1,000	
Children and Learning City	39,108	7,805	14,807	14,488	1,466	392	150
Prosperous City	34,375	4,067	9,960	7,212	4,088	7,248	1,800
Health and Well Being	28,361	1,743	4,299	5,890	12,170	2,142	2,117
Safer City and Culture	4,650	1,019	311	2,310	1,010		
Attractive and Inclusive City	209,894	62,850	11,917	11,390	42,880	54,564	26,293
Sustainable Communities	15,066	6,847	4,131	1,700	2,388		
Responsive Services and Customer Care	5,518	2,474	2,974	70			
Contingencies	38,260			6,543	25,920	5,401	396
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>421,528</b>	<b>97,152</b>	<b>63,200</b>	<b>60,251</b>	<b>93,922</b>	<b>74,247</b>	<b>32,756</b>

**CAPITAL PROGRAMME**

Source of Finance	Estimated Payments				
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>From External Sources</b>					
Loans					
- Supported Borrowing		5,246			
- Unsupported Borrowing	6,656	19,245	47,441	20,960	5,222
Government Grants					
- Disabled Facilities	1,417	1,417	1,097	1,127	1,127
- Department for Communities and Local Government	33	636			
- Department of Health	1,617	876	25	25	
- Department for Education - Capital Maintenance	1,806	5,350			
- Department for Education - Basic Needs	3,209	1,734			
- Department for Education - Devolved Formula Grant	1,763	2,258	1,316	242	
- Department for Education - Building Schools for the Future	484				
- Department for Education - Primary Strategy for Change	3,823				
- Department for Education - Extended Schools	1,009				
- Department for Education - Other	809				
- Department for Transport -Transport Grant	5,004	5,817	5,018	5,779	5,644
- Department for Transport -S31 Transport Grant			28,073	36,867	17,623
- Department for Transport -Other	20				
- Department for Culture Media and Sport	18				
- Coast Protection	220		766	1,307	
- Single Housing Investment Pot	670	100	94		
- New Homes Bonus	77	500			
- CABE Sea Change Fund	707				
English Heritage Lottery Grants	44	600	2,000	2,000	
European Grants	4,484	2,498	1,050		
Grants from Other Public Bodies					
- One North East	3,190				
- Homes and Communities Agency	2,716	1,000	2,294		
- Football Foundation	150	250	200		
- Sport England		200			
- Coalfield Regeneration Trust		100			
- Nexus	320	188			
- Lawn Tennis Association	167				
- School Governors Contribution	600				
Other External Funding	238	225	155	130	130
<b>Total External Sources</b>	<b>42,251</b>	<b>48,240</b>	<b>89,529</b>	<b>68,437</b>	<b>29,746</b>
<b>From Internal Sources</b>					
Revenue Contributions					
- General Fund	1,085	2,570	2,570	2,570	2,570
- Children's Services	281	150	150	150	150
- Health Housing and Adult Services	220	127	298	290	290
- City Services	90				
- Strategic Initiatives Budget	336	56			
Capital Receipts	790	700			
Reserves					
- Strategic Investment Reserve	8,314	2,987			
- Strategic Investment Plan	2,281	613	225		
- Unutilised RCCO Reserve	5,614	677			
- Port Reserve	907	143			
- Working Neighbourhoods Reserves	1,494	2,450	1,050		
- Business Transformation Reserve	230	70			
- Modernisation Reserve		1,000			
- Sunderland Railway Station Reserve		100	100	2,800	
- Other Capital Reserves	307	368			
<b>Total Internal Sources</b>	<b>21,949</b>	<b>12,011</b>	<b>4,393</b>	<b>5,810</b>	<b>3,010</b>
<b>TOTAL CAPITAL FINANCING</b>	<b>63,200</b>	<b>60,251</b>	<b>93,922</b>	<b>74,247</b>	<b>32,756</b>

## **LEADER CAPITAL PROGRAMME**

### **CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN**

The Leader capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- § A new kind of university city
- § A national hub of the low-carbon economy.
- § A prosperous and well-connected waterfront city centre.
- § An inclusive city economy for all ages.
- § A one city approach to economic leadership.

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- § During 2011/2012, Economic Development Support included contribution to the development of an electricity sub-station.
- § Purchase of strategic assets within the City Centre that will enable further regeneration within the city to take place.

### **KEY MEDIUM TERM PRIORITIES**

- § To provide leadership to the Council on all matters and particularly all major strategic, corporate and cross-cutting and commercially sensitive issues

### **HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL**

In developing measures to improve economic prosperity, value for money will be achieved through a range of measures including:

- § Maximising external funding.
- § Work with internal and external partners to improve services for local businesses.
- § Efficiencies will be achieved through improved procurement techniques and monitoring arrangements.

### **CAPITAL INVESTMENTS FOR THE YEAR**

#### **Ongoing Commitments**

- § Complete advance site works to the former Vaux Site: landscaping and the provision of temporary parking facilities.

#### **New Starts**

- § A programme of infrastructure works required to facilitate development and deliver the objectives of the Enterprise Zone within Sunderland.
- § A provision has been made for land acquisitions where this will benefit the Councils Strategic Objectives.

**LEADER  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments					
			2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	
<b>MAIN BLOCK</b>								
Continuing Projects	5,155	4,756	399					
Projects Commencing 2011/2012	8,000		5,220	2,780				
Projects Commencing 2012/2013	11,500			3,000	3,000	3,500	2,000	
Projects Commencing 2013/2014								
Projects Commencing 2014/2015								
Projects Commencing 2015/2016								
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>24,655</b>	<b>4,756</b>	<b>5,619</b>	<b>5,780</b>	<b>3,000</b>	<b>3,500</b>	<b>2,000</b>	

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>FROM EXTERNAL SOURCES</b>					
Unsupported Borrowing	2,619	4,780	3,000	3,300	800
Government Grants - One North East	1,000				
<b>Total External Sources</b>	<b>3,619</b>	<b>4,780</b>	<b>3,000</b>	<b>3,300</b>	<b>800</b>
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions - General Fund				200	1,200
Reserves - Strategic Investment Reserve	1,000	1,000			
- Unutilised RCCO Reserve	1,000				
<b>Total Internal Sources</b>	<b>2,000</b>	<b>1,000</b>		<b>200</b>	<b>1,200</b>
<b>TOTAL FINANCING</b>	<b>5,619</b>	<b>5,780</b>	<b>3,000</b>	<b>3,500</b>	<b>2,000</b>

**LEADER  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
					2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
	<b>Continuing Projects</b>								
CS93016	<b>City Business and Investment</b> Strategic Land Acquisition Provision	C Clark	5,155	4,756	399				
<b>TOTAL CONTINUING PROJECTS</b>			<b>5,155</b>	<b>4,756</b>	<b>399</b>				
	<b>Projects Commencing 2011/12</b>								
CS93013/15	Strategic Economic Development Support	J Snaith	2,000		2,000				
CS93018	Advance Site Works	C Clark	2,000		1,000	1,000			
CS93016	Strategic Land Acquisition Provision	C Clark	4,000		2,220	1,780			
<b>TOTAL PROJECTS COMMENCING 2011/12</b>			<b>8,000</b>		<b>5,220</b>	<b>2,780</b>			
	<b>Projects Commencing 2012/13</b>								
CS93016	Enterprise Zone Infrastructure Strategic Land Acquisition Provision	J Snaith C Clark	8,500 3,000			2,000 1,000	2,000 1,000	2,500 1,000	2,000
<b>TOTAL PROJECTS COMMENCING 2012/13</b>			<b>11,500</b>			<b>3,000</b>	<b>3,000</b>	<b>3,500</b>	<b>2,000</b>
<b>TOTAL CAPITAL PROGRAMME</b>			<b>24,655</b>	<b>4,756</b>	<b>5,619</b>	<b>5,780</b>	<b>3,000</b>	<b>3,500</b>	<b>2,000</b>

## **DEPUTY LEADER CAPITAL PROGRAMME**

### **CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN**

The Deputy Leader capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- § A new kind of university city
- § A national hub of the low-carbon economy
- § A prosperous and well-connected waterfront city centre
- § An inclusive city economy for all ages
- § A one city approach to economic leadership

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- § Improvements to the Voice and Data Network are substantially complete and are generating significant improvements to the network as well as significant revenue savings.
- § The Business Transformation Programme is supporting the council's efficiency programme by delivering savings within all aspects of Strategic and Shared services and improving effectiveness within the customer service network.

### **KEY MEDIUM TERM PRIORITIES**

- § To meet the Aims of the Economic Masterplan (see above).
- § ICT medium term priorities include assisting the Council to meet its Smarter City objectives.
- § To facilitate efficiencies and improvements to IT systems and working practices within the Council.

### **HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL**

In developing measures to improve economic prosperity, value for money will be achieved through a range of measures including:

- § The investment in the voice and data network producing significant revenue savings in terms of reduced line rentals.
- § The investment in Business Warehousing producing a seamless electronic purchasing process.
- § The Cloud Computing Model is expected to reduce the Council's operational costs by £1.4m annually over the next five years, in the delivery of IT services through a reduction in hardware, software, maintenance and improved IT management.

### **CAPITAL INVESTMENTS FOR THE YEAR**

#### **Ongoing Commitments**

- § Phase 2 of the Revenue and Benefits system upgrade involves public access via the web allowing customers to access account information without contacting the Council, a home working pilot, and IEG4 Intelligent e-forms enabling efficiencies through customers being able to complete benefit applications on line.
- § Continue with the Corporate Computing Model. The Council has selected supplier IBM to provide a city-wide Cloud Computing platform that will not only meet the Council's own needs, but will stimulate economic growth for the benefit of the whole city by reducing technological investment barriers and promote Sunderland as Smarter City.
- § The Digital Challenge programme is setting the vision for a digitally enabled Sunderland by delivering services where, when, and how they are needed and wanted.

#### **New Starts**

- § The Council will create efficiencies by moving to a self serve approach for managers and employees with regard to Human Resources processes.
- § Introduction of a new system to the management of paper based documents that will meet the needs of the more flexible computing environment that will be delivered by the Corporate Computing Model.
- § Developments to SAP that will meet different operating arrangements.

**DEPUTY LEADER  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
			2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>MAIN BLOCK</b>							
Continuing Projects	6,863	4,812	1,063	988			
Projects Commencing 2011/2012	6,038		5,301	737			
Projects Commencing 2012/2013	1,100			1,100			
Projects Commencing 2013/2014							
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>14,001</b>	<b>4,812</b>	<b>6,364</b>	<b>2,825</b>			

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>FROM EXTERNAL SOURCES</b>					
Unsupported Borrowing	162				
Government Grants - Communities and Local Government	200	636			
<b>Total External Sources</b>	<b>362</b>	<b>636</b>			
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions					
- Directorate Resources - Children's Services	111				
- Directorate Resources - HHAS	105				
Reserves					
- Strategic Investment Reserve	5,164	737			
- Strategic Investment Plan	160	147			
- Unutilised RCCO Reserve	462	305			
- Modernisation Reserve		1,000			
<b>Total Internal Sources</b>	<b>6,002</b>	<b>2,189</b>			
<b>TOTAL FINANCING</b>	<b>6,364</b>	<b>2,825</b>			



**DEPUTY LEADER  
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
					2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>Continuing Projects</b>									
<b>ICT</b>									
CS91012	Improvements to Voice and Data Network	T Baker	1,840	1,717	123				
CS94017	Complaints and Freedom of Information Act	E Waugh	110	36	74				
CS94054	Flexible Working Solutions	T Baker	100	41	59				
CS94034-48	Digital Challenge	T Baker	3,391	2,555	200	636			
CS91013	SAP Infrastructure	T Baker	100	70	30				
CS91015	Power Supply to Data Centre	T Baker	80	71	9				
CS91016	Revenue and Benefits system Ph2	F Brown	400	93	160	147			
CS94058	Cash Receipting	T Baker	146	104	42				
CS91013	SAP Archiving	T Baker	205			205			
CS94056	Call Manager Replacement	T Baker	491	125	366				
<b>TOTAL CONTINUING PROJECTS</b>			<b>6,863</b>	<b>4,812</b>	<b>1,063</b>	<b>988</b>			
<b>Projects Commencing 2011/12</b>									
<b>ICT</b>									
CS94057	Automated Court Bundle	E Waugh	30		30				
CS94061	Corporate Computing Model	T Baker	5,901		5,164	737			
CS94060	Network Upgrade	T Baker	30		30				
CS94059	Telephony Upgrade	T Baker	77		77				
<b>TOTAL PROJECTS COMMENCING 2011/12</b>			<b>6,038</b>		<b>5,301</b>	<b>737</b>			
<b>Projects Commencing 2012/13</b>									
<b>ICT</b>									
CS91020	Employee Self Service	T Baker	500			500			
	Electronic Document Management	T Baker	500			500			
	SAP Development	S Tognarelli	100			100			
<b>TOTAL PROJECTS COMMENCING 2012/13</b>			<b>1,100</b>			<b>1,100</b>			
<b>TOTAL CAPITAL PROGRAMME</b>			<b>14,001</b>	<b>4,812</b>	<b>6,364</b>	<b>2,825</b>			

**CAPITAL PROGRAMME  
CABINET SECRETARY**

**CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN**

The Cabinet Secretary capital programme will contribute towards the five Aims of the Sunderland Economic Masterplan:

- § A new kind of university city
- § A national hub of the low-carbon economy
- § A prosperous and well-connected waterfront city centre
- § An inclusive city economy for all ages
- § A one city approach to economic leadership

**OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- § Investment in a new mobile Crane at the Port of Sunderland to meet the demands of new and existing business needs and improve the efficiencies of cargo handling operations.
- § A full dredge of the operational areas of the river and quay areas was undertaken in 2011/2012 in order to maintain depth levels at Port which will ensure safe access and egress for vessels. In addition, on-going maintenance dredging arrangements are now in place to ensure these dredged depths are maintain and managed 'in-house' by the Port
- § Infrastructure improvements to the Port.

**KEY MEDIUM TERM PRIORITIES**

- § A Business Improvement Plan for the Port has been completed, agreed by the Port Board and is in the implementation phase to meet the stated objectives.
- § Recent commercial opportunities have allowed the Port to facilitate pre-development survey and assembly/installation works associated with the offshore renewable energy and sub sea engineering sectors
- § The on-going investment programme will support the requirement to develop the Port's fledgling infrastructure to provide both further support services and capacity to maximise this market potential

**HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL**

- § The introduction of home working will increase utilisation of Council buildings, improve staff productivity and performance.
- § As part of continuing efforts to improve the trading position of the Port of Sunderland, a number of items of equipment have been purchased that will safeguard existing operational standards, reduce equipment hire costs and provide the necessary equipment to enable the Port to better respond to market opportunities and spot trade.

**CAPITAL INVESTMENTS FOR THE YEAR AHEAD**

**Ongoing Commitments**

- § Works to improve the entrance to the port.
- § Port workshop relocation will further rationalise the Port estate, thereby providing additional land for potential new business development

**New Starts**

- § Planned capital maintenance of assets to provide medium term efficiencies and prevent the ongoing degradation of the asset portfolio
- § Capital Maintenance works to maintain Number 1 Dock Gates at the Port.
- § Acquisition of a tug boat and other equipment to provide towage and general support activities to vessels and barges utilising the Port as a commercial service and a diversification of the Port's commercial activities

**CAPITAL PROGRAMME  
CABINET SECRETARY**

**SUMMARY**

Project Description	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
			2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>MAIN BLOCK</b>							
Continuing Projects	989	779	210				
Projects Commencing 2011/2012	3,151		2,608	543			
Projects Commencing 2012/2013	3,500			1,500	1,000	1,000	
Projects Commencing 2013/2014							
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>7,640</b>	<b>779</b>	<b>2,818</b>	<b>2,043</b>	<b>1,000</b>	<b>1,000</b>	

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>FROM EXTERNAL SOURCES</b>					
Unsupported Borrowing	845	400	50		
Government Grants - European Grants	130				
<b>Total External Sources</b>	<b>975</b>	<b>400</b>	<b>50</b>		
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions - General Fund			950	1,000	
Reserves - Port Reserve	907	143			
- Strategic Investment Reserve	750	1,500			
- Other Capital Reserves	186				
<b>Total Internal Sources</b>	<b>1,843</b>	<b>1,643</b>	<b>950</b>	<b>1,000</b>	
<b>TOTAL FINANCING</b>	<b>2,818</b>	<b>2,043</b>	<b>1,000</b>	<b>1,000</b>	

**CAPITAL PROGRAMME  
CABINET SECRETARY**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
					2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>Continuing Projects</b>									
	<b>Port</b>								
DR91708	Port Regeneration Study	C Clark	453	444	9				
DR92010	Port Workshops Relocation	M Hunt	288	106	182				
CS92011-15	Port Equipment	M Hunt	248	229	19				
<b>TOTAL CONTINUING PROJECTS</b>			<b>989</b>	<b>779</b>	<b>210</b>				
<b>Projects Commencing 2011/12</b>									
	<b>Land and Property</b>								
CS92034	Dilapidations Glover Site	C Clark	186		186				
CS91019	Smarter Working	C Clark	1,250		750	500			
	<b>Port</b>								
CS92016	Port Dredging	M Hunt	556		556				
CS92019	Drainage Works	M Hunt	85		85				
CS92020	Lime Works	M Hunt	40		40				
CS92018	Road Realignment	M Hunt	19		19				
CS92017	Port Entrance	M Hunt	180		137	43			
CS92022	Lighting Improvements	M Hunt	130		130				
CS92022	Health and Safety equipment/works	M Hunt	155		155				
CS92021	Equipment	M Hunt	50		50				
CS92023	Mobile Crane	M Hunt	500		500				
<b>TOTAL PROJECTS COMMENCING 2011/12</b>			<b>3,151</b>		<b>2,608</b>	<b>543</b>			
<b>Projects Commencing 2012/13</b>									
	<b>Land and Property</b>								
	Property Planned Capital Maintenance	C Clark	3,000			1,000	1,000	1,000	
	<b>Port</b>								
	Dock Gate Capital Repairs	M Hunt	250			250			
	Tug Boat	M Hunt	150			150			
	Equipment	M Hunt	100			100			
<b>TOTAL PROJECTS COMMENCING 2012/13</b>			<b>3,500</b>			<b>1,500</b>	<b>1,000</b>	<b>1,000</b>	
<b>TOTAL CAPITAL PROGRAMME</b>			<b>7,640</b>	<b>779</b>	<b>2,818</b>	<b>2,043</b>	<b>1,000</b>	<b>1,000</b>	

## CHILDREN AND LEARNING CITY CAPITAL PROGRAMME

### **CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN**

Children's Services Capital Programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- § A new kind of university city
- § A national hub of the low-carbon economy
- § A prosperous and well-connected waterfront city centre
- § An inclusive city economy for all ages
- § A one city approach to economic leadership

The Children and Young People's Plan priorities:

- § Achieving their education
- § Enjoy sport, leisure and play

The national outcome and indicators of which the most relevant to capital investment are:

- § Achievement of at least 78 points across the Early Years Foundation Stage (EYFS) with at least 6 in each of the scales in Personal Social and Emotional Development and Communication, Language and Literacy.
- § Percentage of schools providing access to extended services
- § Take up of 14-19 learning diplomas
- § Narrowing the gap between the lowest achieving 20% in the EYFS Profile and the rest
- § The Children's Services AMP, which contains updated information about the condition, suitability and sufficiency of all school buildings.
- § The replacement of two primary schools under the Primary Strategy for Change
- § The ongoing review of both primary and secondary school places to identify future priorities for capital investment, taking into account the current pupil roll and projected future school rolls.
- § Schools being allocated devolved capital funding. The LA provides support to schools in assisting them in planning this expenditure to achieve school development priorities
- § Partnership working which is key to making right investment choices and to supporting the wider regeneration agenda in Sunderland
- § Providing young people leaving care with a residential resource

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- § Several schools have benefited from the Children's Services Access Initiative Budget which has been used to improve facilities for disabled pupils accessing mainstream school provision
- § Capital works to reconfigure accommodation and provide children's centre outreach facilities at Seaburn Dene Primary School were completed in 2011.
- § Capital works to provide window replacements, boiler improvements, roofing works and safety works, to meet with asset management priorities, at a number of primary, secondary and special schools

### **KEY MEDIUM TERM PRIORITIES**

- § To address the most urgent condition priorities, health and safety work and major capitalised repairs in the secondary, primary and nursery sector as identified from Children's Services AMP data
- § To address pressure on primary school places in particular areas of the City to ensure there are sufficient school places to meet demand for reception places
- § To support schools in using the reduced level of devolved formula capital allocations to address the priorities identified in their asset management plans.
- § Extend supported accommodation for vulnerable young people
- § To maintain children's homes to a standard required to meet at least the minimum standards against which Sunderland are inspected by OFSTED twice per annum, and also to fulfill the requirements of the council as Corporate Parents.

### **HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL**

- § Children's Services is participating in a corporate wide review of accommodation with a view to rationalising property. The moves towards locality and integrated working began with staff from the North locality team located at Bunnyhill in January 2011, staff from the West locality team located at Sandhill Centre in July 2011, staff from the Coalfields locality team located at the Hetton Centre and Houghton Connexions building in October 2011, the Washington locality located at Washington library and Washington Connexions buildings in January 2012, and the East locality team due to relocate to the former Hendon Health Centre in March 2012. The moves include adopting a more flexible and mobile working model. These changes will generate

## CHILDREN AND LEARNING CITY CAPITAL PROGRAMME

efficiencies through reductions in accommodation requirements and the new ways of working will result in more efficient, cohesive and responsive services in the local communities.

### **CAPITAL INVESTMENTS FOR THE YEAR**

#### **Ongoing Commitments**

- § The replacement of St Joseph's Primary School, the initial priority school replacement identified in the Primary Strategy for Change consultations, began in January 2011, with the new school building opening after the 2012 February half term break. The Phase 2 works i.e. demolition of the old school and reinstatement of outdoor areas, is due to be completed by July 2012.
- § Work on the replacement of Maplewood School, the second priority school replacement identified in the Primary Strategy for Change, began in September 2011 and is due to be completed in August 2012, with the school opening September 2012, the beginning of the 2012 academic year.
- § Continuation of capital works to meet asset management priorities that commenced in schools during 2011/2012

#### **New Starts**

- § 2012/2013 schools capital allocations were announced by the Secretary of State for Education as part of the schools financial settlement on 13<sup>th</sup> December 2011. Basic Need funding provides school places where needed for maintained, academy and voluntary aided schools. Capital Maintenance funding is to address maintenance priorities in schools (the VA section has a separate allocation for this). In addition maintained schools will receive their share of £0.726m Devolved Formula Capital. The sum in the VA sector is £0.222m. Basic Need / Capital Maintenance funds are not ring fenced and will be used to address urgent maintenance priorities and/or additional primary school places in areas where there is pressure on school places.
- § Additional capital works to be funded from 2011/2012 grant awards that will address high priority capital maintenance needs across all schools in Sunderland and needs in those primary schools where there is pressure on places.
- § A national Private Finance Initiative (PFI) programme was announced by the Education Secretary in July 2011. This national programme is designed to re-build schools in the worst condition nationally and those in the most pressing case of Basic Need. Following extensive investigation based upon the asset management data and DfE criteria for the bids the Council submitted a bid for 5 schools to be part of the programme.
- § The full detail of the capital programme will be determined following the outcomes from the bidding exercise which is anticipated in March 2012.

**CHILDREN AND LEARNING CITY  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments					
			2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	
<b>MAIN BLOCK</b>								
Continuing Projects	23,375	7,805	9,988	4,764	818			
Projects Commencing 2011/2012	9,845		4,819	4,770	256			
Projects Commencing 2012/2013	5,438			4,954	242	242		
Projects Commencing 2013/2014	150				150			
Projects Commencing 2014/2015	150					150		
Projects Commencing 2015/2016	150							150
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>39,108</b>	<b>7,805</b>	<b>14,807</b>	<b>14,488</b>	<b>1,466</b>	<b>392</b>		<b>150</b>

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>FROM EXTERNAL SOURCES</b>					
Supported Borrowing		5,246			
Government Grants					
- Extended Schools	1,009				
- Capital Maintenance	1,806	5,350			
- Basic Need	3,209	1,734			
- Standards Fund	409				
- Building Schools for the Future	484				
- Primary Strategy for Change	3,823				
- Devolved Formula Grant	1,763	2,258	1,316	242	
- Short Breaks Grants	100				
Governors Contribution	600				
Football Foundation	150				
Other Contributions	15				
<b>Total External Sources</b>	<b>13,368</b>	<b>14,588</b>	<b>1,316</b>	<b>242</b>	
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions					
- Directorate Resources	170	150	150	150	150
Reserves					
- Strategic Investment Reserve	1,269	(250)			
<b>Total Internal Sources</b>	<b>1,439</b>	<b>( 100)</b>	<b>150</b>	<b>150</b>	<b>150</b>
<b>TOTAL FINANCING</b>	<b>14,807</b>	<b>14,488</b>	<b>1,466</b>	<b>392</b>	<b>150</b>

**CHILDREN AND LEARNING CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. To 31.3.11 £'000	Estimated Payments				
					2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
	<b>MAIN BLOCK Continuing Projects</b>								
ED96130 / 40	Capital Retentions	B Scanlon	31		31				
ED96133	Usworth School Demolitions	B Scanlon	682	632	50				
ED95289	School Closures - misc costs	J Walvin	155	130	25				
	Schools Devolved Capital 2009/2010 and 2010/2011	V Thompson	6,938	3,086	1,275	1,759	818		
ED95339	Seaburn Dene Primary - surplus place removal	V Thompson	501	424	77				
ED95340	Wessington Primary - surplus place removal	V Thompson	613	553	60				
ED95328	St Josephs RC Primary	V Thompson	6,000	1,418	3,663	919			
ED98033	Maplewood School	V Thompson	5,800	320	3,394	2,086			
ED96164	Farringdon School - upgrade of all weather pitch	D Thornton	532	237	295				
ED95367	Window replacement schemes	V Thompson	542	512	30				
ED99819	Capita One V4 Upgrade	T Skipper	185	165	20				
ED95385	Holley Park - TCF Kitchen & Dining	V Thompson	122	107	15				
ED95386	St Benets - TCF Kitchen & Dining	V Thompson	160	155	5				
ED96096	BSF LA ICT Refresh Fund	B Scanlon	484		484				
ED96172	Biddick school - upgrade of all weather pitch	J Thompson	304	6	298				
ED95390	Grangetown Primary Access Scheme	V Thompson	110	60	50				
ED98034	Barbara Priestman School - Specialist Status	C Barker	100		100				
ED95397	Thorney Close Heating	V Thompson	116		116				
<b>TOTAL CONTINUING PROJECTS</b>			<b>23,375</b>	<b>7,805</b>	<b>9,988</b>	<b>4,764</b>	<b>818</b>		
	<b>Projects Commencing 2011/12</b>								
	Schools Devolved Capital	V Thompson	770		257	257	256		
	School Asset Management Programmes - General	B Scanlon	305		305				
	Primary School Asset Management	B Scanlon	3,477		1,958	1,519			
	Secondary School Asset Management	B Scanlon	5,043		2,049	2,994			
ED99817	Software Licences	B Scanlon	150		150				
	Short Breaks Provision for Disabled Children	B Scanlon	100		100				
<b>TOTAL PROJECTS COMMENCING 2011/12</b>			<b>9,845</b>		<b>4,819</b>	<b>4,770</b>	<b>256</b>		
	<b>Projects Commencing 2012/13</b>								
	Schools Devolved Capital	V Thompson	726			242	242	242	
	School Asset Management Programmes - General	B Scanlon	637			637			
	Primary School Asset Management	B Scanlon	1,206			1,206			
	Secondary School Asset Management	B Scanlon	2,419			2,419			
	Sunningdale School Hydrotherapy	B Scanlon	200			200			
	Derwent Hill	B Scanlon	100			100			
ED99817	Software Licences	B Scanlon	150			150			
<b>TOTAL PROJECTS COMMENCING 2012/13</b>			<b>5,438</b>			<b>4,954</b>	<b>242</b>	<b>242</b>	



**CHILDREN AND LEARNING CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. To 31.3.11 £'000	Estimated Payments				
					2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
ED99817	<b>Projects Commencing 2013/14</b> Software Licences	B Scanlon	150				150		
<b>TOTAL PROJECTS COMMENCING 2013/14</b>			<b>150</b>				<b>150</b>		
ED99817	<b>Projects Commencing 2014/15</b> Software Licences	B Scanlon	150					150	
<b>TOTAL PROJECTS COMMENCING 2014/15</b>			<b>150</b>					<b>150</b>	
ED99817	<b>Projects Commencing 2015/16</b> Software Licences	B Scanlon	150						150
<b>TOTAL PROJECTS COMMENCING 2015/16</b>			<b>150</b>						<b>150</b>
<b>TOTAL CAPITAL PROGRAMME</b>			<b>39,108</b>	<b>7,805</b>	<b>14,807</b>	<b>14,488</b>	<b>1,466</b>	<b>392</b>	<b>150</b>

## PROSPEROUS CITY CAPITAL PROGRAMME

### **CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN**

The Prosperous City capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- § A new kind of university city
- § A national hub of the low-carbon economy
- § A prosperous and well-connected waterfront city centre
- § An inclusive city economy for all ages
- § A one city approach to economic leadership

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- § High quality streetscape improvements, maintenance and refurbishment works to compliment the improvement of buildings in Sunniside and Market Square.

### **KEY MEDIUM TERM PRIORITIES**

- § Developing measures to increase the level of business activity and stimulate sustainable economic interest and investment in the city.
- § Providing support and assistance to local and incoming businesses in order to develop employment opportunities and support business growth.
- § Providing proactive and reactive support and assistance to secure direct investment and re-investments within the city to create and safeguard local jobs.
- § Promoting physical and infrastructure improvements for business growth.

### **HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL**

In developing measures to improve economic prosperity, value for money will be achieved through a range of measures including:

- § Maximising external funding
- § Work with internal and external partners to improve services for local businesses
- § Efficiencies through improved procurement techniques and monitoring arrangements.

### **CAPITAL INVESTMENTS FOR THE YEAR**

#### **Ongoing Commitments**

- § Software City will be completed in 2012/2013 - Business, academia and the public sector have combined forces to create and deliver a vision for Sunderland as a leading 21st century software city. The aim is to provide world class telecommunications infrastructure and business premises.
- § The Washington Managed Workspace scheme will commence in 2012/2013. A development of high quality managed workspace in the Washington area to encourage the start-up of new, small and medium enterprises and support their early growth by providing a purpose-built business centre.
- § A development provision has enabled rapid response to issues and opportunities in the city centre including physical street scene infrastructure improvements.
- § Software City Phase 2 - Technology Expansion work package that will provide additional connectivity, improved service and new technology to a number of businesses around Sunderland, and potentially across the region.

#### **New Starts**

- § A contribution to partners towards above ground improvements to Sunderland Railway Station.
- § Formation of a contemporary, vibrant and flexible civic space that will provide a central hub in the city centre capable of accommodating a wide range of events and activities. Together with complementary improvements to High Street West that will deliver a comprehensive and cohesive public realm at the heart of the retail core
- § Targeted public realm works that will complement private sector developments within Sunderland City
- § Provisions made for economic development will enable the Council to respond quickly and positively to economic issues that support job creation and job protection in Sunderland and deliver the aims of the Sunderland Economic Masterplan.

**PROSPEROUS CITY  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
			2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>MAIN BLOCK</b>							
Continuing Projects	19,566	4,067	8,739	4,660	2,100		
Projects Commencing 2011/2012	1,509		1,221	288			
Projects Commencing 2012/2013	13,300			2,264	1,988	7,248	1,800
Projects Commencing 2013/2014							
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>34,375</b>	<b>4,067</b>	<b>9,960</b>	<b>7,212</b>	<b>4,088</b>	<b>7,248</b>	<b>1,800</b>

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>FROM EXTERNAL SOURCES</b>					
Unsupported Borrowing		1,264	1,088	3,648	1,000
Government Grants					
- One North East	2,190				
- European Grants	4,354	2,498	1,050		
<b>Total External Sources</b>	<b>6,544</b>	<b>3,762</b>	<b>2,138</b>	<b>3,648</b>	<b>1,000</b>
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions					
- General Fund	515	900	800	800	800
Reserves					
- Working Neighbourhoods Fund	1,494	2,450	1,050		
- Strategic Investment Reserve	30				
- Strategic Investment Plan	659				
- Unutilised RCCO Reserve	716				
- Sunderland Station Reserve		100	100	2,800	
Capital Receipts	2				
<b>Total Internal Sources</b>	<b>3,416</b>	<b>3,450</b>	<b>1,950</b>	<b>3,600</b>	<b>800</b>
<b>TOTAL FINANCING</b>	<b>9,960</b>	<b>7,212</b>	<b>4,088</b>	<b>7,248</b>	<b>1,800</b>

**PROSPEROUS CITY  
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost	Expend. to 31.3.11	Estimated Payments				
					2011/12	2012/13	2013/14	2014/15	2015/16
			£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>Continuing Projects</b>								
	<b>City Centre Developments and Land &amp; Property</b>								
DR91954	Ryhope Centre	C Clark	523	491	32				
DR91811	Sunniside Public Realm	C Clark	2,222	2,183	39				
CS94055	Washington Managed Workspace	J Snaith	6,000			3,900	2,100		
CS93010	Software City	J Snaith	9,742	983	7,999	760			
DR91812	Market Square	C Clark	1,040	388	652				
DR91610	Footfall Cameras	J Snaith	39	22	17				
<b>TOTAL CONTINUING PROJECTS</b>			<b>19,566</b>	<b>4,067</b>	<b>8,739</b>	<b>4,660</b>	<b>2,100</b>		
	<b>Projects Commencing 2011/12</b>								
CS93021-29	City Centre Improvements -Street Scene	G Farnworth	482		482				
CS93019	Spatial Retail Study	C Clark	120		120				
CS93020	West Area Shopping Improvements (SIP)	C Clark	30		30				
CS93010	Software City Ph2	J Snaith	288			288			
CS93012	Provision for Economic Development 2011/12	J Snaith	589		589				
<b>TOTAL PROJECTS COMMENCING 2011/12</b>			<b>1,509</b>		<b>1,221</b>	<b>288</b>			
	<b>Projects Commencing 2012/13</b>								
	Sunderland Railway Station Contribution	C Clark	3,000			100	100	2,800	
	Magistrates Square / High Street West improvements	J Snaith	5,000			264	88	3,648	1,000
	Investment Corridor	V Taylor	2,000			1,000	1,000		
	Provision for Economic Development	J Snaith	3,300			900	800	800	800
<b>TOTAL PROJECTS COMMENCING 2012/13</b>			<b>13,300</b>			<b>2,264</b>	<b>1,988</b>	<b>7,248</b>	<b>1,800</b>
<b>TOTAL CAPITAL PROGRAMME</b>			<b>34,375</b>	<b>4,067</b>	<b>9,960</b>	<b>7,212</b>	<b>4,088</b>	<b>7,248</b>	<b>1,800</b>

## HEALTH AND WELLBEING CAPITAL PROGRAMME

### **CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN**

The Health and Well Being capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- § A new kind of university city
- § A national hub of the low-carbon economy
- § A prosperous and well-connected waterfront city centre
- § An inclusive city economy for all ages
- § A one city approach to economic leadership

It aims to do this through:

- § Delivering long term housing solutions as required by the Enabling Independence Strategy which enables the development of supported accommodation to meet the needs of older people and other vulnerable client groups within our communities, with a further choice of care to be tailored to the needs of the household to enable them to live independently for as long as possible. To support the decommissioning of the Council's own Small Group Homes by providing an improved choice and standard of accommodation for people with mental health and learning disabilities.
- § More Core and Cluster facilities for people with disabilities.
- § Developing the Housing Related Support Programme (formerly Supporting People Programme), which promotes housing related services, complementing existing care services.
- § Modernising Adult Services ICT systems to improve departmental and council communications.
- § The Financial Assistance Policy which aims to be innovative, obtain value for money and reinforce that homeowners should accept responsibility for their own housing investment through a range of loans led and grant supported products. The council will also utilise its resources to fulfill ambitions in the private rented sector by improving the living conditions and its management.
- § Continue the delivery of Disabled Facilities Grants.
- § Researching and sourcing funding for the development of leisure facilities and services in partnership with other service providers.

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- § Provision of 47 mixed tenure extra care properties for older people due to completion of Cherry Tree Gardens extra care housing scheme in Houghton le Spring in November 2011.
- § Provision of 4 community wellbeing apartments at Cherry Tree Gardens to enable the delivery of a reablement service.
- § Modernisation of ICT systems (SWIFT, Electronic Social Care Record, etc.) allows easier transfer of information between staff and helps aggregate data accurately for management information leading to more efficient use of staff time.
- § A re-settlement programme is ongoing in learning disabilities to provide services locally for people with intensive support needs. This will provide a better model of care for our clients and achieve annual revenue efficiency savings through the reduction in the number of people being placed into permanent residential care and reducing the cost of care packages for customers currently out of city.
- § The delivery of 15 loans and 11 grants for the purpose of bringing vulnerable peoples homes up to the decent homes standard.
- § Disabled Facilities Grants forecasting completion of 665 adaptations in 2011/2012.
- § Football Pavilion improvements carried out at Ford Quarry, Silksworth Park, Ryhope Colliery Welfare and Leyburn Grove
- § Refurbishment of 18 tennis courts at Sunderland Tennis Centre with grant assistance from the Lawn Tennis Association.

### **KEY MEDIUM TERM PRIORITIES**

- § To enable the provision of housing solutions including improving the delivery of home improvement, minor alterations and adaptations for people with a care and support need as outlined within the Enabling Independence Strategy for households including older people; people with a mental health; learning disabilities and physical disabilities.
- § Review the use of our buildings based services and move to more community based services in line with the aims of the White Paper, "Our Health, Our Care, Our Say." This will include the use of technology such as Telecare to allow people to live in their own homes for much longer.
- § To ensure that assets are updated and fit for purpose.
- § To support rationalisation of council wide assets.

## HEALTH AND WELLBEING CAPITAL PROGRAMME

- § Identify opportunities within the Government's reform of Health Services to improve health of residents in the homes they live in and the services provided to them.
- § Explore opportunities of further energy efficiency measures being extended into the private rented sector.
- § Continue to upgrade the Adult Services ICT systems to improve management information, deliver e-government, support delivery of personalisation and promote the integration agenda.
- § Procurement of sporting facilities that will meet the needs of the residents and visitors to Sunderland.

### HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL

- § The Directorate aims to reduce referrals into residential care provision and increase the use of assistive technology, alongside reducing costs associated with care and support services and operation of buildings used for supported housing provision. Enabling the development and provision of supported housing solutions with alternative providers to secure efficiencies for the Council while providing a choice of effective housing and care solutions in a safe environment, while supporting sustainable communities.
- § Adult Services is part of the Smarter Working initiative piloting new ways of working such as hot-desking, the use of portable technology, home working, etc. This pilot is ongoing with a view to the rationalisation of office accommodation.
- § The Housing Financial Assistance Programme, Disabled Facilities Grant and Warm Homes Initiative will ensure that individuals stay safely in their own for as long as possible. This is not only what people want in terms of quality of their lives, but is generally a less expensive option than institutional care. For example, in 2003/2004, there were over 600 older people admitted to council-supported residential/nursing care, but this has declined to 353 in 2010/2011. The type of assistance to individuals has changed from grants to loans focused support, which will help maximise available resources and allow the support to be provided to a greater number of individuals. The Home Improvement Agency has also developed agreements with Registered Social Landlord's to contribute toward the cost of Disabled Facilities Grant's and has developed a programme of recycling to help make funds go further.

### CAPITAL INVESTMENTS FOR THE YEAR AHEAD

#### Ongoing Commitments

- § Continue the Football Investment Strategy by providing facilities at Washington Northern Area Pavilion, Billy Hardy Pavilion, Plains Farm and Ryhope. The total investment being £1.5m comprising contributions from the Football Foundation, Sport England, Clubs and City Council.

#### New Starts

- § Funding has been allocated towards extra care allowing the council to contribute towards enabling the provision of housing solutions for older households in the city.
- § Home Improvement Agency (HIA) provides financial assistance via loans and grants to help make homes safe, secure and free from hazards for vulnerable homeowners living in the private sector.
- § Disabled Facilities Grants carry out adaptations to disabled person's properties helps to ensure that people can remain in their own properties for as long as possible in a safe and secure environment.
- § Provision of a new leisure centre within Washington containing an 8 court sports hall, a 25m swimming pool and learner pool, and also including Wellness, steam and sauna, and outdoor football facilities. This will replace existing leisure facilities that are contained in buildings requiring a high level of maintenance and will provide long term efficiency savings.

**HEALTH AND WELLBEING  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments					
			2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	
<b>MAIN BLOCK</b>								
Continuing Projects	4,229	1,743	966	1,070	450			
Projects Commencing 2011/2012	3,423		3,333	90				
Projects Commencing 2012/2013	14,380			4,730	9,625	25		
Projects Commencing 2013/2014	2,095				2,095			
Projects Commencing 2014/2015	2,117					2,117		
Projects Commencing 2015/2016	2,117							2,117
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>28,361</b>	<b>1,743</b>	<b>4,299</b>	<b>5,890</b>	<b>12,170</b>	<b>2,142</b>	<b>2,117</b>	

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>FROM EXTERNAL SOURCES</b>					
Unsupported Borrowing		1,700	9,600		
Government Grants					
- IT Grants	201				
- Department of Health	1,176	876	25	25	
- SHIP Grant	324				
- DCMS	18				
- Disabled Facilities Grant	1,417	1,417	1,097	1,127	1,127
- Lawn Tennis Association	167				
Football Foundation		250	200		
Sport England		200			
Coalfield Regeneration Trust		100			
Other Income	130	225	155	130	130
<b>Total External Sources</b>	<b>3,433</b>	<b>4,768</b>	<b>11,077</b>	<b>1,282</b>	<b>1,257</b>
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions					
- General Fund	570	570	570	570	570
- Directorate Resources - HHAS	50	127	298	290	290
- Directorate Resources - City Services	50				
- Strategic Initiatives Budget	36				
Reserves					
- Strategic Investment Plan	29	425	225		
- Section 106 Reserve	50				
- Unutilised RCCO Reserves	81				
<b>Total Internal Sources</b>	<b>866</b>	<b>1122</b>	<b>1093</b>	<b>860</b>	<b>860</b>
<b>TOTAL FINANCING</b>	<b>4,299</b>	<b>5,890</b>	<b>12,170</b>	<b>2,142</b>	<b>2,117</b>

**HEALTH AND WELLBEING  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
					2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>Continuing Projects</b>									
<b>Adult Services</b>									
SS94019	LD Service Resettlement Scheme	P Corner	223	208	15				
SS96029	Swift Enhancements	G King	789	696	93				
SS96030	Herrington Park Café	P Foster	115	15	100				
SS96031	Managing Income	G King	53	12	41				
SS96032	Telecare	G King	100		100				
SS96033	Adults Information System	G King	50	8	42				
SS96034	Document Management System (Road Map)	G King	75	60	15				
SS97013	Private Sector Renewal Grants	A Caddick	300	192	108				
SS97016	Warm Homes Initiative	A Caddick	191	78	113				
SS96013	Improvements to Care and Support	P Foster	219	129	90				
SS96035	Mobile Portal	G King	200	182	18				
SS97020	Regional Loans Scheme	A Caddick	142	24	118				
SS97038	Hardship Fund	A Caddick	31	25	6				
<b>Community Services</b>									
CC90157/77	Washington Leisure Centre	J Gray	171	72	99				
CC90019	Football Investment Strategy	J Gray	1,570	42	8	1,070	450		
<b>TOTAL CONTINUING PROJECTS</b>			<b>4,229</b>	<b>1,743</b>	<b>966</b>	<b>1,070</b>	<b>450</b>		
<b>Projects Commencing 2011/12</b>									
<b>Adult Services</b>									
SS96013	Improvements to Care and Support	P Foster	124		124				
SS97008	Disabled Facilities Grant 2011/2012	A Caddick	2,346		2,346				
SS97038	Sunderland Energy Efficiency Programme (SEEP)	A Caddick	29		29				
SS92014	Extra Care Schemes	P Corner	500		410	90			
SS97020	Regional Loans Scheme	A Caddick	100		100				
<b>Community Services</b>									
CC90182	Resurfacing Tennis Centre Courts	J Gray	180		180				
CC90183	Football Pavilion Improvements Ford Quarry	J Gray	17		17				
CC90184	Football Pavilion Improvements Silksworth Park	J Gray	24		24				
CC90185	Football Pavilion Improvements Ryhope Colliery Welfare	J Gray	33		33				
CC90186	Football Pavilion Improvements Leyburn Grove	J Gray	70		70				
<b>TOTAL PROJECTS COMMENCING 2011/12</b>			<b>3,423</b>		<b>3,333</b>	<b>90</b>			
<b>Projects Commencing 2012/13</b>									
<b>Adult Services</b>									
SS96013	Improvements to Care and Support	P Foster	150			150			
SS96034	Document Management System (Road Map)	G King	75			25	25	25	
SS97008	Disabled Facilities Grants 2012/13	A Caddick	2,346			2,346			
SS97020	Regional Loans Scheme	A Caddick	100			100			
SS92014	Extra Care Schemes	P Corner	409			409			
<b>Community Services</b>									
	Washington Leisure Centre	R Odunaiya	11,300			1,700	9,600		
<b>TOTAL PROJECTS COMMENCING 2012/13</b>			<b>14,380</b>			<b>4,730</b>	<b>9,625</b>	<b>25</b>	



**HEALTH AND WELLBEING  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
					2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
	<b>Projects Commencing 2013/14</b>								
	<b>Adult Services</b>								
SS96013	Improvements to Care and Support	P Foster	185				185		
SS97008	Disabled Facilities Grants 2013/14	A Caddick	1,910				1,910		
<b>TOTAL PROJECTS COMMENCING 2013/14</b>			<b>2,095</b>				<b>2,095</b>		
	<b>Projects Commencing 2014/15</b>								
	<b>Adult Services</b>								
SS96013	Improvements to Care and Support	P Foster	185					185	
SS97008	Disabled Facilities Grants 2014/15	A Caddick	1,932					1,932	
<b>TOTAL PROJECTS COMMENCING 2014/15</b>			<b>2,117</b>					<b>2,117</b>	
	<b>Projects Commencing 2015/16</b>								
	<b>Adult Services</b>								
SS96013	Improvements to Care and Support	P Foster	185						185
SS97008	Disabled Facilities Grants 2015/16	A Caddick	1,932						1,932
<b>TOTAL PROJECTS COMMENCING 2015/16</b>			<b>2,117</b>						<b>2,117</b>
<b>TOTAL CAPITAL PROGRAMME</b>			<b>28,361</b>	<b>1,743</b>	<b>4,299</b>	<b>5,890</b>	<b>12,170</b>	<b>2,142</b>	<b>2,117</b>

## SAFER CITY AND CULTURE CAPITAL PROGRAMME

### **CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN**

The Safer Cities capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- § A new kind of university city
- § A national hub of the low-carbon economy
- § A prosperous and well-connected waterfront city centre
- § An inclusive city economy for all ages
- § A one city approach to economic leadership

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- § Restoration of Memorial Fountain in Roker Park.
- § Completion of a programme of visitor improvements to support the Wearmouth-Jarrow bid for World Heritage Site status.
- § Installation of the CCTV cameras in various locations throughout the City has resulted in a range of positive outcomes including protection of buildings, reducing city centre disorder, protection of park facilities and deterring fly tipping

### **KEY MEDIUM TERM PRIORITIES**

- § To work with all partners to reduce the incidence and perception of crime
- § To promote cultural initiatives and events throughout the city and increase tourism

### **HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL**

In developing measures to improve economic prosperity, value for money will be achieved through a range of measures including:

- § Maximising external funding
- § Work with internal and external partners to improve community safety
- § Efficiencies will be achieved through improved procurement techniques and monitoring arrangements

### **CAPITAL INVESTMENTS FOR THE YEAR**

#### **Ongoing Commitments**

- § Old Sunderland Townscape Heritage Initiative – restore the grade II listed Hendon Orphanage building to create a scheme to provide specialist dementia accommodation including development of the site to the rear.
- § Public Realm works on the World Heritage Status site for St Peter's Church to deliver the landscape vision that supports the nomination document.

#### **New Starts**

- § Support towards a continued festival and events programme within the City

**SAFER CITY AND CULTURE  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
			2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>MAIN BLOCK</b>							
Continuing Projects	2,415	1,019	196	1,200			
Projects Commencing 2011/2012	1,735		115	860	760		
Projects Commencing 2012/2013	500			250	250		
Projects Commencing 2013/2014							
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>4,650</b>	<b>1,019</b>	<b>311</b>	<b>2,310</b>	<b>1,010</b>		

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>FROM EXTERNAL SOURCES</b>					
Unsupported Borrowing		747	760		
Government Grants					
- Communities and Local Government	33				
Heritage Lottery	44	600			
<b>Total External Sources</b>	<b>77</b>	<b>1,347</b>	<b>760</b>		
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions					
- General Fund		250	250		
Reserves					
- Strategic Investment Plan	59	41			
- Unutilised RCCO Reserve	115	72			
Capital Receipts	60	600			
<b>Total Internal Sources</b>	<b>234</b>	<b>963</b>	<b>250</b>		
<b>TOTAL FINANCING</b>	<b>311</b>	<b>2,310</b>	<b>1,010</b>		

**SAFER CITY AND CULTURE  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
					2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
	<b>Continuing Projects</b>								
	<b>City Centre Developments and Land &amp; Property</b>								
DR92335	Rapid deployment of CCTV across the City	C Clark	399	359	40				
DR91752	Old Sunderland Townscape Heritage Initiative	C Clark	1,827	538	89	1,200			
DR91980	Seafront Regeneration Strategy	C Clark	60	45	15				
CS97010	Restore Memorial Fountain - Roker Park	C Clark	20	1	19				
CS97501	Safer Stronger Communities Fund projects	S.Douglass	109	76	33				
<b>TOTAL CONTINUING PROJECTS</b>			<b>2,415</b>	<b>1,019</b>	<b>196</b>	<b>1,200</b>			
	<b>Projects Commencing 2011/12</b>								
	<b>Culture and Tourism</b>								
CC90190	World Heritage Site Public Realm - Wearmouth Jarrow	C Clark	1,700		80	860	760		
CC90195	Bowes Railway Museum Wagonshop Repairs	C Alexander	35		35				
<b>TOTAL PROJECTS COMMENCING 2011/12</b>			<b>1,735</b>		<b>115</b>	<b>860</b>	<b>760</b>		
	<b>Projects Commencing 2012/13</b>								
	<b>Culture and Tourism</b>								
	Festivals and Events	R Odunaiya	500			250	250		
<b>TOTAL PROJECTS COMMENCING 2012/13</b>			<b>500</b>			<b>250</b>	<b>250</b>		
<b>TOTAL CAPITAL PROGRAMME</b>			<b>4,650</b>	<b>1,019</b>	<b>311</b>	<b>2,310</b>	<b>1,010</b>		

## **ATTRACTIVE AND INCLUSIVE CITY CAPITAL PROGRAMME**

### **CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN**

The Attractive and Inclusive City capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- § A new kind of university city
- § A national hub of the low-carbon economy
- § A prosperous and well-connected waterfront city centre
- § An inclusive city economy for all ages
- § A one city approach to economic leadership

It aims to do this by:

- § Maintaining the existing highway including its bridges and structures in a safe and serviceable condition.
- § Securing the safe and efficient movement and appropriate access for goods and people using the city's highways.
- § Securing improvements to existing highways and the construction of new highways.
- § Maintaining and enhancing coastal and seafront structures.
- § Researching and sourcing funding for the development of facilities and services in partnership with other service providers.
- § Managing, reviewing and upgrading existing play facilities in accordance with the Play and Urban Games Strategy that support the aims of the Council's Improvement Priorities.

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- § Design and implementation of Local Safety Schemes including 20 mph zone at Silksworth, traffic calming at Allendale Road, new traffic signals at Blackwood Rd/Washington Rd, improved pedestrian crossing facilities at Park Lane/Vine Place, improved traffic management on the A690 Houghton Cut.
- § Implementation of a Parking Management Scheme from 1<sup>st</sup> December 2011 within the vicinity of the Royal Hospital to alleviate congestion and improved access for residents and visitors.
- § Contribution to junction improvement work on the A19 at A1231 undertaken by the Highways Agency
- § Road Safety Measures in Washington.
- § Improvement and development of cycling routes including Newport Cutting Infill.
- § Highway Maintenance schemes including Richmond Avenue Washington, Meadow Drive/East & West Grove. South Hylton, Roker Park Road and the B1284 North Road Rainton Bridge.
- § Major Refurbishment of Barnes Park with funding from the Heritage Lottery Fund.
- § Installation of electric vehicle charging points across the city.
- § Improved recycling facilities. Provision of a further wheeled-bin to replace the black box.
- § Installation of filtration equipment at Sunderland Crematorium to comply with mercury emission regulations.
- § New street furniture and landscaping works at Seaburn have improved the built environment and the visual amenity of the area making Seaburn a more attractive place to visit. New seating has improved the user experience by increasing comfort. Overall the public realm improvements have enhanced one of the city's key assets and improved visitor perceptions of the city as a whole.
- § Completion of Phase 1 of seafront development works at Marine Walk and Seaburn.

Outcomes from the Tyne & Wear Local Transport Plan 2006-11 (LTP 2) include the following:-

- § Contributing towards meeting Local Transport Plan casualty reduction targets. These targets were set out by the Department for Transport in 2001 as national targets, and cover the period up to the end of 2010.
- § The table below shows the targets, along with the figures reported for Sunderland against each target. For each accident classification shown in the table, the reported % reduction in casualties for Sunderland to 2010 has exceeded the target set by the Department for Transport.

**ATTRACTIVE AND INCLUSIVE CITY  
CAPITAL PROGRAMME**

**Sunderland City Council – 2010 Casualty Reduction Targets and Reported Casualty Figures**

Casualty Classification	Target for Accident Reduction (% change)	Baseline (Av for period 1994-98) (number)	2010 Reported Casualty Figures Sunderland (number)	Reported Change in Casualty Figures (% reduction )	Reported Change to 2010 compared to Target (%)
All Killed or Seriously Injured Casualties	40%	163	90	45%	+ 5%
Child (Under 16) Killed or Seriously Injured Casualties	50%	46	22	52%	+2%
Slight Casualties	10%	1192	844	29%	+19%

[Note that in relation to the above table, the Department for Transport set the period 1994 -1998 as the “Baseline Average”.]

- § Increased use of public transport (between 2008/2009 and 2009/2010), and increased cycling.
- § Reduced peak period traffic flows (between 2008/2009 and 2009/2010) which are likely to reduce adverse environmental impacts associated with traffic.
- § Supplementing the regeneration of the City by means of securing external funding for the New Wear Crossing, securing external funding for new infrastructure associated with development proposals, and in addition by the maintenance of existing highway and bridge infrastructure.

**KEY MEDIUM TERM PRIORITIES**

- § Structural highway maintenance works on classified roads.
- § Continue to support plans for the regeneration of the City Centre and River Corridor.
- § Coast Protection Works subject to funding approval from the Environment Agency.
- § Development of the Sunderland Strategic Transport Corridor (SSTC) which will contribute to reducing congestion, improving quality of the environment, economic success and reducing social exclusion. The transport corridor will extend from West Wear Street at the south side of the Wearmouth Bridge to the A19/A1231 including a new Wear Bridge crossing.
- § Secure funding from the Local Sustainable Transport Fund to support economic growth and reduce carbon emissions, delivering cleaner environments and improved air quality, enhanced safety and reduced congestion.
- § Longer term requirements to meet recycling targets within the South Tyne and Wear Joint Waste Strategy, to provide a system that is more easily understood by customers and address efficiencies.
- § Secure external funding from developers to enable the Implementation of the Play and Urban Games Strategy.

**HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY**

- § The capital provision for structural maintenance of highways of £1.9 million per annum for the 5 year period 2007/2008 to 2011/2012 along with the revenue maintenance budget has enabled the improvement in the condition of the highway network. The repudiation rate of claims made against the Council for personal injury accidents on the highway has increased to 90% in 2009/2010 (87% in 2008/2009). Public Liability Insurance premiums have reduced from £1.1million in 2006/2007 to an estimated sum of £0.4 million in 2011/2012, a saving of £0.7million.
- § Many of the capital schemes contribute to improving traffic flows and reducing congestion within the city. This enables more efficient access to key sites contributing to the continued economic development of the city.
- § The Play Pathfinder programme has reduced financial challenges relating to the long term upkeep of the play facilities.

**CAPITAL INVESTMENTS FOR THE YEAR AHEAD**

**Ongoing Commitments**

- § Commence the construction of the first phase of the Sunderland Strategic Transport Corridor (New Wear Bridge) following programme entry approval from the Department for Transport on 14<sup>th</sup> December 2011.
- § Complete the structural maintenance of Penshaw Bridge.
- § Undertake the first phase of the Play and Urban Games Strategy: South Hylton Environmental Project.

## ATTRACTIVE AND INCLUSIVE CITY CAPITAL PROGRAMME

### **New Starts**

- § Continue the programme of investment in schemes to improve the safety of highway users.
- § Continue the programme of investment in schemes to improve conditions for cyclists.
- § Continue the programme of investment in schemes to improve the condition of highways and their structures.
- § Additional funding to accelerate completion of priority highways needs
- § A programme of capital maintenance to riverside structures to prevent deterioration to supporting footpaths and other structures
- § Coast protection works beginning in 2013/2014 at South Bents to Seaburn that will provide a rear flood protection wall to the promenade, affording protection to the A183 highway and adjacent residential and business properties
- § Coast protection works beginning in 2013/2014 to prevent coastal erosion and flooding that may adversely impact on business at the Port of Sunderland
- § Delivery of a rolling programme of refurbishment works at Roker Pier and Lighthouse that will maintain the fabric of the grade II listed pier and complement recent improvements to the promenade.
- § Delivery of the Seafront Regeneration Strategy by continuation of physical improvements to the Sea Front with the aim of generating and supporting private sector investment in line with the approved Seaburn and Marine Walk Masterplans.

**ATTRACTIVE AND INCLUSIVE CITY  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments					
			2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	
<b>MAIN BLOCK</b>								
Continuing Projects	179,228	62,850	7,612	5,000	35,282	46,335	22,149	
Projects Commencing 2011/2012	4,837		4,305	532				
Projects Commencing 2012/2013	16,203			5,858	4,260	5,085	1,000	
Projects Commencing 2013/2014	3,338				3,338			
Projects Commencing 2014/2015	3,144					3,144		
Projects Commencing 2015/2016	3,144							3,144
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>209,894</b>	<b>62,850</b>	<b>11,917</b>	<b>11,390</b>	<b>42,880</b>	<b>54,564</b>	<b>26,293</b>	

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>FROM EXTERNAL SOURCES</b>					
Loans					
- Unsupported Capital Expenditure	2,630	4,311	9,023	10,611	3,026
Government Grants					
- LTP Transport Grant	5,004	5,817	5,018	5,779	5,644
- LTP Transport Grant – S31			28,073	36,867	17,623
- Coast Protection	220		766	1,307	
- CABE Sea Change	707				
- HAMP Grant	20				
NEXUS	320	188			
Other Contributions	63				
<b>Total External Sources</b>	<b>8,964</b>	<b>10,316</b>	<b>42,880</b>	<b>54,564</b>	<b>26,293</b>
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions					
- General Fund		600			
- Directorate Resources	40				
- Strategic Initiatives Budget	300	56			
Reserves					
- Strategic Investment Reserve	(104)				
- Strategic Investment Plan	867				
- Capital Reserve	21	99			
- Section 106 Reserve		269			
- Unutilised RCCO Reserve	1,701	50			
Capital Receipts	128				
<b>Total Internal Sources</b>	<b>2,953</b>	<b>1,074</b>			
<b>TOTAL FINANCING</b>	<b>11,917</b>	<b>11,390</b>	<b>42,880</b>	<b>54,564</b>	<b>26,293</b>



**ATTRACTIVE AND INCLUSIVE CITY  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
					2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
	<b>Continuing Projects</b>								
	<b>Major Highway Schemes</b>								
DR90001	Southern Radial Route	S Pickering	40,861	39,863	998				
DR90003	Central Route - Scheme	S Pickering	2,215	1,385	390	440			
DR90005	Development & Land Costs SSTC Ph2 (New Wear Bridge)	S Pickering	117,642	8,347	1,718	3,811	35,282	46,335	22,149
	<b>Local Transport Plan</b>								
DR99016/ DR91223	Highways Agency A19 Junction Improvements schemes	L Clark	3,101	2,926	175				
DR90300	Bridge Maintenance Inspections and Assessments	L Clark	180	153	27				
CC95601	Penshaw Bridge	L Clark	745	54	91	600			
CC95602	A195 Lambton Interchange	L Clark	243	128	115				
DR90501	Climate Change - Cycleways	L Clark	150	68	82				
DR91350	Climate Change - Electric Vehicle Charging Points	L Clark	163	90	73				
DR91075	Public Transport Schemes	L Clark	286	102	184				
	<b>SIB/SIP Schemes</b>								
Various	Local Safety Schemes	L Clark	199	54	145				
DR90947/902	Washington Road Safety Measures	L Clark	541	412	129				
	<b>Street Scene</b>								
DR91966	Private Streetworks	L Clark	65	15		50			
DR91408	Ryhope Beach Access	L Clark	325	168	157				
DR91769	Central Car Park Demolition	L Clark	2,730	1,899	831				
DR91977	Subway Improvement Review	L Clark	90	13	77				
CC90160	Replacement Recycling Scheme	L Clark	2,700	2,630	70				
CC90145	Recycling Bring Sites	L Clark	293	28	265				
CC90037	Sunderland Crematorium	L Clark	750	284	466				
	<b>Coast Protection</b>								
DR91409	Coastal Strategy Review Ph2	L Clark	50	21	29				
CC96701	Deptford Culvert Flood Risk Assessment	L Clark	100		100				
CC96702	Hendon Burn Culvert Safety Works	L Clark	80	10	70				
CC96703	Hydrographic Survey	L Clark	25	4	21				
	<b>Community Services</b>								
CC90112-141	Play Pathfinder	J Gray	3,770	3,707	63				
CC90180	Blackfell Play Area (SIP)	J Gray	31	26	5				
CC90181	Oxclose Play Area (SIB/SIP)	J Gray	45		45				
	<b>Seafront Development</b>								
DR91981-3	Seafront - Marine Walk Masterplan Ph1	C Clark	1,500	293	1,207				
CS97001	Seafront - Seaburn Public Realm Improvements	C Clark	207	168	39				
CC90173	Seafront - Toilets refurbishment	C Clark	141	2	40	99			
<b>TOTAL CONTINUING PROJECTS</b>			<b>179,228</b>	<b>62,850</b>	<b>7,612</b>	<b>5,000</b>	<b>35,282</b>	<b>46,335</b>	<b>22,149</b>

**ATTRACTIVE AND INCLUSIVE CITY  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
					2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>Projects Commencing 2011/12</b>									
<b>Local Transport Plan</b>									
DR90200	Highway Maintenance	L Clark	1,020		1,020				
DR90500	Economic Development and Regeneration	L Clark	434		434				
DR90501	Climate Change - Cycleways	L Clark	115		115				
DR90900	Safe and Sustainable Communities	L Clark	1,058		901	157			
DR91102	Public Transport Schemes	L Clark	136		136				
DR90200	Structural Highways Maintenance	L Clark	300		300				
DR90200	Pot Hole Repairs	L Clark	614		614				
CC95001	Preliminary design works	L Clark	100		50	50			
<b>Street Scene</b>									
CC90089/90	Parks Vehicles	L Clark	562		562				
<b>Seafront Development</b>									
CC90194	Pier Capital Maintenance	C Clark	98		98				
<b>Community Services</b>									
Play and Urban Games Strategy :									
CC90126	Sth Hylton Environmental Project	J Gray	200		75	125			
CC90191	Hylton Castle play upgrade	J Gray	100			100			
CC90192	Kirklee Field	J Gray	100			100			
<b>TOTAL PROJECTS COMMENCING 2011/12</b>			<b>4,837</b>		<b>4,305</b>	<b>532</b>			
<b>Projects Commencing 2012/13</b>									
<b>Local Transport Plan</b>									
DR90200	Highway Maintenance	L Clark	1,190			1,190			
DR90300	Bridge Maintenance	L Clark	380			380			
DR90500	Economic Development and Regeneration	L Clark	770			770			
DR90450	Climate Change	L Clark	435			120	180	135	
DR90900	Safe and Sustainable Communities	L Clark	1,160			1,160			
DR91102	Public Transport Schemes	L Clark	188			188			
	Additional Transport priorities	L Clark	4,000			1,000	1,000	1,000	1,000
	Riverside Repairs	L Clark	200			100	100		
<b>Coast Protection</b>									
	South Bents to Seaburn	L Clark	800				800		
	Port	L Clark	4,230				1,230	3,000	
<b>Seafront Development</b>									
	Roker Pier and Lighthouse	C Clark	1,350			450	450	450	
	Sea Front Regeneration	C Clark	1,500			500	500	500	
<b>TOTAL PROJECTS COMMENCING 2012/13</b>			<b>16,203</b>			<b>5,858</b>	<b>4,260</b>	<b>5,085</b>	<b>1,000</b>

**ATTRACTIVE AND INCLUSIVE CITY  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
					2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>Projects Commencing 2013/14 Local Transport Plan</b>									
DR90020	Highway Maintenance	L Clark	1,200				1,200		
DR90300	Bridge Maintenance	L Clark	500				500		
DR90500	Economic Development and Regeneration	L Clark	863				863		
DR90450	Climate Change - Cycleways	L Clark	50				50		
DR90900	Safe and Sustainable Communities	L Clark	725				725		
<b>TOTAL PROJECTS COMMENCING 2013/14</b>			<b>3,338</b>				<b>3,338</b>		
<b>Projects Commencing 2014/15 Local Transport Plan</b>									
DR90020	Highway Maintenance	L Clark	1,200					1,200	
DR90300	Bridge Maintenance	L Clark	350					350	
DR90500	Economic Development and Regeneration	L Clark	774					774	
DR90450	Climate Change - Cycleways	L Clark	50					50	
DR90900	Safe and Sustainable Communities	L Clark	770					770	
<b>TOTAL PROJECTS COMMENCING 2014/15</b>			<b>3,144</b>					<b>3,144</b>	
<b>Projects Commencing 2015/16 Local Transport Plan</b>									
DR90020	Highway Maintenance	L Clark	1,200						1,200
DR90300	Bridge Maintenance	L Clark	350						350
DR90500	Economic Development and Regeneration	L Clark	774						774
DR90450	Climate Change - Cycleways	L Clark	50						50
DR90900	Safe and Sustainable Communities	L Clark	770						770
<b>TOTAL PROJECTS COMMENCING 2015/16</b>			<b>3,144</b>						<b>3,144</b>
<b>TOTAL CAPITAL PROGRAMME</b>			<b>209,894</b>	<b>62,850</b>	<b>11,917</b>	<b>11,390</b>	<b>42,880</b>	<b>54,564</b>	<b>26,293</b>

## **SUSTAINABLE COMMUNITIES CAPITAL PROGRAMME**

### **CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN**

Sustainable Communities capital programme will contribute towards meeting the five aims of the Sunderland Economic Masterplan:

- § A new kind of university city
- § A national hub of the low-carbon economy
- § A prosperous and well-connected waterfront city centre
- § An inclusive city economy for all ages
- § A one city approach to economic leadership

It aims to do this through:

- § Regeneration: By continually assessing and gathering up to date housing market and stock condition information to enable informed decisions for the selection of future Private Sector Renewal / Clearance Area schemes. Stock Condition Surveys are the main source of data used to identify private housing investment priorities. In 2007/2008, the council commissioned and completed its latest survey, the findings of which have been used to inform housing renewal, regeneration and planning for the city. Work will commence next year on commissioning a new stock condition survey with the intention of reporting the findings in 2012. The results of the survey will assist in the Council making informed decisions for future priorities.
- § Delivering long term housing solutions as required by the Enabling Independence Strategy which includes the extra care programme within Sunderland. This will enable the development of supported accommodation to meet the needs of older people and other vulnerable client groups within our communities, with a further choice of care to be tailored to the needs of the household to enable them to live independently for as long as possible. To support the decommissioning of the Council's own Small Group Homes by providing an improved choice and standard of accommodation for people with mental health and learning disabilities.
- § Delivering the overarching priorities as set in Sunderland's Housing Priorities Plan by attracting inward investment into the City as to support the delivery of sustainable economic growth, develop and deliver new homes and continue to improve the existing housing stock and by supporting the transition of selected neighbourhoods to 'Low Carbon City Villages'. Meeting the accommodation needs of all vulnerable and socially excluded people and by promoting sustainable living across the city by challenging existing attitudes, culture and behaviours will enable Sunderland to realise its vision.

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- § Area Renewal programme has contributed towards a sustainable community and neighbourhood through an increase in housing choice with the development of 79 new housing units in Phase 1 in Castletown which were completed in 2011. The second phase of 65 new housing units in Castletown will start in April 2012. There have been 166 acquisitions of homes at Hetton Downs through SHIP and Homes and Communities Agency (HCA) funding plus 118 in Castletown. These have contributed to assign sites for new housing. Additionally, 87 properties have been improved through a SHIP block improvement scheme in Castletown.
- § Improving energy management of buildings – by replacing obsolete heating control systems in Council buildings and achieving energy savings.
- § Received delivery of two Nissan Leaf Electric Vehicles which replaced pool vehicles. The council will be seen as a leader in this field by promoting electric vehicle usage and help to reduce carbon emissions, improve air quality in the city and benefit from savings in vehicle running costs.
- § Solar PV Panels – installation of solar panels at Biddick, St.Robert's and Washington Schools contributing to both cost savings and carbon reduction targets

### **MEDIUM TERM PRIORITIES**

- § Continue with the development and implementation of Sunderland's Housing Priorities Plan linked to the delivery of the Economic Masterplan and the on-going development of the Core Strategy / Local Development Framework.
- § Developing long-term housing solutions for households with a support need through the delivery of the Enabling Independence Strategy, which will help to enable delivery of Extra Care housing, in partnership with both the Homes and Communities Agency and Providers.
- § Improving the quality and choice of affordable accommodation, with emphasis being placed upon Council Renewal Areas.
- § Continue to improve the housing stock in terms of decency and fitness for habitation in the private housing sector particularly targeting standards in the private rented sector. .
- § Encourage more private landlords to become accredited and raise housing conditions and standards in the private sector.

## **SUSTAINABLE COMMUNITIES CAPITAL PROGRAMME**

- § Bring empty properties back into use.

### **HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL**

- § The development of Joint Ventures such as in Castletown and Hetton Downs creates the environment for the council to work with funding and development partners to attract resources into developing and creating sustainable communities.
- § Identify areas of low housing demand and develop action plans to assist in reversing trends.
- § Continue to encourage and develop investment opportunities in the housing market.

### **CAPITAL INVESTMENTS FOR THE YEAR AHEAD**

#### **Ongoing Commitments**

- § Area Renewal continues with the acquisition of properties at Maudlin Street, Hetton Downs.
- § Bringing back into use empty properties by utilising the New Homes Bonus awarded to the council.
- § A travellers transit site will assist in dealing with unauthorised encampments more efficiently and effectively. The provision will ensure that statutory regulations are met.

**SUSTAINABLE COMMUNITIES  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
			2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>MAIN BLOCK</b>							
Continuing Projects	12,602	6,783	2,331	1,100	2,388		
Projects Commencing 2011/2012	2,464	64	1,800	600			
Projects Commencing 2012/2013							
Projects Commencing 2013/2014							
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>15,066</b>	<b>6,847</b>	<b>4,131</b>	<b>1,700</b>	<b>2,388</b>		

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>FROM EXTERNAL SOURCES</b>					
Government Grants					
- SHIP	346	100	94		
- New Homes Bonus	77	500			
- Department of Health	40				
- Homes and Communities Agency	2,716	1,000	2,294		
- Department for Education	300				
- Other Contributions	30				
<b>Total External Sources</b>	<b>3,509</b>	<b>1,600</b>	<b>2,388</b>		
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions					
- Directorate Resources	65				
Reserves					
- Strategic Investment Plan	507				
- Salix Fund	50				
Capital Receipts		100			
<b>Total Internal Sources</b>	<b>622</b>	<b>100</b>			
<b>TOTAL FINANCING</b>	<b>4,131</b>	<b>1,700</b>	<b>2,388</b>		

**SUSTAINABLE COMMUNITIES  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
					2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
	<b>Continuing Projects</b>								
	<b>Housing Services</b>								
	<b>Market Rejuvenation</b>								
SS97004	Eppleton (SHIP)	A Caddick	1,070	768	108	100	94		
SS97031	Hetton Downs (HCA)	A Caddick	8,038	2,894	1,850	1,000	2,294		
SS97036	Castletown Block Improvements	A Caddick	611	297	314				
	<b>Decent Homes</b>								
SS97003	Homelessness & Advice Service - Set Up costs	A Caddick	261	242	19				
SS97026	Extra Care Housing : Racecourse	P Corner	2,622	2,582	40				
<b>TOTAL CONTINUING PROJECTS</b>			<b>12,602</b>	<b>6,783</b>	<b>2,331</b>	<b>1,100</b>	<b>2,388</b>		
	<b>Projects Commencing 2011/12</b>								
	<b>Housing Services</b>								
	<b>Decent Homes</b>								
SS97040	Centrepoint Sunderland	A Caddick	866		866				
SS97035	Travellers Site	A Caddick	100			100			
SS97041	Empty Property Action Plan	A Caddick	577		77	500			
	<b>Sustainability (Strategic Investment Plan)</b>								
DR91552	Solar PV Panels	C Clark	722	64	658				
CC96601	Electric Vehicles	L Clark	49		49				
DR91554	Improving Energy Management of Buildings	C Clark	150		150				
<b>TOTAL PROJECTS COMMENCING 2011/12</b>			<b>2,464</b>	<b>64</b>	<b>1,800</b>	<b>600</b>			
<b>TOTAL CAPITAL PROGRAMME</b>			<b>15,066</b>	<b>6,847</b>	<b>4,131</b>	<b>1,700</b>	<b>2,388</b>		

## **RESPONSIVE SERVICES AND CUSTOMER CARE CAPITAL PROGRAMME**

### **CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN**

The Responsive and Customer Care Capital Programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- § A new kind of university city
- § A national hub of the low-carbon economy
- § A prosperous and well-connected waterfront city centre
- § An inclusive city economy for all ages
- § A one city approach to economic leadership.

It aims to do this by:

- § Promoting inclusion by challenging existing structures, policies and practice by encouraging the engagement of all communities - Customer Service Centre Network and Mobile CSC.
- § Developing facilities that support the aims of the Council's Improvement Priorities.
- § Researching and sourcing funding for the development of facilities and services in partnership with other service providers.

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- § Relocation of the City Centre Customer Service to Fawcett Street and rationalise facilities for visitors at the Civic Centre.
- § A contribution towards works at Houghton Primary Care Centre to provide a physical link with Houghton Sports Centre and a new Wellness Centre, café and support facilities.

### **KEY MEDIUM TERM PRIORITIES**

- § Implementation of the Customer Service and Access Strategy action plan key principles

### **HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY**

In developing measures to improve economic prosperity, value for money will be achieved through a range of measures including:

- § Maximising external funding
- § Efficiencies will be achieved through improved procurement techniques and monitoring arrangements
- § The delivery of integrated customer services supports VFM by increasing first point of contact resolution, leading to less signposting and increased efficiency
- § Multi-skilling staff and integrating multiple reception points into one will also ensure improved and more efficient services delivery.

### **CAPITAL INVESTMENTS FOR THE YEAR AHEAD**

#### **Ongoing Commitments**

- § Provision of a customer services technology platform to improve the quality and accessibility of services to the public.



**RESPONSIVE SERVICES AND CUSTOMER CARE  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
			2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>MAIN BLOCK</b>							
Continuing Projects	5,218	2,474	2,744				
Projects Commencing 2011/2012	300		230	70			
Projects Commencing 2012/2013							
Projects Commencing 2013/2014							
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>5,518</b>	<b>2,474</b>	<b>2,974</b>	<b>70</b>			

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>FROM EXTERNAL SOURCES</b>					
Unsupported Borrowing	400				
<b>Total External Sources</b>	<b>400</b>				
<b>FROM INTERNAL SOURCES</b>					
Reserves					
- Strategic Investment Reserve	205				
- Business Transformation Reserves	230	70			
- Unutilised RCCO Reserve	1,539				
Capital Receipts	600				
<b>Total Internal Sources</b>	<b>2,574</b>	<b>70</b>			
<b>TOTAL FINANCING</b>	<b>2,974</b>	<b>70</b>			

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.11 £'000	Estimated Payments				
					2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
	<b>Continuing Projects</b>								
	<b>Strategic Change Management - People First</b>								
CS95101	Ryhope Customer Service Centre	M Poulter	2,365	2,360	5				
CC90170	IT for Customer Service Centres	L St Louis	85	50	35				
CC90175	City Centre - Customer Service Centre	L St Louis	368	53	315				
CC90174	Houghton Primary Care Centre	M Poulter	2,400	11	2,389				
<b>TOTAL CONTINUING PROJECTS</b>			<b>5,218</b>	<b>2,474</b>	<b>2,744</b>				
	<b>Projects Commencing 2011/12</b>								
	<b>Strategic Change Management - People First</b>								
CC90187	Customer Service Network Platform	L St Louis	300		230	70			
<b>TOTAL PROJECTS COMMENCING 2011/12</b>			<b>300</b>		<b>230</b>	<b>70</b>			
<b>TOTAL CAPITAL PROGRAMME</b>			<b>5,518</b>	<b>2,474</b>	<b>2,974</b>	<b>70</b>			

## Appendix 3

### Prudential and Treasury Indicators 2012/2013 to 2014/2015

It should be noted that all of the prudential indicators continue to fully reflect the requirements of International Financial Reporting Standards (IFRS) which were introduced from 1<sup>st</sup> April 2010. Should any of the Council's prudential indicators be exceeded during the year then they will be reported to Cabinet and where appropriate full Council at the next appropriate meeting following the change.

The indicators that must be taken into account are set out below:

- P1 Actual capital expenditure incurred in 2010/2011 was £86.845 million and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000
<b>Estimated Capital Expenditure</b>	63,200	60,251	93,922	74,247

An estimate has been made of future spend on the basis of indicative grants approved for 2012/2013 onwards. The profile of expenditure will be updated in the quarterly capital reviews to Cabinet as further projects are approved.

- P2 Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2010/2011 are:

<b>Ratio of financing costs to net revenue stream</b>				
2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Actual	Estimate	Estimate	Estimate	Estimate
6.23%	7.37%	8.48%	9.83%	10.44%

The estimates of financing costs include current commitments and the proposals in the revenue budget and capital programme reports. The forecasts provide an indication of the impact of the capital investment plans on the Council's overall finances. They show an increase in anticipated ratios of financing costs to net revenue stream in future years as a result of forecast reductions in future years Formula Grant allocations but also additional prudential borrowing proposed in the capital programme for strategic priorities.

The indicators also show an increase reflecting the fact that significant amounts of expenditure are planned to be financed from earmarked reserves which will lead to investment levels reducing over time and also due to low interest rates forecast into the medium term.

The level of financing costs is considered to be affordable and has been taken into account when assessing the Medium Term Financial Strategy.

- P3 Estimates of the end of year Capital Financing Requirement for the Council for the current and future years and the actual Capital Financing Requirement at 31st March 2011 are:

<b>Capital Financing Requirement</b>				
<b>31/03/11</b>	<b>31/03/12</b>	<b>31/03/13</b>	<b>31/03/14</b>	<b>31/03/15</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
243,997	241,119	290,880	338,428	360,707

The Capital Financing Requirement measures the authority's underlying need to borrow for a capital purpose. In accordance with best practice, Sunderland City Council does not associate individual borrowing taken out with particular items or types of expenditure. The Authority has an integrated Treasury Management Strategy and has fully adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The City Council has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved Treasury Management Strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the Capital Financing Requirement reflects the authority's underlying need to borrow for a capital purpose. The increase in the Capital Financing Requirement reflects the underlying borrowing need in respect of funding proposals in the capital programme reports.

Following accounting changes the Capital Financing Requirement includes other long term liabilities (e.g. PFI schemes and finance leases) brought onto the balance sheet. Whilst this increases the Capital Financing Requirement, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council had £35.432 million of such schemes included in its Capital Financing requirement at 31<sup>st</sup> March 2011.

- P4 CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following as a key indicator of prudence:

"In order to ensure that over the medium term net debt will only be for a capital purpose, the local authority should ensure that net debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years."

The Authority had no difficulty meeting this requirement in 2010/2011, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and

the proposals in this report and the report elsewhere on today's agenda on the Revenue Budget and Proposed Council Tax 2012/2013.

The Council's net borrowing at 31<sup>st</sup> March 2011 was £21.505 million and as noted in Prudential Indicator P7 the Council's actual external borrowing was £208.941 million. This variation between actual and net borrowing reflects the cash flow position of the authority and balances held in earmarked reserves. The gap will reduce over time as earmarked reserves are used to fund specific projects as planned.

The benefits of having a high level of investments are that:

- § a larger amount of interest will be received that can then be used to help support Council budgets and help deliver strategic plans;
- § the Council has greater freedom in making its borrowing decisions and can take out borrowing when the timing is right rather than being potentially subject to market volatility; and,
- § the liquidity risk is reduced as having a high level of investments means that in the short term the Council is less at risk should money market funds dry up.

The risks associated with holding a high level of investments are:

- § from a reduced level of interest earned to that budgeted for should interest rates reduce; and,
- § the risk of counterparties not repaying money the Council invests with them.

The Council has mitigated these risks by having a risk averse Treasury Management Investment Strategy and by detailed monitoring of counterparties through its borrowing and investment strategies and treasury management working practices and procedures.

- P5 In respect of its external debt, it is recommended that the Council approves the following authorised limits for its total external debt, gross of investments for the next three financial years, and agrees the continuation of the previously agreed limit for the current year since no change to this is necessary. These limits separately identify borrowing from other long-term liabilities such as PFI schemes and finance leases. The Council is asked to approve these limits and to delegate authority to the Executive Director of Commercial and Corporate Services, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for the authority. Any such changes made will be reported to Cabinet and the Council at the next meetings following the change.

	<b>Authorised Limit for External Debt</b>			
	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Borrowing	331,539	342,396	346,799	365,644
Other long term liabilities	50,860	34,928	33,394	32,830
<b>Total</b>	<b>382,399</b>	<b>377,324</b>	<b>380,193</b>	<b>398,474</b>

The Executive Director of Commercial and Corporate Services reports that these authorised limits are consistent with the Authority's current commitments, existing plans and the proposals in this report for capital expenditure and financing, and with its approved treasury management policy statement and practices. The Executive Director of Commercial and Corporate Services also confirms that they are based on the estimate of most likely, prudent, but not worst case scenario, with, in addition, sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the Capital Financing Requirement and estimates of cash flow requirements for all purposes. It should be noted that the Council undertakes investment and borrowing on behalf of external bodies such as Tyne and Wear Fire and Rescue Authority. Treasury Management undertaken on behalf of other authorities is included in Sunderland's borrowing limits, however it is excluded when considering financing costs and when calculating net borrowing for the Council. A specific element of risk has also been taken into account for these bodies.

In taking its decisions on the Revenue Budget and Capital Programme for 2012/2013, the Council is asked to note that the authorised limit determined for 2012/2013, (see P5 above), will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

- P6 The Council is also asked to approve the following operational boundary for external debt for the same time period and agrees the continuation of the previously agreed limit for the current year since no change to this is necessary. The proposed operational boundary for external debt is based on the same estimates as the authorised limit, but reflects directly the estimate of the most likely, prudent but not worst case scenario level, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. The Council is also asked to delegate authority to the Executive Director of Commercial and Corporate Services, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, similar to the authorised limit set out above.

The operational boundary limit will be closely monitored and a report will be made to Cabinet and Council if it is exceeded at any point. In any financial year, it is generally only expected that the actual debt outstanding will approach the operational boundary when all of the long-term borrowing has been undertaken for that particular year and will only be broken temporarily as a result of the timing of debt rescheduling.

	<b>Operational Boundary for External Debt</b>			
	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Borrowing	261,603	304,083	307,760	324,698
Other long term liabilities	50,860	34,928	33,394	32,830
<b>Total</b>	<b>312,463</b>	<b>339,011</b>	<b>341,154</b>	<b>357,528</b>

- P7 The Council's actual external debt at 31<sup>st</sup> March 2011 was £244.373 million and was made up of actual borrowing of £208.941 million and actual other long term liabilities of £35.432 million

The Council includes an element for long-term liabilities relating to PFI schemes and finance leases in its calculation of the operational and authorised boundaries to allow further flexibility over future financing. It should be noted that actual external debt is not directly comparable to the authorised limit and operational boundary, since the actual external debt reflects the position at any one point in time and allowance needs to be made for cash flow variations.

- P8 The estimate of the incremental impact of new capital decisions proposed in this report, over and above capital investment decisions that have previously been taken by the Council are:

<b><u>For Band D Council Tax</u></b>		
<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>
£5.18	£22.70	£38.19

The estimates show the net revenue effect of all capital expenditure from all schemes commencing in 2012/2013 and the following two financial years.

These forward estimates are not fixed and do not commit the Council. They are based on the Council's existing commitments, current plans and the capital plans detailed in this report. The cumulative effect of full year debt charges will have an additional impact of £39.66 in 2015/2016. There are no known significant variations beyond the above timeframe that would result from past events and decisions or the proposals in the budget report.

- P9 The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The revised Code was adopted on 3<sup>rd</sup> March 2010 by full council.

The objective of the Prudential Code is to provide a clear framework for local authority capital finance that will ensure for individual local authorities that:

- (a) capital expenditure plans are affordable;
- (b) all external borrowing and other long term liabilities are within prudent and sustainable levels;

- (c) treasury management decisions are taken in accordance with professional good practice;

and that in taking decisions in relation to (a) to (c) above the local authority is

- (d) accountable, by providing a clear and transparent framework.

Further, the framework established by the Code should be consistent with and support:

- (e) local strategic planning;
- (f) local asset management planning;
- (g) proper option appraisal.

In exceptional circumstances the objective of the Code is to provide a framework that will demonstrate that there is a danger of not ensuring the above, so that the Authority can take timely remedial action.

**CIPFA Treasury Management in the Public Services Code of Practice - Indicators 2012/2013 to 2014/2015**

- P10 It is recommended that the Council sets an upper limit on its fixed interest rate exposures of £130 million in 2012/2013, £190 million in 2013/2014 and £200 million in 2014/2015.
- P11 It is further recommended that the Council sets an upper limit on its variable interest rate exposures of £60 million in 2012/2013, £50 million in 2013/2014 and £60 million in 2014/2015.
- P12 It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows:

Amount of projected borrowing that is fixed rate maturing in each period expressed as a percentage of total projected borrowing that is fixed rate at the start of the period:

	Upper limit	Lower limit
Under 12 months	50%	0%
12 months and within 24 months	60%	0%
24 months and within 5 years	80%	0%
5 years and within 10 years	100%	0%
10 years and within 20 years	100%	0%
20 years and within 30 years	100%	0%
30 years and within 40 years	100%	0%
40 years and within 50 years	100%	0%
over 50 years	100%	0%



P13 A maximum maturity limit of £75 million is set for each financial year (2012/2013, 2013/2014 and 2014/2015) for long term investments, (those over 364 days), made by the authority. This gives additional flexibility to the Council in undertaking its Treasury Management function. Should the Council appoint any external fund managers during the year, these limits will be apportioned accordingly. Type of investments to be allowed are detailed in the Annual Investment Strategy (Appendix 6).

At present the Council has £0.817 million of long-term investments. This is £0.797 million for the value of share capital held in NIAL Holdings PLC. This equates to a 9.41% share in Newcastle International Airport. The Council also holds £19,541 in government securities, other shares and unit trusts.

### Minimum Revenue Provision Policy Statement 2012/2013

The Department for Communities and Local Government (DCLG) has provided statutory guidance on the methodology to use, which local authorities 'must have regard to'. The guidance recommends that authorities must submit to full Council an annual statement of its policy on making a MRP in respect of the following financial year and highlight which of the various options set out in their guidance will be followed.

- 1.1 Provision for the repayment of debt is considered to be prudent where the period of repayment is either reasonably commensurate with that over which the capital expenditure to which it relates provides benefits, or in the case of borrowing supported by Local Government Formula Grant, reasonably commensurate with the period implicit in the determination of that grant. The major proportion of the MRP for 2012/13 will relate to the supported historic debt liability.
- 1.2 The four options for calculating MRP which were set out in the guidance can be summarised as follows:
  - Option 1 – Regulatory Method: applying the statutory formula set out in the 2003 Regulations before it was revoked in 2008.
  - Option 2 – Capital Financing Requirement (CFR) Method: multiplying the CFR at the end of the preceding financial year by 4%.
  - Option 3 – Asset Life Method: amortising expenditure over an estimated useful life for the relevant assets created. An assessment must be made of the asset life at the outset of the capital scheme and MRP is charged to revenue in either equal annual instalments or by an annuity method over the estimated life of the asset. The MRP charge will commence in the financial year following the one in which the asset comes into service.
  - Option 4 – Depreciation Method: making charges to revenue in accordance with the standard rules for depreciation accounting for the particular asset being created or enhanced.
- 1.3 Estimated life periods will be determined under delegated powers. As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, such as IT infrastructure, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives. The Council also reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
- 1.4 For 2012/2013, having considered all of the options available to the Council, it is proposed that the Council use Option 1 (the Regulatory Method) for government supported borrowing.

This is a continuation of the method currently used by the Council (using regulations 28 and 29 of the Capital Finance Regulations and the Local Government Act 2003) where MRP is calculated with regard to the 'credit ceiling' of the authority. This takes into account all loan advances and repayments through the Council's consolidated advances and borrowing pool with MRP being calculated at 4% of the opening 'credit ceiling' balance.

Option 1 is preferred as this option takes the formulae used by the government in calculating revenue support grant as its basis and better reflects the actual funding provided by government.

- 1.5 Neither of the two options recommended for future borrowing, for which no government support is being given and is therefore self-financed (options 3 and 4), reflect existing Council policy to accelerate debt repayments on unsupported borrowing through an increased voluntary MRP. The depreciation method for calculating MRP is also subject to volatility when asset lives are reassessed as part of the revaluation process.
- 1.6 The Council currently follows the criteria set out below for all unsupported borrowing and provides an increased voluntary MRP:
- In the case of invest to save schemes MRP is based on the payback period for any borrowing taken out (this requirement is relaxed where unsupported borrowing is taken out on behalf of trading services and areas which are subject to market pressures to ensure that these services would not be put at an unfair disadvantage in comparison to any potential competitors);
  - In cases where a full option appraisal shows borrowing to offer better value for money than leasing, MRP is based on the payment period that would have arisen had a lease been taken out instead of a loan;
  - In the case of any form of grants or deposits made for capital purposes that have been given in earlier years and any new grants or deposits that may be made for which borrowing is taken out. MRP is based on the actual principal repayment schedule relating to the grant or deposit provided. This option is used for spend such as existing loans provided to Wearside College, mortgages provided in earlier years to householders under Right to Buy regulations, and capital spend in relation to loans, deposits and other grants made to support economic regeneration:

In other cases where unsupported borrowing is used to finance capital schemes then the option 3 asset life method of determining MRP is used with MRP charge commencing in the financial year following the one in which the asset comes into service.

- 1.7 Given budget pressures, it is proposed that opportunities for utilising the prudential framework be restricted to a level where provision has been made within the revenue budget and where the expenditure will either be used to support the Council's key priorities in terms of regeneration plans and strategic priorities, to fund invest to save schemes, or to support asset purchases where option appraisal of funding through borrowing instead of leasing is appropriate. The revenue budget is framed to enable such levels to be affordable and sustainable into future years.

- 1.8 For the purposes of the proposed regulations Option 3 is recommended for self-financed borrowing as this method is subject to less potential variation than Option 4. It is also recommended to continue existing practice for making MRP repayments using the criteria detailed in 6.6 above.
- 1.9 In addition, revised accounting guidelines to comply with IFRS were introduced for the financial year 2010/2011. The new standards had the effect of reclassifying operational leases, finance leases and PFI contracts and required these assets to be brought onto the Council's balance sheet. MRP policy used by the Council will ensure that there will be no impact on council taxpayers from revisions to accounting standards and that the amount of MRP to be made will be set to ensure that the finance charge and MRP for finance leases and on-balance sheet PFI schemes is equal to the rental or service charge payable in the income and expenditure account for the year, which writes down the balance sheet liability of those assets i.e. the annual MRP charge will be an amount equal to the amount that has been taken to the balance sheet to reduce the liability for that asset.
- 1.10 In summary, it is recommended that the Council approves the following Minimum Revenue Provision Statement 2012/2013:
- a) For all government supported borrowing the Council will adopt Option 1 as set out in the government guidance which is a continuation of the basis upon which the Council currently calculates MRP.
  - b) For all unsupported borrowing the Council will adopt Option 3 and make MRP repayments using the equal instalment method with the estimated useful life of an asset being assessed by the Executive Director of Commercial and Corporate Services in consultation with appropriate officers.
  - c) For MRP payments in relation to finance leases and PFI contracts, the amount of MRP to be made will be set to ensure that the finance charge and MRP for finance leases and on-balance sheet PFI schemes is equal to the rental or service charge payable in the income and expenditure account for the year, which writes down the balance sheet liability of those assets.
  - d) The Council will vary MRP payments to that indicated by the adoption of Option 3, with reference to the Council's framework detailed in 6.7 above. Any requirement to make additional voluntary MRP payments may be relaxed by the Executive Director of Commercial and Corporate Services where appropriate, in particular for any unsupported borrowing taken out on behalf of trading services, which are subject to market pressures.

## Treasury Management Policy Statement

In line with CIPFA recommendations, on the 3<sup>rd</sup> March 2010 the Council adopted the following Treasury Management Policy Statement, which defines the policies and objectives of its treasury management activities:

- The Council defines its treasury management activities as: “The management of the Council’s 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. Accordingly, 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 Council has an agreed Borrowing and Investment Strategy, the high level policies of which are as follows:

The basis of the agreed Borrowing Strategy is to:

- continuously monitor prevailing interest rates and forecasts;
- secure long-term funds to meet the Council’s future borrowing requirement when market conditions are favourable;
- use a benchmark financing rate of 4.50% for long term borrowing (i.e. all borrowing for a period of one year or more);
- take advantage of debt rescheduling opportunities, as appropriate.

The general policy objective for the Council in considering potential investments is the prudent investment of its treasury balances.

- the Council’s investment priorities in order of importance are:
  - 1) The security of capital
  - 2) The liquidity of its investments and then
  - 3) The Council aims to achieve the optimum yield on its investments but this is commensurate with the proper levels of security and liquidity
- the Council has a detailed Lending List and criteria must be observed when placing funds – these are determined using expert TM advice, view of money market conditions and using detailed rating agency information as well as using our own market intelligence.

## Appendix 4

- Limits are also placed on the amounts that can be invested with individual and grouped financial institutions based on the Lending List and detailed criteria

The Council also re-affirms its commitment to the Treasury Management Policy and Strategy Statement each year.

## Treasury Management Strategy Statement for 2012/2013

### 1. Introduction

- 1.1 The Local Government Act 2003 and subsequent guidance requires the Council to set out its Treasury Management Strategy for Borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2012/2013 is set out below and is based upon the Executive Director of Commercial and Corporate Services views on interest rates, supplemented with leading market forecasts and other financial data available and advice provided by the Council's treasury adviser, Sector Treasury Services.

- 1.2 The treasury management strategy covers:

#### A. Borrowing Policy and Strategy

- treasury limits for 2012/2013 to 2014/2015
- the past and current treasury management position
- the borrowing requirement 2012/2013
- prudential and treasury management Indicators for 2012/13 to 2014/15
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling

#### B. Annual Investment Policy and Strategy

- Investment policy and objectives
- the investment strategy
- investment types
- investments defined as capital expenditure
- investment limits
- provision for credit related losses
- creditworthiness policy
- monitoring of credit ratings
- past performance and current position
- outlook and proposed investment strategy
- external fund managers
- policy on use of external service providers

### 2. Borrowing Policy and Strategy

#### 2.1 Treasury Limits for 2012/13 to 2014/15

It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales the Authorised Limit represents the legislative limit specified in the Act.

The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is 'acceptable'.

Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is set, on a rolling basis, for the forthcoming financial year and two successive financial years and details can be found in Appendix 3 of this report. The Council is asked to approve these limits and to delegate authority to the Executive Director of Commercial and Corporate Services, within the total limit for any individual year, to action movement between the separately agreed limits for borrowing and other long term liabilities where this would be appropriate. Any such changes made will be reported to Cabinet and the Council at their next meetings following the change.

Also, the Council is asked to approve the Operational Boundary Limits which are included in the Prudential Indicators (Appendix 3). This operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified and the Council is also asked to delegate authority to the Executive Director of Commercial and Corporate Services, within the total operational boundary for any individual year, to action movement between the separately agreed figures for borrowing and other long-term liabilities, in a similar fashion to the authorised limit.

## 2.2 Treasury Management Position

### 2.2.1 Interest Rates 2011/2012

PWLB Interest rates gradually fell during the first half of 2011/2012 and were at their lowest level in early October 2011. Rates have increased slightly since but have generally remained fairly static with only small variations.

The interest rates offered by the PWLB to local authorities with a Housing Revenue Account, will be temporarily reduced in March 2012. The reduced rate will only apply to borrowing to allow local authorities to leave the existing subsidy system for council housing finance to allow them to be 'self financing'. As the Council does not have any housing stock it is unaffected by the changes in PWLB interest rates.

<b>Loan Type</b>	<b>31<sup>st</sup> March 2011 %</b>	<b>31<sup>st</sup> December 2011 %</b>	<b>Difference %</b>
7 Day Notice	0.40	0.30	0.10
1 Month	0.50	0.63	0.15
PWLB – 1 Year	1.89	1.19	0.70
5 Years	3.61	1.97	1.64
10 Years	4.75	3.03	1.72
25 Years	5.35	3.99	1.36
50 Years	5.29	4.05	1.24



## Appendix 6

The Bank of England Base Rate has remained at 0.50% since 5<sup>th</sup> March 2009 with little sign that it will be raised in the short term.

### 2.2.2 Long Term Borrowing 2011/2012

The Treasury Management Policy and Strategy Statement for 2011/2012 included a benchmark rate of 5.5% for all long-term borrowing.

The Council's strategy for 2011/2012 is to adopt a pragmatic approach and to respond to any changing circumstances to seek to secure benefit for the Council.

So far in 2011/2012 the Council has taken out one new loan, detailed in the table below. No debt rescheduling has been undertaken as rates have not been considered sufficiently favourable. The new borrowing, at a historic low rate of interest for 50 year loans since the Coalition Government increased rates in October 2010, will support borrowing requirements within the Council's capital programme. The loan, at 3.99%, was 1.51% below the 5.50% target set for long term borrowing and represents a lower cost of borrowing to the council going forward. Any loan of this duration especially below the 4% level is regarded as an opportune time to acquire longer term debt as levels historically are rarely seen below this rate.

Date	Lender	Amount £m	Period (Years)	Rate %	Benchmark Rate %	Margin %
20/01/2012	PWLB	10.0	50	3.99	5.50	(1.51)
<b>Total</b>		<b>10.0</b>				

The Council also has nine market Lender's Option / Borrower's Option (LOBO) loans totalling £39.5 million. The lender has the option to alter the rate on these loans at set intervals and the Council can either accept the new rate or repay the loan without penalty. The following table shows the LOBO's that were subject to a potential rollover this financial year but have not been replaced as the option was not exercised.

<u>Roll Over Dates</u>	Lender	Amount £m	Rate %	Roll Over Periods
21/04/2011 and 21/10/2011	Barclays	5.0	4.50	Every 6 months
10/12/2011	Barclays	9.5	4.37	every 3 years
27/01/2012	Dexia	5.0	4.32	every 3 years
<b>Total</b>		<b>19.5</b>		

### 2.2.3 Current Portfolio Position

The Council's treasury portfolio position at 31<sup>st</sup> December 2011 comprised:

## Appendix 6

		Principal (£m)	Total (£m)	Average Rate (%)
<b>Borrowing</b>				
Fixed Rate Funding	PWLB	138.0		
	Market (LOBO's)	24.5		
	Other	0.3	162.8	3.83
Variable Rate Funding	PWLB	0.0		
	Market (LOBO's)	15.0		
	Temporary/ Other	30.0	45.0	1.98
	<b>Total Borrowing</b>		<b>207.8</b>	<b>3.42</b>
<b>Total Investments</b>	In House		<b>195.0</b>	<b>1.63</b>
<b>Net Position</b>			<b>(12.8)</b>	

The Council currently has a difference between gross debt and net debt of £12.777 million, however this position is expected to change over the next few years as the Council has to manage its finances with significantly less government grant in both capital and revenue funding. This could impact in the form of increased borrowing and reductions to reserves, with the result that the net borrowing position of the Council will increase.

There are a number of risks and benefits associated with having both a large amount of debt whilst at the same time having a considerable amount of investments.

Benefits of having a high level of investments are;

- § liquidity risk – having a large amount of investments means that the Council is at less of a risk should money markets become restricted or borrowing less generally available, this mitigates against liquidity risk;
- § interest is received on investments which helps the Council to address its Strategic Priorities;
- § the Council has greater freedom in the timing of its borrowing as it can afford to wait until the timing is right rather than be subject to the need to borrow at a time when interest rates are not advantageous.

Risks associated with holding a high level of investments are;

- § the Counterparty risk – institutions cannot repay the Council investment placed with them;
- § interest rate risk – the rate of interest earned on the investments will be less than that paid on debt, thus causing a loss to the Council.

The Council has mitigated these risks by having a risk averse Treasury Management Investment Strategy and by detailed monitoring of counterparties through its borrowing and investment strategies and treasury management working practices and procedures.

### 2.3 Borrowing Requirement 2012/2013

The Council's borrowing requirement is as follows:

	2012/13 £m	2013/14 £m	2014/15 £m
1. Capital Borrowing (potential)	49.8	47.6	22.3
2. Replacement borrowing (PWLB)	5.0	5.0	10.0
3. Replacement borrowing (Market)	0.0	0.0	0.0
4. Market LOBO replacement (potential)	20.0	10.0	19.5
<b>TOTAL – KNOWN (2+3)</b>	<b>5.0</b>	<b>5.0</b>	<b>10.0</b>
<b>TOTAL – POTENTIAL (1+4)</b>	<b>69.8</b>	<b>57.6</b>	<b>32.3</b>

### 2.4 Prudential and Treasury Management Indicators for 2012/2013 – 2014/2015

Prudential and Treasury Indicators (as set out in Appendix 3) are a requirement of the CIPFA Prudential Code and are relevant for the purposes of setting an integrated treasury management strategy and to ensure that treasury management decisions are taken in accordance with good professional practice.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The original 2001 Code was adopted on 20<sup>th</sup> November 2002 and the revised 2009 Code was adopted by the full Council on 3<sup>rd</sup> March 2010. The Code has been revised in November 2011 and the Council re-affirms its full adherence to the code annually (as set out in Appendix 5).

### 2.5 Prospects for Interest Rates

The Council's treasury advisors are Sector Treasury Services and part of their service is to assist the Council to formulate a view on interest rates. A number of current City forecasts for short term (Bank Rate) and longer fixed interest rates are set out in Annex A. The following gives the Sector Treasury Services Bank Rate forecast for the next 4 financial year ends (March).

- 2011/2012 0.50%
- 2012/2013 0.50%
- 2013/2014 1.25%
- 2014/2015 2.50%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate. A detailed view of the current economic background is contained within Annex B to this report.

## 2.6 Borrowing Strategy

### 2.6.1 Borrowing rates

The Sector forecast in respect of interest rates for loans charged by the PWLB is as follows: -

Annual Average %	Bank Rate	PWLB Borrowing Rates		
		5 year	25 year	50 year
March 2012	0.50	2.30	4.20	4.30
June 2012	0.50	2.30	4.20	4.30
Sept 2012	0.50	2.30	4.30	4.40
Dec 2012	0.50	2.40	4.30	4.40
March 2013	0.50	2.50	4.40	4.50
June 2013	0.50	2.60	4.50	4.60
Sept 2013	0.75	2.70	4.60	4.70
Dec 2013	1.00	2.80	4.70	4.80
March 2014	1.25	2.90	4.80	4.90
June 2014	1.50	3.10	4.90	5.00

A more detailed forecast from Sector is included in Annex A.

The main sensitivities of the forecast are likely to be;

- if it were felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate borrowing will be undertaken whilst interest rates are still relatively cheap.
- if it were felt that there was a significant risk of a sharp fall in long and short term rates, e.g. due to a marked increase of risks around a relapse into recession or, a risk of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

The Council officers, in conjunction with the Council's treasury advisers, will monitor both the prevailing interest rates and the market forecasts. With long-term interest rate forecasts set to remain around their current levels the Executive Director of Commercial and Corporate Services, taking into account the advice of the Council's treasury adviser considers a benchmark financing rate of 4.50% for any further long-term borrowing for 2012/2013 to be appropriate.

Consideration will be given to various options, including utilising some investment balances to fund the borrowing requirement in 2012/2013. The need to adapt to changing circumstances and revisions to profiling of capital expenditure is required, and flexibility needs to be retained to adapt to any changes that may occur.

The Executive Director of Commercial and Corporate Services, taking advice from the Council's treasury advisers will continue to monitor

rates closely, and whilst implementing the borrowing strategy, will adopt a pragmatic approach in identifying the low points in the interest rate cycle at which to borrow.

### 2.7 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance of activity will be subject to prior appraisal and borrowing undertaken will be reported to Cabinet as part of agreed treasury management reporting arrangements.

### 2.8 Debt Rescheduling

The reasons for any rescheduling of debt will include:

- the generation of cash savings at minimum risk;
- in order to help fulfil the Treasury Management Strategy; and
- in order to enhance the balance of the long-term portfolio (by amending the maturity profile and/or the balance of volatility).

In previous years, debt rescheduling has achieved significant savings in interest charges and discounts and these interest savings have been secured for many years to come. For example, since November 2008 the Council has rescheduled debt worth £59.5 million with an ongoing reduction in interest costs of just under £1.0 million per annum. The introduction by the PWLB in 2007 of a spread between the rates applied to new borrowing and repayment of debt, which has now been compounded since 20 October 2010 by a considerable further widening of the difference between new borrowing and repayment rates, has meant that PWLB debt restructuring is much less attractive than it was before both of these measures were introduced. Consideration will also be given to other options where interest savings may be achievable by using LOBO (Lenders Option Borrowers Option) loans, and / or other market loans, in rescheduling exercises rather than solely using PWLB borrowing as the source of replacement financing but this would only be the case where this would represent best value to the Council.

The latest interest rate projections for 2012/2013 show short term borrowing rates will be considerably cheaper than longer term rates and as such there may be potential for some opportunities to generate savings by switching from long term debt to short-term debt. However, these savings will need to be considered in the light of the size of premiums incurred, their short term nature, and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio.

The Council is keeping a watching brief on market conditions in order to secure further debt rescheduling when, and if, appropriate opportunities

arise. The timing of all borrowing and investment decisions inevitably includes an element of risk, as those decisions are based upon expectations of future interest rates. The policy to date has been very firmly one of risk spread and this prudent policy will be continued.

Any rescheduling undertaken will be reported to Cabinet, as part of agreed treasury management reporting arrangements.

### **3. Annual Investment Policy and Strategy**

#### **3.1 Investment Policy and Objectives**

When considering its investment policy and objectives, the Council has taken regard to the Department of Communities and Local Government's (CLG) Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

The Council's investment objectives are: -

- (a) the security of capital, and
- (b) the liquidity of its investments.

The Council also aims to achieve the optimum return on its investments but commensurate with proper levels of security and liquidity. The risk appetite of the Council is regarded as low in order to give priority to security of its investments.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council will not engage in such activity.

#### **3.2 Investment Strategy**

This Strategy sets out:

- the procedures for determining the use of each class of investment (advantages and associated risk), particularly if the investment falls under the category of "non-specified investments";
- the maximum periods for which funds may be prudently committed in each class of investment;
- the amount or percentage limit to be invested in each class of investment;
- whether the investment instrument is to be used by the Council's in-house officers and/or by the Council's appointed external fund managers, (if used); and, if non-specified investments are to be used in-house, whether prior professional advice is to be sought from the Council's treasury advisers;
- the minimum amount to be held in short-term investments (i.e. an investment which the Council may require to be repaid or redeemed within 12 months of making the investment).

### 3.3 Investment Types

The Council is allowed to invest in two types of investment, namely Specified Investments and Non-specified Investments.

Specified Investments are those investments that are for a period of less than one year, are not classed as capital expenditure, and are placed with high credit rated counterparties.

Non-specified Investments are any investments which are not classified as specified investments. As the Council only uses high credit rated counterparties this means in effect that any investments placed with those counterparties for a period of one year or more will be classed as Non-specified Investments. Any investment by the Council in a type of investment classed as capital expenditure (see 3.4 below) will be subject to a full appraisal and reported to Cabinet for approval.

The type of investments to be used by the in-house team will be limited to term deposits, interest bearing accounts, Money Market Funds, treasury bills and gilt edged securities and will follow the criteria as set out in Annex C.

### 3.4 Investments Defined as Capital Expenditure

The acquisition of share capital or loan capital in any body corporate is defined as capital expenditure under Section 16(2) of the Local Government Act 2003. Such investments have to be funded out of capital or revenue resources and are classified as 'non-specified investments'.

A loan or grant by this Council to another body for capital expenditure by that body is also deemed by regulation to be capital expenditure by the Council. It is therefore important for the Council to clearly identify if the loan has been made for policy reasons or if it is an investment for treasury management purposes. Only the latter will be governed by the framework set by the Council for 'specified' and 'non-specified' investments.

The Council will not use (or allow any external fund managers it may appoint to use) any investment which will be deemed as capital expenditure.

### 3.5 Investment Limits

One of the recommendations of the Code is that local authorities should set limits for the amounts of investments that can be placed with institutions by country, sector and group. These limits are applied in the Council's Counterparty criteria set out in Annex C.

The minimum amount of overall investments that the Council will hold in short-term investments (less than one year) is £50 million. As the Council has decided to restrict most of its investments to term deposits, it will maintain liquidity by having a minimum of 30% of these short-term investments maturing within 6 months.

A maximum limit of £75 million is to be set for in-house non-specified investments over 364 days up to a maximum period of 2 years. This amount has been calculated by reference to the Council's cash flows, including the potential use of earmarked reserves. The Executive Director of Commercial and Corporate Services will monitor long-term investment rates and identify any investment opportunities if market conditions change.

### 3.6 Provisions for Credit Related Losses

If any of the Council's investments appear at risk of loss due to default, (i.e. a credit-related loss, and not one resulting from a fall in price due to movements in interest rates), then the Council will make revenue provision of an appropriate amount in accordance with proper accounting practice or any prevailing government regulations, if applicable. This position has not occurred and the Council mitigates this risk with its prudent investment policy.

### 3.7 Creditworthiness policy

The creditworthiness policy adopted by this Council takes into account not only the credit ratings issued by all three credit rating agencies (Fitch, Moody's and Standard & Poor's), but also, available market data and intelligence such as Credit Default Swap levels and share prices, the level of government support to financial institutions and advice from its Treasury Management advisors.

Set out in Annex D is the detailed criteria that will be used, subject to approval, in determining the level of investments that can be invested with each counterparty or institution. Where a counterparty is rated differently by any of the 3 rating agencies, the lowest rating will be used to determine the level of investment.

### 3.8 Monitoring of Credit Ratings

- All credit ratings are monitored on a daily basis. The Council has access to all three credit ratings agencies and is alerted to changes through its use of the Sector Treasury Services credit worthiness service.
- If a counterparty's rating is downgraded with the result that it no longer meets the Council's minimum criteria, the Council will cease to place funds with that counterparty. The Council will also immediately inform its external fund manager(s), if used, to cease placing funds with that counterparty.
- If a counterparty's rating is downgraded with the result that, their rating is still sufficient for the counterparty to remain on the Approved Lending List, then the counterparty's authorised investment limit will be reviewed accordingly. A downgraded credit rating may result in the lowering of the counterparty's investment limit and vice versa. The Council will also immediately inform its external fund manager(s), if used, of any such change(s).



Should fund managers be employed by the Council, the Council will establish with its fund manager(s) their credit criteria and the frequency of their monitoring of credit ratings so as to be satisfied as to their adherence to the Council's policy.

The ratings agencies have reaffirmed the UK's AAA sovereign rating. They have, though, warned that this could be reviewed if Government policy were to change, or was seen to be failing to achieve its desired outcome. Should the UK Government AAA sovereign rating be withdrawn the Council's Investment Strategy and Lending List criteria will be reviewed and any changes necessary will be reported to Cabinet.

### 3.9 Past Performance and Current Position

During 2011/2012 the Council did not employ any external fund managers, all funds being managed by the in-house team. The performance of the fund by the in-house team is shown below and compares this with the relevant benchmarks and performance from the previous year:

	<b>2010/11 Return %</b>	<b>2010/11 Benchmark %</b>	<b>2011/12 Return %</b>	<b>2011/12 Benchmark %</b>
			<b>Year to date</b>	<b>Year to date</b>
Council	1.50	0.36	1.63	0.50

During 2012/2013 the Council will continue to review the optimum arrangements for the investment of its funds whilst fully observing the investment strategy in place. The Council uses the 7 day London Interbank Bid (LIBID) rate as a benchmark for its investments.

### 3.10 Outlook and Proposed Investment Strategy

Based on its cash flow forecasts, the Council anticipates its fund balances in 2012/2013 are likely to range between £120 million and £270 million. This represents a cautious approach and provides for funding being received in excess of the level budgeted for, and also for unexpected and unplanned levels of capital underspending in the year or reprofiling of spend into future years. In 2012/2013, with short-term interest rates forecast to be materially below long-term rates, it is possible that some investment balances may be used to fund some long-term borrowing or used for debt rescheduling. Such funding is wholly dependent upon market conditions and will be assessed and reported to Cabinet if and when the appropriate conditions arise.

The Council is not committed to any investments, which are due to commence in 2012/2013, (i.e. it has not agreed any forward deals).

Activities likely to have a significant effect on investment balances are:

- Capital expenditure during the financial year, (dependent upon timing), will affect cash flow and short term investment balances;

- Any reprofiling of capital expenditure from, and to, other financial years will also affect cash flow, (no reprofiling has been taken into account in current estimates);
- Any unexpected capital receipts or income;
- Timing of new long-term borrowing to fund capital expenditure;
- Possible funding of long-term borrowing from investment balances (dependent upon appropriate market conditions).

The Executive Director of Commercial and Corporate Services, in conjunction with the Council's treasury adviser Sector Treasury Services, and taking into account the minimum amount to be maintained in short-term investments, will continue to monitor investment rates closely and to identify any appropriate investment opportunities that may arise.

It is proposed that delegated authority continues for the Executive Director of Commercial and Corporate Services, in consultation with the Cabinet Portfolio holder for Resources, to vary the Lending List Criteria and Lending List itself should circumstances dictate, on the basis that changes be reported to Cabinet retrospectively, in accordance with normal treasury management reporting procedures.

### 3.11 External fund managers

At present the Council does not employ any external fund managers.

Should the Council appoint any external fund managers in the future, they will have to agree to strict investment limits and investment criteria. These external fund managers will work to the following parameters:

- The institutions on the Approved Lending list of the external manager must correspond to those agreed with Sunderland City Council (i.e. only institutions on Sunderland City Council's Approved Lending List to be included as shown in Annex D);
- they will be allowed to invest in term deposits, Certificates of Deposit (CD's) and government gilt securities;
- An investment limit of £3 million per institution (per manager);
- A maximum limit of 50% fund exposure to government gilts;
- A maximum proportion of the fund invested in instruments carrying rates of interest for periods longer than 364 days shall not exceed 50%. It is proposed to only recommend the use of fixed term deposits up to a maximum of 2 years.

### 3.12 Policy on the use of external service providers

The Council uses Sector as its external treasury management advisers. The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review.

4. **Scheme of delegation**

4.1 The Treasury Management Strategy Statement has been prepared in accordance with the revised Code. Accordingly, the Council's Treasury Management Strategy (TMS) is approved annually by the full Council and receives, as a minimum, a mid-year TMS report and an annual Treasury Management outturn report for the previous year by no later than the 30<sup>th</sup> September of the following year. In addition quarterly reports are made to Cabinet and the Audit and Governance Committee and monitoring reports are reviewed by members in both executive and scrutiny functions respectively. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

The Council adopted the following reporting arrangements in accordance with the requirements of the Code: -

Area of Responsibility	Council/ Committee/ Officer	Frequency
Treasury Management Policy Statement (revised)	Full Council	Reaffirmed annually and updated as appropriate
Treasury Management Strategy / Annual Investment Strategy	Full Council	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy – mid year report	Full Council	Mid year
Treasury Management Strategy / Annual Investment Strategy –updates or revisions at other times	Full Council	As appropriate
Annual Treasury Management Outturn Report	Full Council	Annually by 30/9 after the end of the financial year
Treasury Management Monitoring Reports	Executive Director of Commercial and Corporate Services	Monthly
Treasury Management Practices	Executive Director of Commercial and Corporate Services	Annually
Scrutiny of Treasury Management Strategy	Cabinet / Audit and Governance Committee	Annually before Full Council
Scrutiny of Treasury Management Performance	Cabinet / Audit and Governance Committee	Quarterly

**5. The Treasury Management Role of the Section 151 Officer**

- 5.1 The Executive Director of Commercial and Corporate Services is the Council's Section 151 Officer and has specific delegated responsibility in the Council's Constitution to manage the borrowing, financing, and investment requirements of the Council in accordance with the Treasury Management Policy agreed by the Council. This includes;
- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
  - submitting regular treasury management policy reports
  - submitting budgets and budget variations
  - receiving and reviewing management information reports
  - reviewing the performance of the treasury management function
  - ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
  - ensuring the adequacy of internal audit, and liaising with external audit
  - recommending the appointment of external service providers.

**Interest Rate Forecasts**

The data set out below shows a variety of forecasts published by Sector Treasury Services, Capital Economics (an independent forecasting consultancy) and UBS (which represents summarised figures drawn from the population of all major City banks and academic institutions).

The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

## 1. Individual Forecasts

Sector's Interest Rate View															
	Now	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Sector's Bank Rate View	<b>0.50%</b>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	2.00%	2.25%	2.50%
3 Month LIBID	<b>0.87%</b>	0.70%	0.70%	0.70%	0.70%	0.70%	0.75%	0.80%	0.90%	1.20%	1.40%	1.60%	2.10%	2.40%	2.60%
6 Month LIBID	<b>1.16%</b>	1.00%	1.00%	1.00%	1.00%	1.00%	1.10%	1.20%	1.40%	1.60%	1.80%	2.00%	2.50%	2.70%	2.90%
12 Month LIBID	<b>1.65%</b>	1.50%	1.50%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.20%	2.40%	2.60%	3.10%	3.20%	3.30%
5yr PWLB Rate	<b>2.25%</b>	2.30%	2.30%	2.30%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.10%	3.30%	3.50%	3.70%
10yr PWLB Rate	<b>3.33%</b>	3.30%	3.30%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.80%	4.00%	4.20%	4.40%	4.60%	4.80%
25yr PWLB Rate	<b>4.24%</b>	4.20%	4.20%	4.20%	4.30%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%
50yr PWLB Rate	<b>4.26%</b>	4.30%	4.30%	4.30%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%
<b>Bank Rate</b>															
Sector's View	<b>0.50%</b>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	2.00%	2.25%	2.50%
UBS	<b>0.50%</b>	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-	-	-	-	-
Capital Economics	<b>0.50%</b>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
<b>5yr PWLB Rate</b>															
Sector's View	<b>2.25%</b>	2.30%	2.30%	2.30%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.10%	3.30%	3.50%	3.70%
UBS	<b>2.25%</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	<b>2.25%</b>	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	-	-	-	-	-
<b>10yr PWLB Rate</b>															
Sector's View	<b>3.33%</b>	3.30%	3.30%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.80%	4.00%	4.20%	4.40%	4.60%	4.80%
UBS	<b>3.33%</b>	3.45%	3.45%	3.50%	3.60%	3.65%	-	-	-	-	-	-	-	-	-
Capital Economics	<b>3.33%</b>	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	-	-	-	-	-
<b>25yr PWLB Rate</b>															
Sector's View	<b>4.24%</b>	4.20%	4.20%	4.20%	4.30%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%
UBS	<b>4.24%</b>	4.80%	4.90%	4.90%	4.90%	4.90%	-	-	-	-	-	-	-	-	-
Capital Economics	<b>4.24%</b>	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	-	-	-	-	-
<b>50yr PWLB Rate</b>															
Sector's View	<b>4.26%</b>	4.30%	4.30%	4.30%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%
UBS	<b>4.26%</b>	4.80%	4.95%	4.95%	5.00%	5.00%	-	-	-	-	-	-	-	-	-
Capital Economics	<b>4.26%</b>	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	-	-	-	-	-

## ANNEX A

## 2. Survey of Economic Forecasts

**HM Treasury January 2012**

The current Q4 2011 and 2012 forecasts are based on the December 2011 report. Forecasts for 2011 – 2015 are based on 32 forecasts in the last quarterly forecast – in November 2011.

BANK RATE FORECASTS	quarter ended		annual average Bank Rate		
	actual	Q4 2012	ave. 2013	ave. 2014	ave. 2015
Median	0.50%	0.60%	1.20%	2.10%	3.10%
Highest	0.90%	1.80%	3.10%	4.10%	4.50%
Lowest	0.50%	0.10%	0.50%	0.90%	1.40%

## Economic Background

### 1.1 Global economy

The outlook for the global economy remains uncertain with the UK economy struggling to generate sustained recovery that offers grounds for optimism for the outlook for 2012 and into 2013. Consumer and business confidence levels are still low with little to boost sentiment, as such it is not easy to see potential for a significant increase in the economic growth rate in the short term.

At the centre of much of the uncertainty is the ongoing Eurozone sovereign debt crisis which has intensified, rather than dissipated throughout 2011. The main problem has been Greece, where, even with an Eurozone / IMF / ECB bailout package and the imposition of austerity measures aimed at deficit reduction, the lack of progress and the ongoing deficiency in addressing the underlying lack of competitiveness of the Greek economy, has seen an escalation of their problems. These look certain to result in a default of some kind but it currently remains unresolved. Many commentators view is that Greece will have to exit the Eurozone in 2012.

There is also growing concern about the situation in Italy and the risk that contagion has not been contained. Italy is the third biggest debtor country in the world but its prospects are limited given the poor rate of economic growth over the last decade and likely difficulties in implementing the required level of fundamental reforms in the economy. There is a rising level of electoral opposition in Germany to bailing out other countries which could hinder any potential rescue package.

### 1.2 UK economy

The Government's austerity measures, aimed at getting the public sector deficit into order over the next four years, have yet to fully impact on the economy. However, coming at a time when economic growth has been weak there are concerns at the risk of a technical recession (two quarters of negative growth) in 2012. It looks likely that the private sector will not make up for the negative impact of these austerity measures given the lack of an export led recovery due to the downturn in our major trading partner – the EU. The housing market, a gauge of consumer confidence, remains weak and the outlook is for house prices to be little changed for a prolonged period.

**Economic Growth.** GDP growth has remained low since the election of 2010 and economic forecasts for 2012 and beyond have been revised lower on a near quarterly basis. With concerns of a potential return to recession, the Bank of England embarked on a second round of Quantitative Easing to stimulate economic activity. It appears likely that there will be another expansion of quantitative easing in early, 2012 in order to stimulate economic growth.

**Unemployment.** With the impact of the Government's austerity strategy impacting the trend for 2011 of steadily increasing unemployment, there are limited prospects for any improvement in 2012 given the prospects for weak growth.



**Inflation and Bank Rate.** For the last two years, the MPC's contention has been that high inflation was the outcome of temporary external factors and other one offs (e.g. changes in VAT); that view remains in place with CPI inflation starting quarter 1 of 2012 at 4.8%, having peaked at 5.2% in September 2011. They remain of the view that the rate will fall back to, or below, the 2% target level within the next two years.

**AAA rating.** The ratings agencies have, in contrast to reductions in a number of other European countries, reaffirmed the UK's AAA sovereign rating and have expressed satisfaction with Government policy for deficit reduction. They have, though, warned that this could be reviewed if the policy were to change, or was seen to be failing to achieve its desired outcome. This credit position has ensured that the UK government is able to fund itself at historically low levels and, with the safe haven status from Eurozone debt also drawing in external investment, the pressure on rates has been downward, and looks set to remain so for some time.

### 1.3 Economic Forecast

Economic forecasting remains troublesome with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains weak and whilst there is still a broad range of views as to potential performance, they have all been downgraded throughout 2011. Key areas of uncertainty include:

- a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself;
- the wider impact of the Eurozone crisis on financial markets and the banking sector;
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to exporting manufactured goods;
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that increasingly seem likely to be undershot;
- a continuation of high levels of inflation;
- the economic performance of the UK's trading partners, in particular the EU and US, with some analysts suggesting that recession could return to both;
- stimulus packages failing to stimulate growth;
- elections due in the US, Germany and France in 2012 or 2013;
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China.

The overall balance of risks remains weighted to the downside. Lack of economic growth, both domestically and overseas, will impact on confidence putting upward pressure on unemployment. It will also further knock levels of demand which will bring the threat of recession back into focus.

## Appendix 6

Many forecasters believe that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries.

Given the weak outlook for economic growth the prospects for any interest rate changes before mid-2013 is very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

## Lending List Criteria

## ANNEXC

**Counterparty Criteria**

The Council takes into account not only the individual institution's credit ratings issued by all three credit rating agencies (Fitch, Moody's and Standard & Poor's), but also all available market data and intelligence, the level of government support and advice from its Treasury Management advisors.

Set out below are the criteria to be used in determining the level of funds that can be invested with each institution. Where an institution is rated differently by the rating agencies, the lowest rating will determine the level of investment.

<b>Fitch / S&amp;P's Long Term Rating</b>	<b>Fitch Short Term Rating</b>	<b>S&amp;P's Short Term Rating</b>	<b>Moody's Long Term Rating</b>	<b>Moody's Short Term Rating</b>	<b><u>Maximum Deposit</u> £m</b>	<b><u>Maximum Duration</u></b>
AAA	F1+	A1+	Aaa	P-1	70	2 Years
AA+	F1+	A1+	Aa1	P-1	50	2 Years
AA	F1+	A1+	Aa2	P-1	40	364 days
AA-	F1+ / F1	A1+ / A-1	Aa3	P-1	20	364 days
A+	F1	A-1	A1	P-1	10	364 days
A	F1 / F2	A-1 / A-2	A2	P-1 / P-2	10	364 days
A-	F1 / F2	A-2	A3	P-1 / P-2	5	6 months
<b>Local Authorities</b> (limit for each local authority)					30	2 years
<b>UK Government</b> (including debt management office, gilts and treasury bills)					70	5 years
<b>Money Market Funds</b> Maximum amount to be invested in Money Market Funds is £50 million with a maximum of £30 million in any one fund.					50	Liquid Deposits

Where the UK Government holds a shareholding in an institution the UK Government's credit rating of AAA will be applied to that institution to determine the amount the Council can place with that institution for a maximum period of 2 years.

Where any banks / building societies are part of the UK Government's Credit Guarantee scheme (marked with \* in the Approved Lending List), these counterparties will have an AA rating applied to them thus giving them a credit limit of £40 million for a maximum period of 364 days

The Code of Practice for Treasury Management in the Public Services recommends that consideration should also be given to country, sector, and group limits in addition to the individual limits set out above, these new limits are as follows:

## ANNEX C

**Country Limit**

It is proposed that only countries with a minimum sovereign credit rating of AA+ by all three rating agencies will be considered for inclusion on the Approved Lending List.

It is also proposed to set a total limit of £40 million which can be invested in other countries provided they meet the above criteria. A separate limit of £300 million will be applied to the United Kingdom and is based on the fact that the government has done and is willing to take action to protect the UK banking system.

<b>Country</b>	<b>Limit £m</b>
UK	300
Non UK	40

**Sector Limit**

The Code recommends a limit be set for each sector in which the Council can place investments. These limits are set out below:

<b>Sector</b>	<b>Limit £m</b>
Central Government	300
Local Government	300
UK Banks	300
UK Building Societies	150
Money Market Funds	50
Foreign Banks	40

**Group Limit**

Where institutions are part of a group of companies e.g. Lloyds Banking Group, Santander and RBS, then total limit of investments that can be placed with that group of companies will be determined by the highest credit rating of a counterparty within that group, unless the government rating has been applied. This will apply provided that:

- the government's guarantee scheme is still in place;
- the UK continues to have a sovereign credit rating of AAA; and
- that market intelligence and professional advice is taken into account.

Proposed group limits are set out in Annex D

## Approved Lending List

## ANNEX D

	Fitch				Moody's			Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength	L Term	S Term		
<b>UK</b>	AAA	F1+			Aaa			AAA		300	2 years
<b>Lloyds Banking Group</b> (see Note 1)										<b>Group Limit 70</b>	
Lloyds Banking Group plc	A	F1	bbb	1	A2	-	-	A-	A-2	70	2 years
Lloyds TSB Bank Plc	A	F1	bbb	1	A1	P-1	C-	A	A-1	70	2 years
Bank of Scotland Plc	A	F1	-	1	A1	P-1	D+	A	A-1	70	2 years
<b>Royal Bank of Scotland Group</b> (See Note 1)										<b>Group Limit 70</b>	
Royal Bank of Scotland Group plc	A	F1	bbb	1	A1	P-2	-	A-	A-2	70	2 years
The Royal Bank of Scotland Plc	A	F1	bbb	1	A3	P-1	C-	A	A-1	70	2 years
National Westminster Bank Plc	A	F1	-	1	A2	P-1	C-	A	A-1	70	2 years
Ulster Bank Ltd	A-	F1	ccc	1	Baa1	P-2	D-	BBB+	A-2	70	2 years
<b>Santander Group *</b>										<b>Group Limit 40</b>	
Santander UK plc	A+	F1	a+	1	A1	P-1	C-	AA-	A-1+	40	364 days
Cater Allen	A+	F1	a+	1	A1	P-1	C-	AA-	A-1+	40	364 days
Barclays Bank plc *	A	F1	a	1	Aa3	P-1	C	A+	A-1	40	364 days
HSBC Bank plc *	AA	F1+	aa-	1	Aa2	P-1	C+	AA	A-1+	40	364 days

<b>ANNEX D</b>											
	<b>Fitch</b>			<b>Moody's</b>				<b>Standard &amp; Poor's</b>			
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength	L Term	S Term	Limit £m	Max Deposit Period
Nationwide BS *	A+	F1	a+	1	A2	P-1	C	A+	A-1	40	364 days
Standard Chartered Bank *	AA-	F1+	aa-	1	A1	P-1	B-	AA-	A-1+	40	364 days
Clydesdale Bank / Yorkshire Bank **/**	A+	F1	bbb	1	A2	P-1	C-	BBB	A-2	10	
Co-Operative Bank Plc	A-	F2	a-	3	A3	P-2	C-	-	-	5	6 months
Northern Rock ***	BBB+	F2	bbb+	2	-	-	-	BBB+	A-2	0	
<b>Top Building Societies (by asset value)</b>											
Nationwide BS (see above)											
Yorkshire BS ***	BBB+	F2	bbb+	5	Baa2	P-2	C-	A-	A-2	0	
Coventry BS	A	F1	a	5	A3	P-2	C	-	-	5	6 Months
Skipton BS ***	BBB	F3	bbb	5	Ba1	NP	D+	-	-	0	
Leeds BS	A-	F2	a-	5	A3	P-2	C	-	-	5	6 Months
West Bromwich BS ***	B+	B	b+	5	B2	NP	E+	-	-	0	
Principality BS ***	BBB+	F2	bbb+	5	Ba1	NP	D+	-	-	0	
Newcastle BS ***	BB+	B	bb+	5	-	-	-	-	-	0	
Nottingham BS ***	-	-	-	-	Baa2	P-2	C-	-	-	0	
<b>Foreign Banks have a combined total limit of £40m</b>											
<b>Australia</b>	AAA	-	-	-	Aaa	-	-	AAA		40	364 Days
National Australia Bank	AA	F1+	aa	1	Aa2	P-1	B-	AA-	A-1+	40	364 Days
Australia and New Zealand Banking Group Ltd	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days
Commonwealth Bank of Australia	AA	F1+	aa	1	Aa2	P-1	B-	AA-	A-1+	40	364 Days
Westpac Banking Corporation	AA	F1+	aa	1	Aa2	P-1	B-	AA-	A-1+	40	364 Days

## Appendix 6

	Fitch				Moody's			Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength	L Term	S Term		
<b>Canada</b>	AAA				Aaa			AAA		40	364 Days
Bank of Nova Scotia	AA-	F1+	aa-	1	Aa1	P-1	B	AA-	A-1+	20	364 Days
Royal Bank of Canada	AA	F1+	aa	1	Aa1	P-1	B	AA-	A-1+	20	364 Days
Toronto Dominion Bank	AA-	F1+	aa-	1	Aaa	P-1	B+	AA-	A-1+	20	364 Days
Money Market Funds										50	Liquid
Prime Rate Stirling Liquidity	AAA MMF							AAAm		30	Liquid
Insight Liquidity Fund					AAA MR1			AAAm		30	Liquid
Ignis Sterling Liquidity	AAA MMF							AAAm		30	Liquid

### Notes

Note 1

#### **Nationalised / Part Nationalised**

The counterparties in this section will have the UK Government's AAA rating applied to them thus giving them a credit limit of £70 million

\* Banks / Building Societies which are part of the UK Government's Credit Guarantee scheme

The counterparties in this section will have an AA rating applied to them thus giving them a credit limit of £40 million

\*\* The Clydesdale Bank (under the UK section) is owned by National Australia Bank

\*\*\* These will be revisited and used only if they meet the minimum criteria (ratings of A- and above)

Any bank which is incorporated in the United Kingdom and controlled by the FSA is classed as a UK bank for the purposes of the Approved Lending List.

**CABINET MEETING – 15 FEBRUARY 2012**

**EXECUTIVE SUMMARY SHEET – PART I**

**Title of Report:**

Revenue Budget and Proposed Council Tax for 2012/2013 and Medium Term Financial Strategy 2011/2012 to 2014/2015

**Authors:**

Chief Executive and Executive Director of Commercial and Corporate Services

**Purpose of Report:**

To report:

- the overall revenue budget position for 2012/2013;
- the projected balances position as at 31st March, 2012 and 31st March, 2013 and advise on their level;
- a risk analysis of the Revenue Budget 2012/2013;
- a summary of the emerging medium term financial position facing the Council from 2013/2014 to 2014/2015;
- any views received from the North East Chamber of Commerce and Trade Unions.

**Description of Decision:**

Members are requested to:

- recommend to Council the proposed Revenue Budget for 2012/2013 set out at Appendix I;
- note the medium term financial strategy 2011/2012 to 2014/2015 as set out in Appendix E
- recommend to Council the proposed Council Tax for 2012/2013 at Appendix D (paper to be tabled);
- note the views, if any, expressed by the North East Chamber of Commerce and Trade Unions.

**Is the decision consistent with the Budget/Policy Framework?      No – this report is integral in reviewing and amending the Budget and Policy Framework.**

**If not, Council approval is required to change the Budget/Policy Framework**

**Suggested reason(s) for Decision:**

To comply with statutory requirements.



**Alternative options to be considered and recommended to be rejected:**  
There are no alternative options recommended for approval as the budget has been developed on the basis of an agreed framework with consultation carried out throughout the process.

**Is this a “Key Decision” as defined in the Constitution?**  
Yes  
**Is it included in the Forward Plan?**  
Yes

**Relevant Scrutiny Committee:**  
Management

**Revenue Budget and Proposed Council Tax for 2012/2013 and Medium Term Financial Strategy 2011/2012 to 2014/2015**

**Report of the Chief Executive and Executive Director of Commercial and Corporate Services**

**1. Purpose of Report**

**1.1 To report:**

- the overall revenue budget position for 2012/2013;
- the projected balances position as at 31st March, 2012 and 31st March, 2013 and advise on their level;
- a risk analysis of the Revenue Budget 2012/2013;
- a summary of the emerging medium term financial position facing the Council from 2013/2014 to 2014/2015;
- any views received from the North East Chamber of Commerce and Trade Unions.

**2. Description of Decision**

**2.1 Members are requested to:**

- recommend to Council the proposed Revenue Budget for 2012/2013 set out at Appendix I;
- note the medium term financial strategy 2011/2012 to 2014/2015 as set out in Appendix E
- recommend to Council the proposed Council Tax for 2012/2013 at Appendix D (paper to be tabled);
- note the views, expressed by the North East Chamber of Commerce and Trade Unions.

**3. Introduction**

**3.1** Cabinet will be aware that it approved budget proposals for the purposes of ongoing budget consultation at its January 2012 meeting. At that stage there were a number of uncertainties and outstanding issues primarily;

- Transitional costs in relation to the implementation of savings proposals;
- the outcome of the Final Local Government Revenue Support Grant Settlement for 2012/2013 and related grant announcements;
- the final Collection Fund position;
- the outcome of budget consultation which is to be taken into account in the final budget proposals.

3.2 In presenting the Revenue Budget 2012/2013 this report covers the following areas

- Current Overall Position 2012/2013 to 2014/2015;
- Adjustments/Final position February 2012;
- Spending Pressures and Commitments;
- Additional Proposed Investments;
- Proposals To Meet Funding Reductions;
- Outcome of Budget Consultation;
- Medium Term Financial Position;
- Overall Outlook;
- Balances and Reserves;
- Presentation of the Revenue Budget;
- Detailed budget pages.

3.3 Taking account of the above, Cabinet is asked to consider the final budget proposals and detailed revenue budget as set out in Appendix I, including the proposed use of balances and the position in relation to major reserves, for recommendation to Council.

#### **4. Current Overall Position 2012/2013 to 2014/2015**

4.1 The January Cabinet report set out the provisional settlement for the Authority and confirmed that when cost pressures were taken into account reductions to budgets amounting to £28.1 million in 2012/2013 were required in order to meet the funding gap with a further gap in the following years of £23.7m in 2013/2014 and £13.0m in 2014/2015. The report also referred to progress at that stage in relation to proposals to address the position.

4.2 The final settlement has not resulted in any change to the position set out in the January Cabinet report.

#### **5. Adjustments /Final Position February 2012**

##### **Collection Fund**

5.1 The Collection Fund position is reported elsewhere on this agenda. The Collection Fund position is positive and the surplus available to the Council to be taken into account in the budget and council tax calculations has been estimated at £500,000.

##### **Council Tax Base**

5.2 The Council, at it's meeting on 25th January, 2012, approved the Council Tax Base for the area covered by Hetton Town Council (£4,130) and the City Council area (£81,202).

## **Final Local Government Finance Settlement**

5.3 The final position on the Local Government Finance Settlement for 2012/2013 was announced on 31<sup>st</sup> January 2012.

5.4 Details of the main changes at a national and local level are set out at Appendix A with the key issues affecting Sunderland set out below:

- The Council's final formula grant entitlement for 2012/2013 is £148.185m, representing no change from that previously announced. The sum includes the second year of funding for the 2011/2012 Council Tax freeze which will cease after 2014/2015;
- An updated position in respect of changes to all Government grants is set out at section 5.6;
- The schools funding resources will increase by £1.431m when additional pupil premium is taken into account.

5.5 In accordance with the Localism Act the public have the right to approve or veto excessive council tax rises, thereby making this a local decision rather than being dealt with through 'capping'. As part of the settlement government issued guidance on the increases which would be considered excessive for 2012/2013. Any increase above these levels may require a referendum:

- 3.5% for most principal authorities;
- 3.75% for the City of London;
- 4% for the Greater London Authority, police authorities, and single purpose fire and rescue authorities.

## Changes to Grants from 2011/2012

- 5.6 The table below sets out the impact of changes to all grants compared to 2011/2012 following the final settlement, which shows that latest notified reduction to grant to be £11.589m (-6%) prior to inclusion of one off 2012/2013 Council Tax Freeze grant of £2.378m.

	2011/12	2012/13	Changes	
	Original £m	Final £m	£m	%
Formula Grant	158.102	148.185	(9.917)	-8%
Council Tax Freeze Grant 2011/12 - ends 2014/15	2.377	0.000	(2.377)	
Early Years Intervention Grant	15.651	16.263	0.612	4%
Learning and Disabilities	11.056	11.327	0.271	2%
Preventing Homelessness	0.216	0.216	0.000	0%
NHS Support for Social Care	4.339	4.154	(0.185)	-4%
Transitional Grant	0.267	0.000	(0.267)	-100%
Community Safety Fund	0.311	0.157	(0.154)	-50%
Extended Rights to Free Travel	0.154	0.191	0.037	24%
Lead Local Flood Authorities	0.121	0.158	0.037	31%
Inshore Fisheries Conservation Authorities	0.014	0.014	0.000	0%
Housing and Council Tax Benefit	3.383	3.162	(0.221)	-7%
New Homes Bonus - 2011/12	0.577	0.577	0.000	0%
New Homes Bonus - 2012/13 provisional	0.000	0.575	0.575	100%
	<b>196.568</b>	<b>184.979</b>	<b>(11.589)</b>	<b>-6%</b>
Council Tax Freeze Grant 2012/13 - one -off	0.000	2.378	2.378	100%
<b>Total All Grants</b>	<b>196.568</b>	<b>187.357</b>	<b>(9.211)</b>	<b>-5%</b>

- 5.7 In addition to changes in the grants set out above notification is outstanding in relation to the PFI core grant but the allocation is not expected to change from the previous year's.

### Impact of Changes to Specific and Core Grant

- 5.8 In accordance with the budget planning framework and as reported to Cabinet in January, changes in specific and core grants have been addressed as follows:
- The increase in Early Intervention Grant allocation of £0.612m be passported to Children's Services to support the expansion of the 2 year old offer from April 2012;
  - The net reduction of £0.402m in the Learning and Disabilities Funding, NHS Support for Social Care Funding, Transition Grant and Housing and Council Tax Benefit grant be taken into account in the overall budget position;
  - The reduction in Community Safety grant of £0.154m be passported to the related services;

- The amount passported to Extended Rights to Free Travel and Lead Local Flood Authority services be frozen at the level passported (£0.215m) in 2011/2012 with the balance available to support the corporate position (£0.134m) in 2012/2013;
- The New Homes Bonus Grant be taken into account corporately to support Capital Programme priorities in 2012/2013;
- The one off Council Tax Freeze grant for 2012/2013 has only been offered to compensate those Authorities who decide not to increase their Council tax in that year.

### Department for Education Grants Position

- 5.9 The Government confirmed in the 2011/2013 spending review that school funding would be maintained at a flat cash rate per pupil until 2014/2015 with pupil premium as additional funding. The latest notified changes to funding for 2012/2013 compared to 2011/2012 for Sunderland is set out below:

<b>Sunderland - Change in funding compared to 2011/2012 increase / (decrease)</b>	Local Authority Funding	Individual Schools Budget	Total Department for Education Grants
	£m	£m	£m
Funding DSG - Pupil numbers	(0.087)	(1.289)	(1.376)
Pupil Premium		2.807	2.807
<b>Net Change in funding compared to 2011/2012</b>	<b>(0.087)</b>	<b>1.518</b>	<b>1.431</b>

- 5.10 As in previous years schools need to deal with a reduction in funding as a result of changes in pupil numbers which are expected to reduce by 274 pupils resulting in reduced funding of £1.376m.
- 5.11 In 2012/2013 the amount available nationally for the Pupil Premium will double to £1.25 billion. It will further rise to £2.5 billion by 2014/2015. This increase in funding will enable the Pupil Premium to be extended to pupils who have been eligible for Free School Meals at any point in the last 6 years, while at the same time increasing the level of the Premium from £488 to £600 per pupil.

Based on DfE figures Sunderland is expected to have 12,030 eligible children that will provide £7.198m to Sunderland Schools, an increase of £2.807m from the final 2011/2012 allocation.

In order to maximise income to schools through pupil premium grant the Council has identified those pupils who are eligible for free school meals but whose parents have not made an application through the normal route. This is anticipated to increase uptake of Free School Meals and therefore potential eligibility for the Pupil Premium.

- 5.12 The pupil premium is paid to the local authority as part of the pupil premium grant. It must be passed on in its entirety to schools.

## **6. Spending Pressures and Commitments 2012/2013**

The following are provided for within the draft budget proposals:

### **6.1 Cabinet Secretary**

#### **6.1.1 Capital Financing**

Provision of £2.5m has been included to enable potential borrowing under the prudential framework for known investments and to enable strategic priorities of the Council to be addressed.

#### **6.1.2 Port Dredging**

Dredging of the Port is required yearly to maintain advertised depths in order to enable the Port to continue to operate commercially. This will follow initial dredging works to be carried out in 2011/2012 and a sum of £0.220m is included in the 2012/2013 budget.

#### **6.1.3 Integrated Transport Levy**

Savings in respect of the ITA levy for 2012/2013 based on an additional 5% saving being achieved in accordance with the approach agreed by the Tyne and Wear Joint Services Committee resulting in a saving to the Council of £0.900m for 2012/2013.

#### **6.1.4 Workforce Planning**

A range of workforce planning measures are in place to support the smooth implementation of savings proposals. Transitional costs arising from voluntary early retirement can be accommodated from specific resources earmarked for this purpose. In addition the medium term financial position provides for the cost of SWITCH through to 2013/2014. Transitional costs as a result of implementing this strategy will be continually refined and reviewed.

### **6.2 Healthy City**

#### **Adult Services Demand / Demographic Issues**

The need to ensure appropriate care and support across the range of care needs continues to place pressure on Adult Social Services budgets. In addition, client expectations and increasing demand to support clients with complex needs, to maintain independence and to invest in reconfigured services all require additional investment. With

these pressures in mind the Government has confirmed funding for PCTs over the spending review period, with an expectation that the funding is passported to Local Authorities for investment within Social Care services.

A sum of £1.450m for cost pressures and necessary investment have been factored into the 2012/2013 budget.

### **6.3 Children and Learning City**

#### **6.3.1 Fees for Independent Care Providers**

An additional £0.390m is provided to assist in funding fees for independent care providers for children's social care in 2012/2013.

#### **6.3.2 Safeguarding – External Placements**

There continues to be increasing demand pressures in relation to safeguarding and specifically external placements and an additional £0.330m is included in 2012/2013 for this purpose.

#### **6.3.3 Adoption Allowances**

As a result of recent statutory guidance and case law, changes to the amounts to be paid are required in respect of Adoption Allowance, Special Guardianship Allowance or Residence Allowance and a sum of £0.350m has been included for this purpose.

### **6.4 Prosperous City**

#### **6.4.1 Economic Downturn**

Given the continuing uncertainties in relation to the impact of the economic downturn, and consequential impact on areas such as potential reduced levels of leisure centres income, an additional sum of £0.240m has been included.

### **6.5 Sustainable Communities**

#### **6.5.1 Carbon Reduction**

The Carbon Reduction Commitment Energy Efficient Scheme (CRCEES) is a mandatory carbon trading scheme, that came into effect on 1st April 2010. Participation is a legal requirement for organisations that used a minimum of 6,000 MegaWatt hours of electricity during the calendar year 2008. Sunderland City Council is required to participate in the scheme. The first sale of allowances will be in April 2012, based on 'footprint' data from 2010/2011. A sum of £0.320m is included for this purpose.



## **6.6 Attractive and Inclusive City**

### **6.6.1 Waste Disposal**

The impact of cost variations in relation to waste disposal have been factored into the Medium Term Financial Strategy including landfill tax, volume of waste, recycling implications, and the impact of implementing the Waste Disposal Strategic Solution. A sum of £1.26m is included for 2012/2013.

### **6.6.2 Winter Maintenance**

Following the severe winters over the last two financial years additional costs have been incurred in respect of winter maintenance. It is therefore considered prudent to include a sum of £0.800m in line with the additional cost incurred in each of the last two years.

### **6.6.3 Apprentices Street Scene**

A sum of £0.230m has been included in 2012/2013 for the impact of the implementation of the apprenticeship scheme within Street Scene.

### **6.6.4 'Kerb It' Replacement Scheme**

A sum of £0.294m is included to meet the additional costs of leasing vehicles to support the 'blue bin' scheme which is replacing the existing 'kerb it' scheme. This will allow for the provision of rear end loading vehicles to accommodate the new bin.

## **7. 'One off' Spending Pressures**

7.1 There are a number of other one off revenue spending priorities that have been identified and are proposed which accord with key strategic priorities. They include:

### **7.1.1 Inward Investment - £1.0m**

To provide enhanced Inward Investment activity relating to key sectors of the city economy including automotive, advanced manufacturing and software, in order to continue to attract new businesses and jobs to the city.

### **7.1.2 Private Housing Stock Survey - £0.030m.**

To carry out a revaluation of private housing stock across the city – as part of a 5 year rolling programme. This will support strategic housing planning.

### **7.1.3 Design and Print Review - £0.130m**

To address transitional costs arising from the implementation of the Design and Print Review as services move to the new service model from April 2012.

### **7.1.4 Olympics 2012 - £0.180m**

To support city activity relating to the 2012 Olympics.

7.1.5 Wellness Equipment renewal - £0.250m

To support the update of equipment to enable income levels to be maintained on an invest to save basis.

7.1.6 Transitional Costs - £0.8m

To address potential one off transitional costs related to the implementation of savings proposals it is proposed to earmark £0.8m.

## **8 Proposals to meet the funding gap 2012/2013**

8.1 As part of the Budget Planning Framework for 2012/2013 Cabinet agreed in October 2011 to progress the approach to meeting the funding gap by:

- Progressing the existing Improvement Plan and Programmed Savings which aims to meet needs and achieve savings while protecting as far as possible frontline services and maximising non frontline savings. This comprises:
  - Strategic and Shared Services
  - ICT
  - Property Rationalisation and Smarter Working
- Continuing with the Development of Three Year Improvement Plans to reshape services to meet needs with the aim of:
  - Protecting core services particularly those most vulnerable
  - Modernising social care and giving people greater choice
  - Ensuring customer service is at the heart of service delivery
  - Ensuring services are responsive to local needs
- Developing alternative methods of service delivery
- Investing to support growth

8.2 The final settlement has confirmed the need to make ongoing reductions of £28.1m to meet the funding gap for 2012/2013. Proposed reductions of £25.86m for 2012/2013 are summarised in the following table together with an indication of plans for future years. It is proposed to use earmarked transitional funding of £2.2m to address the remaining gap to reflect time taken to support the implementation of these plans. Further detail is set out below:

	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m
<b>PROGRAMMED SAVINGS</b>				
Strategic and Shared Services	7.92	6.00	10.42	2.50
ICT	0.67	0.49	0.23	0.00
Smarter Working	0.77	1.09	0.69	0.02
Directorate Three year Improvement Plans	48.56	15.38	13.99	6.05
Corporate Resource		2.90		
<b>Programmed Savings</b>	<b>57.92</b>	<b>25.86</b>	<b>25.33</b>	<b>8.57</b>

### 8.3 Improvement Plan Proposals – The Sunderland Way of Working

#### Office of the Chief Executive and Commercial & Corporate Services

In accordance with the plans outlined in 2011/2012 reviews of support services are entering the second stage and will continue to provide significant savings which will be taken into account in the 2012/2013 budget and over the medium term. Plans are being implemented in respect of the following key strands of business:

- Strategic and Shared Services – Saving £6.0m  
Further reconfiguration of support services to meet the future requirements of the Council. This also involves continuing to refine and implement new standardised ways of delivering support services by redesigning processes and using ICT to maximise efficiencies.
- ICT - Saving 0.5m  
Reorganising the staffing structure of the service to consolidate the centralised ICT function and remove duplication. The restructure of ICT follows a review and automation of processes to enable more efficient support to be provided to Directorates.
- Property Rationalisation and Smarter Working – Saving £1.0m  
Continuing to review the asset portfolio of the Council and rationalise the number of properties required. Through maximising the use of space available and utilisation of the lowest number of locations additional savings will continue to be made on running costs.

## 8.4 Continuation of Directorate Three Year Improvement Plans

Most of the plans that are being progressed represent a continuation of the work that has been progressing during the current financial year. The reviews seek to gain a comprehensive understanding of customer need and how best that need can be met in respect of front line and other services in the most productive manner. This includes involving communities and people who use services in the design of outcomes based services. The details of reviews for each Directorate are set out below:

### 8.4.1 Children's Services Reviews - £2.2m

- **New Relationship with Schools**  
Children's Services in partnership with schools are developing a school to school support network to develop school improvement. The proposals are consistent with the Education Act (2011) and the future role of the Local Authority. For 2012/2013 the new agreements are designed to provide income via provision of the most valued elements of educational services to best meet youngsters needs in respect of School Improvement, Educational Psychology and Attendance services.
- **Safeguarding**  
This review is continuing to implement the Looked after Children Strategy which involves investment in foster care which will reduce reliance on external placements and residential children's homes leading to improved outcomes for children. In 2012/2013 the full year impact of closing Williamson Terrace residential home in October 2011 will be achieved reflecting the reduced need for residential places and there will be procedural changes to other services which will lead to efficiency savings.
- **Review of Children's Services Structures**  
This reflects the full year effect of structure change commenced in 2011/2012 with the focus on early intervention, prevention and locality based integrated service delivery for children's services.
- **Review of Services for Young People**  
This range of reviews are being undertaken which will involve the Integration of Youth Offending early intervention Services into Locality Based working and a review of activities for young people to ensure that the same outcomes can be achieved by better commissioning.  
Efficiencies are also anticipated from reviewing services in response to the transfer of responsibility for universal impartial careers guidance to schools.

#### 8.4.2 Health Housing and Adult Services Reviews - £7.4m

The reviews are a continuation of modernisation and improvement plans previously reported to Cabinet with an emphasis on increasing choice and control, supporting independent living, ensuring equal access to services and delivering overall improvement to people's health and well being.

- **Future Models of Care and Support**  
Review of existing Care and Support services for Adult Social Care with a view to developing alternative models of care which meet customer need. The review will look to provide more community based activity and will look to maximise the usage of existing building based facilities.
- **Expansion of Reablement**  
The on-going development of the Adult Social Care Re-ablement services to ensure more people maintain their independence within their own homes. Expansion of this service will reduce reliance upon, and cost of on-going services such as home care and ultimately prevent admissions to residential and nursing care. This will be achieved through the provision of initial intensive support and rehabilitation services for people.
- **Implementation of Personalisation**  
The implementation of personalisation will allow individuals to have choice and control in respect of the care and support they receive to meet their assessed need and prevent admissions to residential and nursing care. The Council's strategy centres around this principal.
- **Developing the market**  
This review will continue to work with the Adult Social Care provider market and partners to develop cost effective solutions to meet peoples care and support needs. This will include reaching agreements with the independent provider market and other partners for services for all client groups that incentivises quality but contains costs.
- **Review of Housing Related Support**  
Review existing external and internal services which are currently funded through the Housing Related support function with a view to commissioning services which meet customer needs and provide value for money through a reduction in overall costs.

#### 8.4.3 City Services Reviews - £5.8m

- **Facilities Management Review**  
This ongoing review will deliver savings through reviewing and remodelling buildings maintenance, building cleaning, grounds maintenance and catering functions.
- **Transport and Fleet Management Review**  
This ongoing review will release savings by establishing an integrated transport unit by January 2012, a management information system by March 2012 and by commissioning activities through the most appropriate providers.
- **Review of Responsive Local Services**  
This review will release savings from integration of Parks into the Street Scene Responsive Local Services model.
- **Reprioritisation of Highways Maintenance Budget**  
The review of the Highways Maintenance Budget will improve prioritisation and targeting of resources ensuring the focus remains on priority areas, including pothole repairs.
- **Culture**  
This review will release savings through an integrated approach to delivering the Resorts and Tourism Service and review of services relating to the Tyne and Wear Archives and Museums service.
- **Regulatory Services**  
Savings will arise by establishing locality based teams undertaking a broad range of regulatory activities in a more flexible and responsive way.
- **Customer Services – End to End Redesign**  
Implementing a programme of end to end service redesigns that relate to processes that start with the customer journey and will remove non value adding activity from processes. Savings will also be delivered through implementing a new ICT platform, the rationalisation of ICT systems, web self service and channel shift.
- **Sport and Leisure - Leisure Facilities**  
Savings will be achieved through the development of alternative delivery options for leisure facilities including a review of shift patterns of staff.

#### 8.4.4 Other Savings Reviews - £2.9m

The remaining savings will be delivered following a review of corporate contingencies and third party spend e.g. equipment, utilities, highways and building maintenance spend.

## 8.5 Proposed Use of Balances

After taking account of total programmed savings for 2012/2013 of £25.86m, there remains a funding gap of £2.2m. At this stage it is proposed to utilise transitional funding held in balances on a temporary basis pending achievement of forecast additional savings in 2013/2014.

## 9 Overall Position

9.1 The overall position after taking account of the issues set out in sections 5 to 8 above is set out in the table below which shows a balanced budget position for 2012/2013:

	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m
Government Funding Changes and Spending Pressures	49.6	22.7	21.5	21.3
Transitional "One Off" costs of operating SWITCH	8.3			-8.3
Replacement of One Off savings		5.4	2.2	
<b>ESTIMATED PRESSURES</b>	<b>57.9</b>	<b>28.1</b>	<b>23.7</b>	<b>13.0</b>
<b>TOTAL SAVINGS PROPOSALS</b>	<b>-57.9</b>	<b>-25.9</b>	<b>-25.3</b>	<b>-8.5</b>
<b>FUNDING GAP</b>	<b>0.0</b>	<b>2.2</b>	<b>-1.6</b>	<b>4.5</b>
Use of Transitional Funding / Temporary financing		-2.2	3.5	-2.6
Assumed Council Tax Increase @ 2.0% (for scenario planning purposes only)			-1.9	-1.9
<b>NET POSITION</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## 10 Outcome of Budget Consultation

10.1 The Budget and Policy Framework procedure rules contained within the Constitution of the Council requires consultation on budget proposals to take place. In October 2011 Cabinet approved proposals regarding the consultation strategy and framework for the budget for 2012/2013 and proposed briefings to the following stakeholders:

- Trade Unions;
- North East Chamber of Commerce / Representatives of Business Ratepayers;
- Voluntary Sector;
- Youth Parliament;
- Schools Forum, Head Teachers and Governors.

10.2 In addition to the above stakeholder consultation, a survey was undertaken to gain an understanding of views on the direction of travel for the following services in responding to the changing financial landscape:

- Regeneration
  - Children's Services
  - Street Scene Services
  - Culture, Sport and Leisure
  - Adult Social Care
- 10.3 To supplement the survey, workshops were held, with Community Spirit panel members and representatives from the voluntary and community sector, in different locations throughout the city.
- 10.4 Budget consultation with these groups has concentrated on the direction of travel for services in order to gain views. Further detailed consultation in relation to each of the proposals will be undertaken as each proposal is developed.
- 10.5 At each stage in the budget preparation process Management Scrutiny Committee is being consulted.
- 10.6 The findings from consultation undertaken indicate that the budget proposals in this report are consistent with the summary findings. More details of the findings of the consultation are included in Appendix B.

All of the feedback from the various consultations has been considered. The budget proposals in this report, including the necessary proposals for reductions in spending, fully recognise the identified need to prioritise resource allocation accordingly.

- 10.7 The Revenue Budget Report to January Cabinet formed the basis for second stage consultation. The notes of the meetings with the representatives of business ratepayers and trades unions to meet statutory obligations to consult on the proposed budget will be tabled at the meeting as Appendix C.

## **11 Equality and the Budget Proposals**

- 11.1 In accordance with the approach followed in previous years the Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis. This approach was set out in the report to January Cabinet.
- 11.2 Actions arising from the equality analysis carried out to date will be taken forward by directorates. There are some areas where a full equality analysis is not possible at the current stage of proposal development. Where a proposal includes a review of services a full and/or updated version of the equality analysis will be undertaken and published as proposals are shaped.



## **12 Detailed Budget Pages**

- 12.1 As set out above since the initial budget proposals were formulated, consideration has been given to the outcome of the budget consultation, the final settlement, the collection fund position, the council tax base, and government guidance in relation to council tax levels.
- 12.2 The Net Budget Requirement to be approved by the Council is funded through:
- the grant received from government (the Council's share of Revenue Support Grant and National Non – Domestic Rates);
  - any projected surplus on the Collection Fund and
  - Council Tax.
- 12.3 The General Summary page of the Revenue Budget together with details of the proposed contingency and allocations proposed for investment in strategic priorities will be circulated separately at the meeting of Cabinet on the 15th February, 2012.
- 12.4 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2012/2013. Consequently, the Proposed Council Tax for 2012/2013 will be tabled as Appendix D to this report at the Cabinet meeting on 15th February 2012.

## **13 Medium Term Financial Position**

In considering the Revenue Budget for 2012/2013 the latest information regarding reductions to public spending, and estimated pressures over the medium term were taken into account and summarised in this report. This position is subject to ongoing update as information emerges. The latest updated Medium Term Financial Strategy 2011/2012 to 2014/2015 is set out at Appendix E.

## **14 General Fund Balances and Position in Relation to Major Reserves**

- 14.1 In considering the level of general balances as part of budget preparation decisions, regard is given to:
- known commitments against balances in future years;
  - financial risks faced by the Council and the measures in place to mitigate them or meet them financially.
- 14.2 The estimated level of general balances as at 31st March, 2012 and 31st March, 2013 is set out at Appendix F. This takes into account savings arising in 2011/2012 in relation to Interest on Balances and Debt Charges.

As agreed previously these will be transferred to the Strategic Investment Reserve to fund the one off spending pressures in respect of transitional costs associated with the Improvement Programme. Any further savings arising from contingency underspendings and further cost containment measures will also be earmarked for this purpose and reported to Cabinet as part of revenue budget monitoring reporting as appropriate.

- 14.3 In accordance with best practice an analysis of the major financial risks has been undertaken in order to inform the level of balances deemed necessary. These are detailed at Appendix G.
- 14.4 In addition the Council has a range of earmarked reserves e.g. the Strategic Investment Reserve. The major earmarked reserves are also set out at Appendix H.
- 14.5 In accordance with Part 2 of the Local Government Act 2003 there is a requirement for the Chief Financial Officer (CFO) to report upon the robustness of the estimates and the level of reserves. In making the statement, the CFO places reliance on information provided to him by other officers of the Council as part of the budget setting process. This process involves reasonable checks and other verification, which is undertaken in accordance with the overall system of internal control to validate the information provided.
- 14.6 Based upon the information used in determining this Revenue Budget 2012/2013 report, including specifically:
  - the Medium Term Financial Position;
  - the outcome of budget consultation set out at Appendix B;
  - the Statement of General Balances set out in Appendix F;
  - the Risk Analysis set out in Appendix G;
  - the Major Reserves set out in Appendix H;

The Revenue Budget is considered robust and the level of reserves considered to be adequate for 2012/2013 after an assessment of the financial risks and future plans of the Council have been taken into account. The underlying level of General Fund Balances at £7.570m to the end of 2012/2013 are in accordance with the existing policy and are considered prudent and robust given the overall level of reserves.

## **15 Presentation of the Revenue Budget**

### **General**

- 15.1 Appendix I sets out the detailed Revenue Budget 2012/2013 for each Portfolio. All changes with the exception of the adjustments relating to final considerations of council tax levels, have been incorporated into the Budget.

## **Service Reporting Code of Practice**

- 15.2 The presentation of the budget reflects the requirements of the Service Reporting Code of Practice (SerCOP), published by CIPFA. The purpose of the Code is to standardise the way Local Authorities account for expenditure so that comparisons can be made with other Authorities and external providers. The Code defines 'best practice' for the purposes of financial reporting and therefore assumes the status of statutory guidance. Compliance with the requirements of the Code is therefore mandatory.
- 15.3 It should be noted that variations between the budget for 2011/2012 and 2012/2013 have arisen as a result of:
- the implementation of the budget reductions referred to in the report;
  - the implementation of the new business operating model and the associated realignment of budgets to the new service providers;
  - a fundamental review of charging for central support services, necessary as part of the move to the new business operating model to reflect the new ways of working and changes to services provided. While having no overall impact on the Council budget position, charges to individual services have been substantially realigned;
  - technical adjustments in relation to IAS19 pensions accounting and the impact of revaluation of assets.

Members will appreciate that these changes, where applied, do not enable a valid year on year comparison, and some significant variations between years may be apparent during this period of transition to the new Business Operating model.

## **Revised Estimates**

- 15.4 Quarterly budget reports have been reported to Cabinet during the year. The revised estimates reflect changes notified within those reports. In addition the revised estimate reflects variations in asset charges arising from revaluation of assets, the revised approach to central support costs referred to above and a number of technical adjustments e.g. contingency transfers.

## **Background Papers**

Local Authority Finance (England) Revenue Support Grant 2012/2013 and related Matters

Cabinet Reports 11<sup>th</sup> January 2012

- Provisional Revenue Support Grant Settlement for 2012/2013
- Revenue Budget 2012/2013

Cabinet Reports 15th February 2012

- Collection Fund 2011/2012

Council Reports 11<sup>th</sup> January 2012

- Calculation of Council Tax Base 2012/2013

**Final Settlement 2012/2013**

**1. National position**

- Announced on 31<sup>st</sup> January 2012
- Government have not accepted that any circumstances exist or have been put forward that warrant a review of the provisional grant allocations announced in December 2011;
- Nationally there have been only very minor changes to the Provisional 2012/2013 figures released, with Aggregate External Finance (AEF) increasing by approximately £2m to £71,896m in respect of Special and Specific Grants:
  - New Homes Bonus Grant increased nationally by £0.6m
  - New grants for: Mobility Demonstration projects £0.5m and Ghurkha Support £1.0m
- There are no changes to Formula grant allocations or to any other core revenue grant funding already notified in the provisional settlement

**2. Sunderland position**

- The final settlement has confirmed the position previously reported to Cabinet for Sunderland in respect of both formula and all other notified grants.
- Individual allocations in respect of the New Homes Bonus Grant indicate that Sunderland was not a beneficiary of the national increase of £0.6m.

**Budget Consultation Results**

**1. Introduction**

The Budget Consultation for 2012/2013 was undertaken within the context of the need to significantly reduce spending for a second year in light of the Government funding reductions. The Budget Consultation process has therefore had the following objectives:

- To improve people's knowledge and understanding of the budget position and council's approach to budget setting
- To find out whether or not people support the council's overall approach to meeting the savings required from the Sunderland Way of Working
- To explore views about the direction of travel for the following services in response to the changing financial landscape
  - Regeneration
  - Children's Services
  - Street Scene Services
  - Culture, Sport and Leisure
  - Adult Social Care
- To explore views around what else the Council could do to make savings
- To seek views on the importance of additional investment in regeneration activity within the city.

**2. Background**

The annual budget consultation commenced during October / November 2011 comprising a survey and workshops.

Presentations on the budget planning framework were made to a range of stakeholder groups in accordance with the approach to Budget Consultation agreed by Cabinet in October 2011, and feedback was noted.

The following stakeholder groups were consulted:

- Trade Unions;
- North East Chamber of Commerce;
- Youth Parliament;
- Schools Forum, Head Teachers and Governors;

In addition to the presentations, members of Sunderland's citizens' panel, voluntary and community sector, were invited to take part in a self completion survey to ascertain residents' views on the issues set out at 1 above. The survey was also available online for completion by the general public.

### **3. The survey**

A total of 969 respondents completed the survey including 766 Community Spirit panellists. The remaining 203 respondents largely comprised residents, employee residents and representatives of VCS organisations.

### **4. Workshops**

Workshops were held across Sunderland with Community Spirit panel members and representatives from the voluntary and community sector (VCS) during November 2011. The workshops comprised:

- A presentation about the budget context followed by an opportunity to ask questions.
- An opportunity for participants to discuss with council officers what is important to them and what else we can do to make savings in relation to the five service areas.

Four workshops were held with Community Spirit panellists and a total of 94 panellists attended. One workshop was held with representatives from the VCS. A total of 21 small groups participated in the group discussions across the five workshops.

With regard to the workshops, participant feedback was excellent in terms of the steps the Council had taken to engage people as evidenced below:

Of the 67 respondents who expressed an opinion, 100% were very/fairly satisfied overall and more specifically:

- 98.5% of the 67 respondents who expressed an opinion rated the presentation on the Budget Overview as being very good / good;
- 92% of the 67 respondents who expressed an opinion rated the question and answer sessions with officers as being very good / good;
- 95.5% of the 67 respondents who expressed an opinion rated the mini workshops as being very good / good.

The workshops enable participants to gain a better understanding of the complexities and the specific issues that have to be addressed in the budget setting process and to understand the views of other participants. This is achieved through the combination of the presentation, question and answer sessions and constructive discussion and debate during the group discussions.

### **5. The findings and what we are doing**

Findings of the survey and discussions at the workshops are summarised in sections 6 to 11 below together with what the council is doing in relation to each area. In summary, the findings demonstrate

general support amongst respondents for the direction of travel of service and for the councils overall approach to making savings.

## 6. The Councils Overall Approach to Savings

The survey findings

	Extent of agreement %		
	Agree	Disagree	Don't Know
<b>Overall Approach</b>			
Making Savings through Better Purchasing	96.4	1.5	2.2
Making the most of space available and reducing the number of council buildings	92.9	5.5	1.7
Making the most of new technology	92.3	5.6	2.1
Ensuring all Customer contact comes through the customer service centre, contact centre and website	79.5	15.6	4.8
Making savings in all back office and support services	67.2	26.6	6.2

## 7. Regeneration

The survey findings

	Extent of agreement %		
	Agree	Disagree	Don't Know
<b>Regeneration</b>			
Invest more money or land and property to encourage new jobs, shops and services	90.7	6.90	2.5
Provide even more support for small and medium sized businesses	90.4	7.5	2.2
Promote and support festivals and events	84.5	13.7	1.8
Invest more money in the seafront	78.3	19.1	2.6

Workshop Discussions

Discussions at the workshops corresponded with the survey results in terms of the need for investment in the seafront, attracting, encouraging and supporting businesses and investment in the city centre and citywide and also supporting festivals and events to attract visitors.

How we are responding

In many ways the responses are encouraging in that they back up the priorities established in the Sunderland Economic Master Plan, launched in October 2010 - one of the key aims of which is to have a Prosperous and Well Connected Waterfront City Centre, driving the economy of the city as a whole.



Despite the global economic climate, in the past 12 months the council and its partners have made much progress in these areas, with the city centre in particular being at the forefront of both its policies and resource allocation. The council now has greater control over the future redevelopment of key sites.

Notwithstanding the pressure on budgets, the council continues to give high importance to supporting both inward investment and support business growth and expansion, together with assisting job creation, training and apprenticeships. The Councils future spending plans continue to reflect these priorities.

Software Centre will open early in the New Year which will provide accommodation and support for up to 60 new companies to start up and expand. The securing of Enterprise Zone status at land adjacent to the A19 and establishing the Port on a sound commercial footing are all examples of further opportunities for the near future.

For the past three years, in response to the economic downturn, the council has provided an additional £1 million per annum for supporting city centre retailers, undertaking street scene improvements; promoting the Shop Sunderland First campaign, Retail Awards and Best Bar None Awards; promoting farmer and craft markets and; providing specialist retail advice to small independents.

The council has also provided for an enhanced Christmas programme, supported the concerts at the Stadium of Light, the International Airshow and a series of other festivals and events across the city and throughout the year. It is reassuring to note that the public support and value these – and recognise their economic importance.

## 8. Children’s Services

The survey findings

Children’s Services	Extent of agreement %		
	Agree	Disagree	Don’t Know
Focus resources available to target vulnerable children and families	88.3	7.9	3.8
Invest in our foster care recruitment strategy	84.3	8.7	7.1
Widening community access to children’s service buildings such as children’s centres	83.2	9.8	6.9
Increase number of services and agencies working together to deliver services for children and families	76.7	16.2	7.0
Increase the number of services accessed on line such as school admissions and free school meals	75.7	17.0	7.3

## Workshop Discussions

Respondents at the workshops were supportive of proposals in terms of foster care, children's centres co-ordination/joint working and focusing on the vulnerable. There was discussion about the impact of changes on specific groups and generally, and the need for good communications about changes. The need to improve promotion of what is available was also highlighted. With reference to on-line access it was recognised that not everyone has access to computers or knows how to use the internet.

## How we are responding

The feedback indicates broad agreement with Children's Services proposals and will be taken into consideration as plans are developed.

In implementing all proposals ongoing consultation on the detail of any changes is an essential part of the implementation plan.

## 9. Street Scene services

### The survey findings

Street Scene	Extent of agreement %		
	Agree	Disagree	Don't Know
Continue to look at ways of working with other councils to manage waste and save costs through recycling and waste collection	94.3	4.8	0.8
Reorganise services such as looking after parks, roads and footpaths to meet needs of local areas	90.9	6.0	3.1

## Workshop Discussions

Respondents at the workshops were generally supportive of joint working and responsive local services in terms of making savings. Some were keen to explore how income could be generated from recycling. A number of groups discussed dog fouling problems as being an issue. The need to improve communications and the website was also highlighted.

## How we are responding

Action on many of these issues has already started or is planned.

- Dog fouling and litter  
Action on dog fouling and litter has been given greater focus through integration of environmental enforcement into Responsive

Local Services. Bin emptying is integrated with street cleansing but emptying patterns will be reviewed to maximise capacity.

Dog fouling and litter will be a focus of the “Love Where You Live Campaign” over the next three years.

- Recycling  
A review of the trade waste service will examine the possibility of offering a recycling service to businesses which it recognised as a gap in current service provision.
- Community involvement and responsibility / Joint Working  
Responsive Local Services engages volunteers and the community sector in projects and targeted activity which help keep neighbourhoods clean and tidy. The view that personal responsibility is key in maintaining local environmental quality is supported. These issues align closely with the ‘Love Where You Live’ campaign which started in 2011/12 and will continue through to 2014/15. The wider role of engaging the VCS as alternative service deliverers is a key action for Streetscene service planning.
- Communications  
The Service has a well established mechanism with Communications on promoting and celebrating actions carried out in neighbourhoods. The information on the website and its design will be investigated, as will the potential for more proactive engagement in project design through Responsive Local Services.
- Responsive Local services  
Following the success of the first phases of Responsive Local Services, further Streetscene services will be devolved to the local level during 2012.

## 10. Culture, Sport and Leisure services

The survey findings

Culture Sport and Leisure	Extent of agreement %		
	Agree	Disagree	Don't Know
Work with other agencies and partners to deliver services such as GP's, University and VCS to deliver services	90.8	6.1	3.1
Provide a range of services from one building rather than single service from a range of buildings	83.4	13.6	2.9
Reviewing charges for services taking account of ability to pay	75.6	19.1	5.3

## Workshop Discussions

Groups at the workshops were generally positive about the co-location of services although the importance of accessibility was highlighted. The need for more effective communication about what is available locally including an improved website was highlighted.

People were generally supportive of volunteers to help service delivery but there was also some negativity to the idea. The 'invest to save' benefit of initiatives such as free swimming and keeping leisure prices at a reasonable level was also suggested - there were however mixed views on charges for leisure facilities.

## How we are responding

It was encouraging that there was general agreement with the overall direction of travel in terms of broader partnership working and expanding the approach to co-locating services for the purposes of both convenience and releasing efficiency savings. We will continue to give focus to how we communicate the transport and access arrangements for services.

Residents were generally complimentary about the range and depth of services provided – in particular the leisure provision and the quality of the libraries service. There was clear recognition of the recent investment in leisure facilities and in particular the Aquatic Centre. Views were however consistently expressed that more information should be made available locally with regard to what is available within the local area and that this should be in a variety of accessible formats, including electronically. As a result of this feedback we will be reviewing arrangements for communications and marketing taking a more localised focus.

There were mixed views surrounding the potential for increasing fees and charges. A review of pricing arrangements in conjunction with greater community and customer engagement in designing programmes of activities will be taken forward.

The potential for increasing the numbers volunteering to support or expand on an overall service offer attracted mixed responses and as a result further work will be undertaken to develop and promote volunteering and the associated benefits.

## Adult Social Care

The survey findings

Adult Social Care	Extent of agreement %		
	Agree	Disagree	Agree
Provide more support for carers	95.0	2.8	2.1
Develop new housing solutions for older people and extend rehabilitation services	94.0	3.5	2.5
Work with other agencies such as GP'S, The Health Service and VCS to deliver services together	93.9	3.8	2.3
Develop more services to support people to keep or regain their independence and so stay in their home	92.2	4.8	3.0
Widen the range of support available to help people to access leisure, cultural and social opportunities	87.5	8.0	4.6
Develop teams who work within specific local areas to meet the needs of that area	86.3	9.0	4.7
Make sure that people contribute to the cost of their care if they can afford to do so	63.7	30.2	6.2

	Level of support %
<b>Different ways of helping carers</b>	85.1
Emergency support in a crisis	79.0
General information on support available	75.6
Support for the person they care for to make their supporting role easier	73.2
Carers breaks and opportunities	65.1
Training to help with caring skills and coping strategies	63.5
Specialist advice for example on employment or benefit issues	49.7
Health Checks	7.9
Other	1.2

### Workshop Discussions

Respondents at the workshops were supportive of the council helping people to live independently, developing new housing, reablement, support for carers and better co-ordination/joint working.

A number of groups felt that there needs to be improved communication and information about the services and help available.

### How we are responding

In general it is felt that residents are supportive of the general direction of travel around prevention, personalisation and reablement.

More work is needed to ensure that people are aware of what services are available. This is an essential element of current plans and this feedback will be taken into consideration in developing those communication and marketing plans.

**Medium Term Financial Strategy 2011/2012 – 2014/2015****Report of the Executive Director of Commercial and Corporate Services****1. Purpose of the MTFS**

1.1 The MTFS is a key part of the Council's Budget Policy framework which aims to ensure that resources are aligned to deliver the Council's three key improvement themes of People, Place and Economy through the Sunderland Way of Working and the need to deliver customer focused outcomes and continual service improvement, as articulated in the emerging Corporate Outcomes Framework. The MTFS sets out the strategic financial position and financial direction of the Council over the next four years taking into account council policy objectives, government funding levels, other resources and service pressures. It is regularly updated to reflect the dynamic changes in local government finance. The key objectives of the strategy are:

- Continued strong financial resilience of the authority
- To identify and meet the savings requirement
- Continue to facilitate investment in alternative forms of service delivery and key priorities.

This report sets out:

- Benefits and Principles underpinning the MTFS for 2011/2012 to 2014/2015
- The National Economic Context
- Government policy and impact
- Local Government Settlement 2011/2012 and 2012/2014
- Local Income Position
- Service Priorities and Challenges
- Spending pressures and commitments
- Potential spending priorities
- Summary resource position
- Proposed Strategy for meeting the funding gap
- Consultation
- Risk Analysis
- Conclusions

**2. Benefits and Principles of the MTFS**

2.1 The MTFS assists with:

- Setting out the financial parameters and context to assist in strategic planning to best support the delivery of the council's improved outcomes for the city and its residents over the medium term.
- Responding to external and internal pressures to develop a sustainable and robust budget over the medium term including budget savings planning.

- Clarifying the links to the Commercial Framework and Business Transformation Programme and how these activities are integrated.
- Securing value for money by maximising resources available both internally and externally and highlighting financial risks and mitigating controls.
- Reviewing the Council's reserves policy to plan against unforeseen events.
- Ensuring the continued financial resilience of the organisation.

2.2 The principles underlying the MTFS 2011/12 to 2014/15 are set out below:-

- The overall financial strategy will be to ensure that the Council's resources are directed to support the achievement of the outcomes described in the emerging Corporate Outcomes Framework
- The Council's improvement planning process and associated activities will inform the review of the MTFS on an annual basis. The annual review will include an update of the four year budget forecast, expected developments in services and changes to legislation.
- Opportunities for working in collaboration and partnership will be identified and developed where this will support the Council's priorities and improve service efficiency and delivery.
- The Council recognises that it will not be able to continue to resource current levels of service without transforming services through the Sunderland Way of Working. It will continue to improve its approach to productivity and ensure that budget savings are identified to minimise the impact on frontline services.
- The Commercial Framework will be used to develop and drive more innovative activity, particularly use of new and creative financial models and special purpose vehicles.
- Step change in the consideration of alternative financial models and drive a commercial approach to services to seek to address priorities for the city and its citizens.
- A fundamental review of charging for Support Services will be undertaken to align with developments in alternative methods of service delivery.
- The Council's improvement planning process will inform the review of the MTFS on an annual basis. The annual review will include an update of the four year budget forecast, expected developments in services and changes to legislation.
- Overall Council spending should be contained within original estimates. If, following monthly revenue monitoring, service budgets are projected to exceed original estimates, plans should be prepared setting out the actions required to ensure spending at the end of the year does not exceed original estimates.

- The Council will maintain its general reserve at a minimum of £7 million to cover any major unforeseen expenditure.
- The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use of earmarked reserves will be in line with the principles set out in the MTF5 and reviewed annually.
- The Council will balance the need for council tax increases against the delivery of its priorities taking into account the economic challenges facing its communities.
- The Council will review fees and charges to ensure that they are set at an appropriate level, accord with priorities and take account of comparative levels of charge and ability to pay.
- The Council will consider the use of prudential borrowing to support capital investment and will ensure that an agreed revenue income stream is identified to meet the borrowing costs when investment decisions are taken.
- Opportunities for securing external funding will be maximised. The implications of the cessation or withdrawal of funding will also continue to be reviewed so that options can be considered on the future of funded schemes.
- The Council will ensure that specific school resources earmarked in the Dedicated Schools Grant are distributed in line with the formula for Local Management of Schools and this distribution is regularly reviewed by the Schools Forum.

### **3. National Economic Context**

#### **3.1 Deficit Reduction Plan**

There is ongoing uncertainty as to the impact that the Government's policy to eliminate public sector debt over the next few years will have on the economic recovery, especially in areas with greater reliance on public sector jobs and higher grant cuts such as the North East. The fiscal outlook therefore is likely to remain very challenging in the medium term.

#### **3.2 Inflation**

The Consumer Price Index (CPI) has been above the Government's target level of 2% since December 2009 placing additional pressures on the Council's finances.

The average CPI rate was 4.2% for all items in December 2011, with higher levels for particular items such as 16.2% for domestic energy. CPI rates have decreased from the high of 5.2% in September 2011 and are expected to continue to fall throughout 2012/2013, as VAT increases drop out of figures and energy prices fall, reaching the Government's 2.0% target rate by the end of 2012 and then reducing further during 2013 before starting to rise slowly again in early 2014.

The position will continue to be regularly monitored and revised.



## Base Rate

The Bank Base Rate has remained at an all time low of 0.5% since March 2009.

The Bank of England forecast that UK GDP will grow at an annual rate of below 0.4% in 2012. The high level of concerns over growth in both the UK economy and in particular the Eurozone means that base rates are likely to remain at 0.5% throughout 2012/2013 with many forecasters predicting no rise until Autumn 2013 at the earliest.

The position will continue to be regularly monitored and revised to inform our approach to pay/prices.

## **4 Government Policy and Impact**

The Coalition Government was confirmed on 12 May 2010 following the General Election on 6 May 2010. The new Government set out key policy intentions which forms important context for future service and financial planning.

### **4.1 Background to Government Policy**

4.1.1 Government priorities are focused on the transfer of risk and power to local communities from Whitehall. The Localism Bill, Big Society agenda and Open Services White Paper are all channels by which these objectives will be achieved.

4.1.2 However, there are several economic factors currently contributing to the priorities of government policy which will impact on the MTFS:

- Concerns over global economy
- Government not expected to clear deficit by 2015
- Slower UK growth
- Non-pay volatility

This has led to the government being clearly focussed on

- Growth Strategy
- Social Policy
- Public Sector Reform

### **4.2 Government Fiscal Policy Context**

Following the general election the new Government quickly outlined plans to make eliminating the public sector budget deficit a high priority.

#### **4.2.1 Emergency Budget**

Following the General Election, the Government announced an Emergency Budget on 22 June 2010. This outlined the first steps in tackling the deficit, setting out how the Government intended to save over £6 billion from 2010/11 spending with the expectation that savings of £1 billion would be delivered by local government. For Sunderland, this meant in year revenue cuts of £5.150m and capital cuts of £5.106m which were addressed through a variety of measures in order to achieve a balanced position.

#### **4.3 Spending Review 2010 SR10**

- 4.3.1 The previous Local Government settlement saw a three year grant settlement for the first time covering the period 2008/09 to 2010/11. This provided stability for budget setting and allowed the Council to plan its spending priorities over the medium term.
- 4.3.2 The Spending Review 2010 (SR10) was published on 20 October 2010 and set out more detailed spending plans at a national level for Government departments for the period 2011/12 to 2014/15. The spending cuts for the Department for Communities and Local Government were some of the largest reductions for any government department and reductions of 27% over the four year period were front loaded to 2011/12 and 2012/13.
- 4.3.3 SR10 also outlined changes to grant funding including the ending of some targeted grants such as Working Neighbourhoods Fund, a number of Area Based Grants (ABG) transferring into the Formula Grant and the merger of a number of specific grants and ABG's into a new un-ringfenced Early Intervention Grant (EIG). Further details are given below under the Local Government Finance Settlement.
- 4.3.4 In addition to grant funding transfers, a number of new grants and funding streams were announced. These include a Transition Grant to support Councils where overall revenue spending power reduces by more than 8.8%, a new council tax freeze grant to provide funding equivalent to raising an authority's council tax by 2.5% for 2011/12 only and a Learning and Disabilities Health grant to reflect the transfer of responsibilities for social care from Primary Care Trusts (PCT's) to local authorities. As Sunderland's Revenue Spending Power has reduced by 8.88% the Council received Transition Grant of £0.267m in 2011/2012. The Council does not qualify for any Transition Grant in 2012/2013.
- 4.3.5 The Department of Health allocated resources to PCT's through their formula grant to support integrated working between health and social care. Sunderland will receive £4.339m in 2011/2012 and £4.154m in 2012/2013 from the PCT. This funding was excluded from the budget forecasts when the 2011/2012 budget was set whilst responsibilities associated with the funding were established. This allocation and use of the resource has now been agreed with the PCT. The use of this resource will be factored into medium term planning assumptions.

- 4.3.6 The government at that stage outlined intentions to overhaul significant areas of public funding following through the policy context of Localism and the Welfare to Work programme including
- Local Government Resource Review
  - Welfare benefit reforms
  - Development of fiscal tools to encourage economic prosperity through Enterprise Zones and other alternative funding models.

## **5. Local Government Finance Settlement**

The provisional Local Government Finance Settlement was announced on 13 December 2010 for consultation and followed the framework set out in SR10. The Government's final proposals were announced on 31 January 2011 prior to a debate in the House of Commons on 9 February 2011.

The settlement covered the detail for the two year period 2011/12 and 2012/13.

### **5.1 2011/2012 Summary Position**

In overall terms taking formula grant reductions, cost pressures and other grant reductions into account the total reductions required for 2011/2012 were £57.9m.

- reductions in formula grant and cost pressures amounting to £38.7m have been addressed through business transformation savings and other proposals.
- reductions to area based and specific grants amounting to £19.2million were passported to relevant services.

### **5.2 2012/2013 Latest Position**

The Formula Grant level for 2012/2013 is to reduce in cash terms by a further £12.294m and this position was confirmed in the Provisional 2012/2013 Local Government finance settlement released on 8<sup>th</sup> December, 2011. The final settlement details were released 31<sup>st</sup> January 2012 and did not present any changes.

### **5.3 2013/2014 Onwards**

Figures are not available for 2013/2014 or 2014/2015 and although the government has indicated at a national level the overall grant reductions in their Spending Review 2010 for local government – it is not possible to accurately estimate the impact on each individual authority's grant allocations. However using indicative totals from the Spending Review and information from the autumn statement the reduction in grant at this stage is estimated to be £18.2 million, before cost pressures are added.

This position has become more uncertain as the detail of the government's new revenue funding system is still not known (see section 5.5) and will be further delayed because of the government's further consultation in the Spring 2012. As the changes will impact on all authorities revenue funding levels from 2013/14 plans will therefore need to be revisited when the position is clarified and the impact on the council's resources is known.

## 5.4 Core Grant Funding

The government has notified the Council of various core grants for 2012/2013 and the position is summarised below:

	2011/12	2012/13	Changes	
	Original £m	Final £m	£m	%
Formula Grant	158.102	148.185	(9.917)	-8%
Council Tax Freeze Grant 2011/12 - ends 2014/15	2.377	0.000	(2.377)	
Early Years Intervention Grant	15.651	16.263	0.612	4%
Learning and Disabilities	11.056	11.327	0.271	2%
Preventing Homelessness	0.216	0.216	0.000	0%
NHS Support for Social Care	4.339	4.154	(0.185)	-4%
Transitional Grant	0.267	0.000	(0.267)	-100%
Community Safety Fund	0.311	0.157	(0.154)	-50%
Extended Rights to Free Travel	0.154	0.191	0.037	24%
Lead Local Flood Authorities	0.121	0.158	0.037	31%
Inshore Fisheries Conservation Authorities	0.014	0.014	0.000	0%
Housing and Council Tax Benefit	3.383	3.162	(0.221)	-7%
New Homes Bonus - 2011/12*	0.577	0.577	0.000	0%
New Homes Bonus - 2012/13 provisional*	0.000	0.575	0.575	100%
	<b>196.568</b>	<b>184.979</b>	<b>(11.589)</b>	<b>-6%</b>
Council Tax Freeze Grant 2012/13 - one -off	0.000	2.378	2.378	100%
<b>Total All Grants</b>	<b>196.568</b>	<b>187.357</b>	<b>(9.211)</b>	<b>-5%</b>

\* *New homes bonus allocations are paid in equal instalments over a 6 year period.*

In accordance with the budget planning framework assumptions for 2012/2013, grant funding levels need to be considered by services. The approach adopted is set out below for key areas;

### 5.4.1 Early Intervention Grant

The Early Intervention Grant (EIG) allocation for 2012/2013 of £16.263m represents an increase of £0.612m on the 2011/2012 allocation. This reflects a specific increase in funding to support the expansion of the 2 year old offer from April 2012 and it is therefore proposed that this increase in funding should be passported to Children's services for this purpose.

### 5.4.2 Learning and Disabilities Funding and NHS Support for Social Care

The same approach will be adopted for 2012/2013 whereby investment plans will incorporate these pressures therefore grant will be taken into consideration corporately.

#### 5.4.3 Transitional Grant

The Council does not qualify for any Transitional Grant in 2012/2013 resulting in a reduction in resource available of £267,000.

#### 5.4.4 Community Safety Fund

A reduction of £154,000 represents year 2 of the planned three year reduction. In accordance with the 2011/2012 Budget Planning Framework, these grant reductions will be passported to the related services that are developing proposals for consultation which minimise the impact on service delivery.

#### 5.4.5 Extended Rights to Free Travel and Lead Local Flood Authority

In accordance with the approach adopted for 2011/2012 it is proposed that the amount passported to Extended Rights to Free Travel and Lead Local Flood Authority services be frozen at the level passported (£0.215m) with the balance available to support the corporate position (£0.134m) in 2012/2013

#### 5.4.6 Housing and Council Tax Benefit Grant

The reduction in Housing and Council Tax Benefit grant has been built into the planning assumptions over recent months in relation to the level of savings required.

#### 5.4.7 New Homes Bonus Grant

The New Homes Bonus Grant is intended to incentivise local authorities to build and bring into use more homes, with a special emphasis on creating more affordable housing. The level of grant awarded is based on the increase in housing stock through new build properties and through returning empty properties back into use. Given the overall resource position it is proposed that this resource is taken into account corporately to support Capital Programme priorities in 2012/2013.

#### 5.4.8 Council Tax Freeze Grant 2012/2013

On 14<sup>th</sup> November 2011 the Government announced a one off council tax freeze grant equivalent to a 2.5% increase in council tax for 2012/2013 to compensate Councils who choose not to increase their Council tax in that year. The grant is offered to Councils on a one off basis. A provisional allocation of grant amounting to £2.378m has been notified, however the actual sum that would be received will be amended in accordance with Council tax base figures.

#### 5.4.9 Other External Funding

The availability of external funding for public authorities to undertake economic regeneration has reduced significantly within the government's public expenditure framework for 2011/2012 -2013/2014. The government's emphasis is to involve the private sector directly in stimulating economic recovery, through mechanisms such as the Work Programme and the Regional Growth Fund. These avenues will be pursued and factored into medium term planning assumptions.

### 5.5 Future Funding changes - 2013/2014 onwards

#### 5.5.1 Local Government Resource Review

As part of the 2011/2012 settlement, the government also indicated changes to the local government finance system from 2013/14 through its Local Government Resource Review (LGRR). It is consequently very difficult to assess the likely level of resources available for that year until the new system is finalised by the government and the detailed model is released.

The Council are significant net recipients of redistributed business rates (£58 million for 2011/2012). Reference was made in the consultation document about creating a fair starting point by fixing the 2012/2013 baseline. This is in order that Council's such as Sunderland do not lose out as the current redistributed amount manifests itself in Formula grant funding distributed on the basis of need for essential services. However, moving on from the baseline position it is not clear how councils such as Sunderland with high levels of deprivation and increased service pressures as a result of a growing elderly population will be resourced to support this increasing need. If business rates resource is retained or utilised to support economic growth in areas with low business rate bases or infrastructure there will still be a funding gap as a result of increased need.

On 19<sup>th</sup> December 2011 the government set out its response to the feedback it received from the LGRR consultation. This:

- confirmed that the proposed retention of local business rates system will be introduced from 1<sup>st</sup> April 2013
- The system will use formula grant methodology for 2012/13 updated for the 2013/14 Spending Review totals as its starting point
- However further consultation in the Spring 2012 is planned to look at specific issues, the most important from the council's view is regarding possible updating of data and reviewing resource equalisation measures within the formula grant. The consultation will also cover other specific technical areas that need further consideration / clarification.

Other aspects of the Local Government Resource Review have been announced by the government on 19<sup>th</sup> December the most notable being that 'top up' councils such as Sunderland will have their allocations index linked to RPI. The council also pushed for the government to review the starting position which was considered unfair because of the erosion of deprivation and resource equalisation measures in the existing formula grant which is to form the comparative basis for the new system. The fact the government are to review the formula for these aspects and

update the data could mean a fairer starting point but only if changes are agreed and implemented. Once the system is finalised the government is not proposing to amend the details for 10 years so it is very important all areas are properly considered and fair – as the system will in effect be locked.

The Council will however continue through ANEC (and directly) to respond to the government's responses and consultation papers on the new system.

The Council is also considering the funding implications arising from these consultations and government responses, as well as reviewing operational / systems / process issues and policy on business rates growth given potential impact on resources in future years.

### **5.5.2 Public Health Transfer of Funding and Responsibility**

The White Paper *Healthy Lives, Healthy People*, described a new era for public health, with a higher priority and dedicated resources. Local authorities will have a new role in improving the health and wellbeing of their population. There will be ring-fenced public health funding from within the overall NHS budget dedicated to support this. The funding along with responsibility for the function will be transferred to local authorities through a ring fenced grant payment. Formal transfer of responsibility and funding from the NHS will take place in April 2013.

The value of funding to be transferred to local authorities is currently uncertain and it is expected that this will be announced soon to assist with the transition. Work is currently underway between the Council and the PCT and partners to establish a transition plan for the smooth transfer of Public Health responsibility and funding from the PCT to the Council by April 2013. The transition plan will be submitted to the Department of Health by 5<sup>th</sup> April 2012.

### **5.5.3 Welfare Reform**

The Welfare Reform Bill aims to reduce the overall spending on the welfare system, and ensure that those on benefits are not better off than those with modest incomes. The Government intends to pass Primary legislation through parliament during Spring 2012 in conjunction with further consultation on grant distribution. Pending full transparency on the proposals, the following key issues will be taken into account for planning purposes:

- The phased introduction of centrally administered universal credit from 2013 will replace a number of locally administered benefits. It is not clear if the Council will have a local role in this administration, but this will be kept under review for future provision of the Council's advice services as part of the AIG service review.
- Currently Council tax benefit is paid in line with Government guidance. From April 2013, the Council must design, implement and pay Council Tax Benefit based on its own local scheme. Funding will only be provided at 90%, therefore the scheme will need to take this reduced funding into consideration. In addition risks associated with collection will need to be considered as part of the changes. As clarity emerges around this proposal, appropriate financial provision may be required.

- The enacting of the Welfare Reform Bill may result in wider pressures on the Council's services, for example around housing and homelessness.
- Any financial implications will be built into future planning assumptions as appropriate.

#### 5.5.4 Adult Social Care - Fairer Carer Funding

The Commission on Funding of Care and Support stated that Adult Social Care funding is currently inadequate and that the government should ensure that local authorities receive sufficient and sustainable funding in the future. Work currently progressing across Sunderland will support and complement a number of the proposals, and the ongoing focus on prevention (i.e. reablement, extra care, Telecare services) and early intervention (i.e. sign posting, guidance and advice) could reduce or delay the need for high cost crisis interventions and expensive residential / nursing care.

However any increase in the means-tested threshold, will entail a cost for all local authorities; given the level of deprivation in Sunderland, the existing public health challenges, and the city's ageing population, the additional costs to the Council could be quite substantial, although at this stage are not quantifiable. To protect people from extreme care costs, the Commission recommends a cap on the social care costs (residential / nursing care or home care) for individuals, thereby setting a limit on the amount individuals are expected to contribute towards their care over a lifetime. The review suggests a range between £25,000 and £50,000 and proposes £35,000 as a fair and realistic figure. The Commission estimates that its reforms will require additional funding of between £1.3 and £2.2 billion per year, depending on the level of cap – the cost attached to the recommended cap of £35,000 is £1.7 billion.

The government said it would need to consider the costs of implementing Dilnot's proposals against "other calls" on constrained resources.

There is little financial impact for Sunderland with regard to the Commission's recommendation that a minimum eligibility threshold of 'substantial' should be set; as in Sunderland given that, unlike other local authorities, the Council continues to offer support across all four bands of the FACS criteria. The financial impact will be in terms of loss of income for care because of the cap and the extent to which the government reimburse this difference.

The position will be kept under review and MTFs updated as appropriate.



### 5.5.5 Schools Funding

The **Dedicated Schools Grant** (DSG) currently provides £190m of funding to Sunderland to support Individual School Budgets and Local Authority School based expenditure e.g. Early Years, Pupil Referral Unit and Special Educational Needs.

A national review is ongoing on the future distribution of school funding. The government is seeking to develop a clear and transparent funding formula that supports the needs of pupils and enables Schools and Academies to be funded on a broadly comparable basis.

The most recent consultation ended on the 18th October 2011 and to date no feedback has been received from Department for Education. The consultation set out proposals for the mechanics of a new funding system, the contents of a new national formula and future funding arrangements for the Pupil Premium, Early Years provision and High Cost Pupils. It also clarifies the responsibilities of Local Authorities, Schools and Academies in relation to central services.

The proposals enable local circumstances to be taken into account in the setting of Schools' and Academies' budgets. They ensure a role for Local Authorities and Schools Forums, including Academy representatives, in managing local pressures and priorities.

Any planned changes will result in movement of funding between Schools and areas. In order to provide stability in school funding, transitional arrangements will be applied to ensure that the reforms are introduced at an appropriate speed that is manageable for Schools. The current funding system for Schools will continue in 2012/2013 and the review will consider the right time to introduce the new system.

#### Academies Top Slicing

As part of 2011/2012 settlement the Council had its formula grant reduced by £674,000 to reflect the transfer of central services from local authorities to Academies. Further guidance has recently been released and it is expected that no additional reduction to funding will be applied in 2012/2013. In future years changes in the methodology to be used will see this sum increase to reflect the increase in the number of Academies.

#### Pupil Premium

In 2012/2013 the amount available for the Pupil Premium will double from £625m in 2011/2012 to £1.25 billion. It will further rise to £2.5 billion by 2014/2015. This increase in funding will enable the Pupil Premium to be extended to pupils who have been eligible for Free School Meals (FSM) at any point in the last 6 years, while at the same time increasing the level of the Premium from £488 to £600 per pupil.

Schools have the freedom to spend the Premium, which is additional to the underlying schools budget, in a way they think will best support the raising of attainment for the most vulnerable pupils. To ensure transparency and

accountability, schools will be required from September 2012 to publish on-line information about how they have used their Pupil Premium allocations.

Based on DfE figures Sunderland is expected to have 12,030 eligible children that will provide £7.198m to Sunderland Schools, an increase of £2.807m from the final 2011/2012 allocation of £4.391m.

The pupil premium is paid to the local authority as part of the pupil premium grant. It must be passed on in its entirety to schools. Sunderland Schools are likely to receive funding of £7.2m based on 12,030 eligible children.

### **5.5.6 Community Budgets**

Community Budgets were announced as part of the Spending Review 2010 and the first 16 Community Budgets were launched in April. Following these pilots, the first phase of Community Budgets, focused on bringing public services together to help families with multiple problems, is being rolled out to another 110 English councils over the next two years. Around fifty more authorities will get Community Budgets this year and then at least a further sixty in 2012/13.

On 17<sup>th</sup> October 2011 the Community Budget Prospectus was published, which outlined the bidding process in order to become a pilot area. Expressions of interest for both the Neighbourhood-Level and the Whole-Place Community Budgets were to be structured around the selection criteria, detailed in the prospectus and submitted by 10<sup>th</sup> November 2011. Sunderland submitted expressions of interest for both categories and was shortlisted in the Whole-Place Community Budgets area.

On 21<sup>st</sup> December 2011 14 Community Budget areas were announced, 4 Whole-Place and 10 Neighbourhood-Level Community Budget Pilots. Although Sunderland was not chosen the end result is very positive both in terms of our opportunities in year and also being part of the network that oversees both Neighbourhood-Level and Whole-Place area pilots.

The impact of Community budgets will be factored into plans as services develop plans as part of the improvement planning process.

## **6. Local Income Position**

### **6.1 Council Tax**

6.1.1 The Localism Act received royal assent on 15<sup>th</sup> November 2011 and provides for the provision of referendums to veto excessive council tax increases. This effectively places a limit on council tax increases and if councils exceed the government limits then the public will be able to vote to agree or veto any considered 'excessive' increase.

6.1.2 As part of the settlement the Government has issued guidance on capping rules. In accordance with the Localism Act any increase above these levels may require a referendum:

- 3.5% for most principal authorities;
- 3.75% for the City of London;
- 4% for the Greater London Authority, police authorities, and single purpose fire and rescue authorities.

The potential additional costs of a referendum and rebilling could be up to £280,000 in a year when no local government elections take place. Therefore, any proposal to increase council tax above the Government's principles would need careful consideration, as, regardless of the outcome of the vote, there are costs which could in effect negate the benefits from the council tax increase.

Only 13% of the Council's funding comes from Council Tax. Each 1% increase in council tax generates £0.98m before taking account of potential changes in council tax base. In the past council tax rises have been one of the options available to meet funding gaps.

The government have announced that they will provide Council tax freeze grant for 2012/2013 for those Councils that freeze Council tax levels which will be for a one year basis only.

## **6.2 Fees and Charges**

In 2010/2011, the Council generated in excess of £62.6m from sales, fees and charges. Benchmarking studies have identified the Council to be in the highest quartile compared to single tier local authorities outside of London. In addition compared to other ANEC authorities, the Council generated the second highest level of sales, fees and charges income. A review of all fees and charges takes place on an annual basis to ensure that opportunities to maximise resources are followed through. Areas where comparative data suggests lower charges compared to others will continue to be reviewed to consider potential opportunities for increased or additional charges.

Opportunities for new charges continue to be actively pursued by Directors as part of the improvement planning process.

## **6.3 Options for Future Funding**

The reduction in both revenue and capital funding requires the Council to focus on new and existing opportunities for funding for example:

- Charging arrangements
- Capital Funding - Bonds, TIF, asset backed partnerships, European support
- Trading opportunities
- Alternatives to revenue funding – social impact bonds

This will be used as a checklist for the Council and services to maximise opportunities for funding priority spending.

Some avenues are already being explored and will be proactively developed as part of improvement planning activity.

## **6.4 Capital and Prudential Borrowing**

- 6.4.1 The revenue implications of the Council's Capital Programme are considered as part of the process for setting the Capital Programme. The revenue impact of the Capital Programme is reflected in the MTFS, in particular the costs associated with the level of prudential borrowing required to deliver the Capital Programme.
- 6.4.2. Prudential borrowing allows local authorities to borrow to fund capital expenditure provided it can be demonstrated that it is affordable. The Council needs to ensure that an agreed revenue income stream is identified to meet the additional cost of borrowing. Where strategic developments are to be pursued that do not have a clear income stream then provision will be made within the revenue budget to meet these costs in the medium term.
- 6.4.3 The four year Capital Programme for 2011/12 to 2014/15 was set to take account of the reductions in available external funding and the increased pressure on the Council's resources.
- 6.4.4 A number of proposed capital schemes are currently being considered to ensure that the Council continues to achieve and promote economic regeneration and other key priorities.
- 6.4.5 An assessment of the associated revenue costs to support further investment is taken into account as part of the process of setting the Capital Programme and provision for this is included within the MTFS.
- 6.4.6 The funding position prompts the need for greater flexibility in the use of prudential borrowing to support economic growth. The borrowing strategy sets out parameters to ensure VFM considerations are safeguarded.

## **6.5 Reserves and Balances**

The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

In establishing reserves, the Council must comply with the Code of Practice on Local Authority Accounting in the United Kingdom. The Executive Director of Commercial and Corporate Services is required, as part of the budget setting process, to provide a statement on the adequacy of reserves.

## **Reserves Policy**

6.5.1 The Council's policy on reserves is as follows:

- The Council will maintain its general reserve at a minimum of £7m to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the general reserve.
- The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use of earmarked reserves will be in line with the principles set out in the MTFS and reviewed annually.

## **Review of Reserves**

6.5.2 A review of all strategic reserves is undertaken twice a year in line with the CIPFA guidance on Reserves and Balances (LAAP Bulletin No 77 November 2008) and the requirements of the Code of Practice on Local Authority Accounting.

6.5.3 The review process covers each individual strategic reserve and identifies:-

- The purpose for which the reserve is held.
- An assessment of the appropriate level of the reserve to meet potential future liabilities in line with the Council's reserves policy.
- A risk assessment of each reserve.
- The reviewed level of reserve following this risk assessment.

Reviews of reserves and provisions have enabled a significant contribution to be made to supporting the budget position both for 2010/2011 and 2011/2012.

All reserves are earmarked for specific purposes.

A general reserve of £7.6m is held to provide a level of contingency and meet any unforeseen expenditure and support the budget as planned as set out in Annex 1. A full analysis of reserves is included annually in the Statement of Accounts.

6.5.4 In accordance with the approach adopted to date these earmarked reserves will be revisited as part of the budget process to ensure they still accord with the Council's priorities and overall funding position.

## **7. Service Priorities and Challenges**

7.1 As part of the Council's Planning Framework, individual Directorate improvement plans and service review/diversification plans continue to be developed to identify future medium term pressures and potential for savings through

- The Business Transformation Programme and efficiency and productivity strategy
- Service reviews and Directorate improvement plans
- New models of service provision

For each Directorate the relationship with the delivery of the Councils vision and Corporate Outcomes Framework has been identified as follows:-

### **Health, Housing and Adults Services**

- 7.2 The growing demand and cost of services coupled with funding reductions places increased pressure to progress modernisation plans more quickly.

Challenges and priorities for the Directorate include:

- Demographic pressures, including growing numbers of older people and those with complex needs and dementia.
- Higher proportions of older people becoming increasingly isolated and without support networks as a result of geographical dispersion of families.
- Safeguarding adults and in particular vulnerable adults in the context of a more integrated whole family approach where appropriate.
- Implementation of the Adult Social Care Modernisation plans:
  - giving greater choice and control of care through personal budgets
  - independent living in a place of choice
  - accelerated reduction in residential care and move to different forms of care
  - preventing dependence by developing services to make people more independent by focusing on re-ablement and using extra care, home care and telecare services where appropriate.
- Greater collaboration with health care providers to achieve desired outcomes and more for less by being clear about priorities and making service commissioning more effective.
- Maximising value for money in light of reduced funding from all adult social care commissioned services including those aimed at supporting people.
- Introducing locality working to meet the needs of individuals, families and communities much more effectively.
- Greater collaboration with health care providers to achieve desired outcomes and more for less by being clear about priorities and making service commissioning more effective.
- Maximising value for money in light of reduced funding from all adult social care commissioned services including those aimed at supporting people.

### **City Services**

- 7.3 The key priorities for the Directorate centre around maximising value for money in the context of customer focussed responsive local services. This will be through customer and community centred services, a mixed economy of service delivery and strengthening communities to build resilience in light of reduced resources. In addition the focus will be on improving the city's attractiveness, accessibility and community resilience and wellbeing through the implementation of key infrastructure projects relating to transport, leisure and wellness. The transformation of services will continue with increasing partnership and third sector delivery over a three year period to provide citywide services working where appropriate. This will include

- Maximising efficiency and productivity of services provided directly through City Services by further integration of arrangements and use of ICT.
- Transforming services to meet local community needs and maximising VFM through a range of service reviews relating to CSN, Facilities Management, Neighbourhood Services and locality based working, Transport and Fleet Management, Information Advice and Guidance Services, Sport Leisure and Wellness Services and Regulatory Services.
- Consolidating and supporting the development of a strong network of community and voluntary sector activity.
- Improving waste and recycling services through working in collaboration.
- Ensuring responsive local services with less resource maintaining standards within parks, streets, allotments and open spaces.

### **Office of the Chief Executive**

7.4 The impact of the economic position in terms of resources available to support regeneration both from the private and public sector underpins the approaches set out in three year development plans. The plans aim to maximise the Council's asset base and seek alternative means of progressing key regeneration priorities.

Challenges and priorities for the service include:-

- Providing Leadership in defining a clear direction and policy framework for the whole Council and in delivering regeneration and economic competitiveness for the city.
- Integrating the Council's approach to regeneration to provide a remodelled Business Investment service to support both investors and developers and ensuring that other services such as property, land use planning, transport and the Council's Capital Programme are aligned to support this integrated approach. This fulfils a key recommendation of the Sunderland Economic Masterplan.
- Progressing a number of key regeneration priorities through new models including a Local Asset Backed Vehicle (LABV), Enterprise Zone resources and prudential borrowing.
- Establishing the Port of Sunderland on a firm commercial footing.
- The ongoing transformation of services to reshape to meet Council needs and support the savings programme.

### **Children's Services**

7.5 The changing relationship with schools as a result of significant reductions in grant funding and also future changes in the funding of schools are key issues that form the basis of planning priorities. This coupled with ensuring the needs of the most vulnerable children and young people are met within a whole-family approach provides a context for these plans.

Challenges and priorities for the service include:-

- Organisational understanding and proactive follow through of the implications of reduced funding on current service provision to schools both within Children's Services and across the Council.
- Clarification of future schools funding and its impact on revenue and capital planning.
- Development of a range of traded services / commissioned services that meet schools needs – including becoming an excellent commissioner of outcomes and services in light of changed relationship with schools and funding support.
- Safeguarding and promoting the welfare of vulnerable children, and putting plans in place to stem increasing numbers of looked after children.
- Commissioning the best prevention and early intervention measures to reduce additional support needs later working with partners to deliver.
- Providing support for children and families through locality-based working in their communities to better meet needs with less funding.

### **Commercial and Corporate Services**

7.6 Commercial and Corporate Services Directorate key challenges and priorities are to support Directorates in the development of change whilst ensuring financial stability. The focus will be to ensure that corporate and statutory functions are discharged in a way which encourages innovation and new business models whilst ensuring compliance and rigour in new operating arrangements. In addition CCS functions will adapt to reflect the gradual reduction in what the Council does itself and increase in what is done through/by others.

Key challenges and priorities include:

- Delivering key strategic corporate developments including:
  - Medium Term Financial Strategy
  - Budget 2012/13 to 2014/15
  - Local Government Resource Review
  - Localisation of Business Rates
  - Welfare Reform - Overhaul of benefits system
- Continue to deliver increased efficiencies and cost savings.
- Supporting change in other parts of the organisation to deliver savings requirements.
- Maximising the Council's use of its resources and assets to drive activity, lever resources and maximise benefits to the City.
- Ensuring that opportunities from existing, new and developing financing, funding and regeneration models are accessed where appropriate.
- Leading the implementation of the Commercial Framework including the LABV and other key priorities and new operating arrangements.
- Refreshing the Improvement Programme and driving forward the next stages of the programme.



## **8. Spending Pressures and Commitments**

The key corporate and financial implications of Directorate pressures set out in 7 include

### **8.1 Replacement of One-off Resources in 2011/2012**

In meeting the funding gap for 2011/2012 directorates utilised £5.420m of one off resources such as reserves or delegated surpluses. This therefore represents an ongoing pressure into 2012/2013.

### **8.2 Pay and Pensions**

#### **8.2.1 Pay**

The Government built its assumptions of a two year pay freeze for public sector workers (2011/2012 and 2012/2013) into its SR10 spending plans, except for those workers earning less than £21,000 a year. Beyond 2012/2013 the government has indicated a limit on public sector pay of a 1.0% pay increase. For planning purposes a prudent provision has been built into the MTFs from 2013/2014.

As the government has cut pay award forecasts from 2013/2014 it has also reviewed its Spending Review totals, thereby increasing the cuts in funding further nationally by £240m in 2013/14 and by a further £257m in 2014/15. This may lead to increased grant reductions for the Council but it is unclear at this stage.

#### **8.2.2 Pensions**

With regard to pensions, the results of the Actuarial review of the Local Government Pension Scheme 2010, was implemented in 2011/2012 covering three years to 2013/2014. There is no increase in deficiency payment for 2012/2013, however an anticipated increase of 5.3% for 2013/2014 equates to £0.636m.

The Government has agreed to implement the recommendations from the Hutton Review and is currently in negotiations with the relevant public sector unions to agree measures that will help reduce the costs to the tax payer of funding pensions for public sector workers and is aimed at making them more affordable.

The Council is currently awaiting details of the proposed revised pension schemes for Teachers and LGPS members in order to assess the financial impact any changes will have on future year's budgets.

#### **8.2.3 Single Status and Equal Pay**

Prudent provision continues to be made for the implementation of Phase 2 of the Single Status Agreement and adjustments necessary to arrangements covered by Single Status Phase 1.

In respect of equal pay legal action the Council continues to mount a strenuous and robust defence to the equal pay claims and challenges which are before the Newcastle Employment Tribunal. Funds have previously been provided for and approved to meet compensation payments necessary to settle equal pay claims or the outcome of Employment Tribunal proceedings.

A full review of the provisions will be undertaken to update requirements in light of changing circumstances and the Medium Term Financial Strategy adjusted if necessary.

### 8.3 **Energy Prices**

Energy and vehicle fuel prices continue to be particularly volatile. It is therefore proposed that prudent provision be included for continued annual increases in charges for gas, electricity and vehicle fuel for the medium term.

### 8.4 **Waste Disposal**

The impact of cost variations in relation to waste disposal have been factored into the Medium Term Financial Strategy including landfill tax, volume of waste, recycling implications, and the impact of implementing the Waste Disposal Strategic Solution.

### 8.5 **Recycling Vehicle Leasing**

Additional provision is proposed to meet the costs of leasing vehicles to support the 'blue bin' scheme which is replacing the existing 'kerb it' scheme. This will allow for the provision of rear end loading vehicles to accommodate the new bin.

### 8.6 **Carbon Reduction**

The Carbon Reduction Commitment Energy Efficient Scheme (CRCEES) is a mandatory carbon trading scheme, that came into effect on 1st April 2010. Participation is a legal requirement for organisations that used a minimum of 6,000 MegaWatt hours of electricity during the calendar year 2008. Sunderland City Council, is required to participate in the scheme and registered in August 2010. The first sale of allowances will be in April 2012, based on 'footprint' data from 2010/2011. At £12 per tonne it is anticipated the cost would equate to £320,000 (excluding schools).

Future year payments will depend upon our respective performance against this footprint year and any amendments to the price per tonne levied. The position will be closely monitored to avoid any cost implication from non compliance, however prudent provision needs to be made at this stage.

### 8.7 **Adult Services Demand Issues**

The increasing longevity of the national and specifically, the city's, population continues to place pressure on Adult Social Services budgets. In addition, client expectations and increasing demand to support clients with complex cases to enable clients to maintain independent living, is requiring reconfigured services and additional investment. Emphasis is increasingly being placed on the need for joint working between Health and Local Authorities in order to achieve health benefits and therefore ultimately reduce Healthcare and Social Care costs. With these pressures in mind the Government confirmed funding for Primary Care Trust's over the spending review period, with an expectation that the funding is passported to Local Authorities for investment within Social Care services such as telecare, community directed prevention (including falls prevention), community equipment and adaptations, and crisis response services. Investment should take into account the Joint Strategic Needs Assessment for the local population.

The impact of additional cost pressures and necessary investment have been

factored into plans.

**8.8 Children's Services Demand Pressures**

There continues to be increasing demand pressures in relation to safeguarding and specifically external placements and prudent provision has been made for this purpose.

**8.9 Adoption Allowances**

As a result of recent statutory guidance and case law, changes to the amounts to be paid are required in respect of Adoption Allowance, Special Guardianship Allowance or Residence Allowance.

**8.10 Winter Maintenance**

Following the severe winters over the last two financial years additional costs have been incurred in respect of winter maintenance. A sum of £0.800m has been included for 2012/2012 in line with the additional cost incurred in 2009/2010 and 2010/2011.

**8.11 Port Dredging**

Dredging of the Port is required yearly to maintain advertised depths in the channel, Corporation and Greenwell's Quays in order to enable the Port to continue to operate commercially. This will follow initial dredging works funded from the Port Reserves, to be carried out in 2011/2012. A sum of £0.220m is has been be included from 2012/2013.

**8.12 Economic Downturn**

Significant resources have already been earmarked to support service pressures and actions in response to the economic downturn as part of the previous years' budgets. However given the continuing uncertainties and consequential impact on areas such as potential reduced levels of leisure centre income, this will need to be kept under review and appropriate provision made.

**8.13 Integrated Transport Levy**

The position relating to further savings in the ITA levy for 2012/13 is based on an additional 5% saving being achieved in accordance with the approach agreed by the Tyne and Wear Joint Services Committee.

In addition a review of the basis of distribution of the levy based on activity will lead to further ongoing savings over and above the 5% level for Sunderland. This will be factored into planning assumptions once established.

**8.14 Apprentices Street Scene**

Provision has been included for the impact of the implementation of the apprenticeship scheme within Street Scene.

**8.15 Invest to Save Programmes**

In order to address demand pressures particularly in respect of adult social care and the transformation programme, up front investment to support the future generation of service provision at less cost will be required. The one off costs have been factored into plans.

**8.16 Capital Financing**

The prudential framework for the control of local authority capital expenditure provides flexibility to borrow to fund capital expenditure. Additional resources have been provided for within the medium term financial position in relation to known investments over that period, together with a provision to provide future flexibility at this stage to enable strategic priorities of the Council to proceed, in the future.

With regard to the revenue consequences of capital expenditure, other than financing costs, the medium term planning assumption is that these will be met from within Directorate cash limits. For major corporate developments additional provision may be included in the Medium Term Financial Strategy in due course.

#### **8.17 Treasury Management**

The Council invests money in a wide range of financial institutions and the investment interest earned is used to support the revenue budget. The major issue for treasury management continues to be the significant difference between investment rates and borrowing rates. The impact of this has worsened from October 2010 when rates from the PWLB were increased by the Chancellor. The Council's strategy is to continue to adopt a pragmatic approach and to respond to any changing circumstances to seek to secure benefit for the Council. Consideration will be given to various options, including utilising some investment balances to fund the Council's borrowing requirement.

The primary aim of the Investment Strategy is the security of Council funds, then having regard to liquidity i.e. the availability of cash to meet council liabilities, and finally to secure a reasonable rate of return on its investments. As at 31st December 2011, the funds managed by the Council's Treasury Management team has achieved a rate of return on its investments of 1.63% compared with the benchmark rate (i.e. the 7 day rate) of 0.37%. Performance is significantly above the benchmark rate, whilst adhering to the prudent policy agreed by the Council.

The investment policy is monitored to ensure it has flexibility to take full advantage of changes in market conditions and the outcome is factored into planning assumptions.

#### **8.18 Workforce Planning**

A range of workforce planning measures are in place to support the smooth implementation of savings proposals. Costs arising from voluntary early retirement can be accommodated from specific resources earmarked for this purpose. In addition the MTFs provides for the cost of SWITCH. Transitional costs as a result of implementing this strategy are continually refined and reviewed. The MTFs will be updated accordingly.

### **9 Summary Resource, Pressures and Commitments Position**

- 9.1 The table below Summaries the position taking account of the issues set out in paragraphs 5 to 8. At this stage it is difficult to forecast the Resource position beyond 2012/2013 because of the Review of Local Government Finance the outcome of which is unknown at this stage.

The total reduction in resources and spending pressures represents the estimated gross funding gap at this stage.

	2011/12	2012/13	2013/14	2014/15
Latest estimated savings requirement	£57.9m	£28.1m	23.7m	£13.0m

## 10 SWITCH

As set out in 8.18 in accordance with the Council's continued commitment to no mass redundancies, the ongoing operation of the SWITCH team to manage the process of downsizing of the workforce is anticipated to be ongoing through to 2013/2014.

A Resource Model has been developed which anticipates the estimated numbers of staff flowing into and out of SWITCH and the associated financial implications. The model is subject to ongoing refinement and adjustment.

Provision of £8.3m is included within the 2011/2012 base budget on a temporary basis until 2013/2014.

The position is being closely monitored in order to manage the inputs and outputs from SWITCH to alter planning assumptions accordingly.

## 11 Strategy for meeting the Funding Gap

### 11.1 Productivity and Efficiency Strategy

The Council's Productivity and Efficiency Strategy 2011/2012 to 2014/2015 provides the framework for developing plans for future service delivery, ensuring that the main priorities are to support the most vulnerable residents in the city and enable economic regeneration to attract new businesses to invest in the city, despite the prevailing economic conditions. The strategy supports the aim of ensuring the most productive use of resources is maintained during this period of financial restraint.

The identification of savings for the medium term will continue through a combined approach of:

- Progressing the existing Improvement Plan and Programmed Savings which aims to meet needs and achieve savings while protecting as far as possible frontline services and maximising non frontline savings. This comprises:
  - Strategic and Shared Services
  - ICT
  - Property Rationalisation and Smarter Working
- Continuing with the Development of Three Year Improvement Plans to reshape services to meet needs with the aim of:

- Protecting core services particularly those most vulnerable
  - Modernising social care and giving people greater choice
  - Ensuring customer service is at the heart of service delivery
  - Ensuring services are responsive to local needs
  - Targeting resources
- Developing alternative methods of service delivery
  - Investing to support growth

11.2 Progress in relation to proposed reductions is summarised in the following table with further detail set out below:

	Programmed Savings			
	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
Strategic and Shared Services	7.92	6.00	10.42	2.50
ICT	0.67	0.49	0.23	0.00
Smarter Working	0.77	1.09	0.69	0.02
Plans	48.56	15.38	13.99	6.05
Corporate Resource		2.90		
<b>Programmed Savings</b>	<b>57.92</b>	<b>25.86</b>	<b>25.33</b>	<b>8.57</b>

The following should be noted;

- Robust arrangements are in place for monitoring the achievement of savings plans. At this stage there is risk attached to the achievement of some Service Review savings. However, in accordance with the budget planning framework alternative savings have been identified by Directorates in 2011/2012 to deliver a positive outturn.
- The 2012/2013 position reflects savings planned when the 2011/2012 budget was set and latest position for targets for other workstreams and service reviews.

## 12 Overall Position

12.1 The overall position is set out in the table below which shows a balanced budget position for 2012/2013:

	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m
Government Funding Changes and Spending Pressures	49.6	22.7	21.5	21.3
Transitional "One Off" costs of operating SWITCH	8.3			-8.3
Replacement of One Off savings		5.4	2.2	
<b>ESTIMATED PRESSURES</b>	<b>57.9</b>	<b>28.1</b>	<b>23.7</b>	<b>13.0</b>
<b>TOTAL SAVINGS PROPOSALS</b>	<b>-57.9</b>	<b>-25.9</b>	<b>-25.3</b>	<b>-8.5</b>
<b>FUNDING GAP</b>	<b>0.0</b>	<b>2.2</b>	<b>-1.6</b>	<b>4.5</b>
Use of Transitional Funding / Temporary financing		-2.2	3.5	-2.6
Assumed Council Tax Increase @ 2.0% (for scenario planning purposes only)			-1.9	-1.9
<b>NET POSITION</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### 13 Budget Consultation

13.1 The Budget Consultation for 2012/2013 was undertaken within the context of the need to significantly reduce spending for a second year in light of the Government funding reductions. The Budget Consultation process has therefore had the following objectives:

- To improve people's knowledge and understanding of the budget position and council's approach to budget setting
- To find out whether or not people support the council's overall approach to meeting the savings required from the Sunderland Way of Working
- To explore views about the direction of travel for the following services in response to the changing financial landscape
  - Regeneration
  - Children's Services
  - Street Scene Services
  - Culture, Sport and Leisure
  - Adult Social Care
- To explore views around what else the Council could do to make savings
- To seek views on the importance of additional investment in regeneration activity within the city.

13.2 The annual budget consultation commenced during October / November 2011 comprising a survey and workshops.

Presentations on the budget planning framework were made to a range of stakeholder groups in accordance with the approach to Budget Consultation agreed by Cabinet in October 2011, and feedback was noted.

In addition to the presentations, members of Sunderland's citizens' panel, voluntary and community sector, were invited to take part in a self completion survey to ascertain residents' views on the issues set out at 13.1 above. The survey was also available online for completion by the general public.

13.3 In summary, the findings demonstrate general support amongst respondents for the direction of travel of service and for the councils overall approach to making savings as demonstrated in the following table:

	Extent of agreement %		
	Agree	Disagree	Don't Know
<b>Overall Approach</b>			
Making Savings through Better Purchasing	96.4	1.5	2.2
Making the most of space available and reducing the number of council buildings	92.9	5.5	1.7
Making the most of new technology	92.3	5.6	2.1
Ensuring all Customer contact comes through the customer service centre, contact centre and website	79.5	15.6	4.8
Making savings in all back office and support services	67.2	26.6	6.2

## 14 Consultation and Equalities Impact

14.1 In accordance with the approach followed in previous years the Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis.

14.2 The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.

## 15 Risk Assessment

A comprehensive financial risk assessment is undertaken for the Revenue and Capital Budget setting process to ensure that all risks and uncertainties affecting the Council's financial position are identified. These are reviewed each year as part of the refresh of the MTFS. The key strategic financial risks to be considered in developing the MTFS are as set out at Annex 2.

## 16 Conclusion

16.1 The Government has announced funding levels for 2012/2013, but there is no certainty beyond this period.

16.2 The Government's intention to eliminate the public sector spending deficit over the next four years results in challenging funding cuts for the Council. This is compounded by the front loading of cuts into the first two years and the scrapping of some key targeted grants.

16.3 Given the reliance of the Council on grant support, which meets nearly 75% of spending, this will present a real challenge to ensure delivery of priorities as set out in the Sunderland Strategy and to protect frontline services.

16.4 Government and regional support for capital investment will also be much tighter over the life of the MTFS. If the Council wants to continue to invest in capital projects to deliver priorities it will need to be even more self sufficient and raise



income or reduce service costs to support borrowing. There will be an increased focus on use of alternative funding models to support priorities and future service provision.

- 16.5 A combination of spending pressures, funding cuts and the need to support capital investment means that difficult choices will need to be made to ensure that the Council's current sound financial position is sustainable.
- 16.6 In the short term, all funding options, including budget savings and council tax levels, will be considered to allow a balanced and sustainable budget to be considered by Council on 7 March 2012.

## Statement of General Fund Balances

	£m
<b>Balances as at 31<sup>st</sup> March 2011</b>	<b>12.419</b>
<b>Use of Balances 2011/2012</b>	
- Contribution to Revenue Budget (approved as part of 2011/2012 budget )	(4.849)
Sub total	<b>7.570</b>
<b>Other Additions to and Use of Balances during 2011/2012</b>	
- Debt Charges and other Contingency Savings (Reported Second Revenue Review October 2011)	4.000
- Transfer to Strategic Investment Reserve to support transitional costs (Reported Second Revenue Review October 2011)	(4.000)
<b>Estimated Balances 31<sup>st</sup> March 2012</b>	<b>7.570</b>
<b>Use of Balances 2012/2013</b>	
- Contribution to Revenue Budget	(2.272)
<b>Additions to Balances 2012/2013</b>	
- Transfer from Strategic Investment Reserve to support transitional costs	2.272
<b>Estimated Balances 31<sup>st</sup> March 2013</b>	<b>7.570</b>

## MTFS 2011/2012 to 2014/2015 Risk Assessment

Risk	Likelihood	Impact	Risk Management
<p>1. Future available resources less than notified. The government plans to make changes to the distributional system from 2013/14 and will begin a review of local government funding in 2011.</p>	Likely	High	<p>Annual review of reserves and reserves policy to identify future resources. Settlement confirms funding for 2011/12 to 2012/13. Assumptions beyond 2012/13 based on national framework outlined in Spending Review 2010, updated on a regular basis for government announcements concerning growth etc.</p>
<p>2. Pay Awards and price inflation higher than assumed.</p>	Possible	Low	<p>Central contingency budget for pay and price increases set on the basis of the best available evidence.</p>
<p>3. Future spending plans underestimated.</p>	Possible	Medium	<p>Service planning process identifies future budget pressures. Operational Reviews modelling delivery linked to Council priorities.</p>

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk Management</b>
4. Anticipated savings/efficiencies not achieved.	Possible	High	Regular monitoring and reporting take place but the size of the funding cuts increase the likelihood of this risk into the future. None achievement of savings would require compensating reductions in planned spending within services. Principles to maintain General Reserve at £7.5m.
5. Revenue implications of capital programmes not fully anticipated.	Unlikely	Low	Capital bid approval identifies revenue implications and links to Council priorities. Full analysis of revenue implications assessed and considered in scenario planning. Reduced Capital Programme.
6. Income targets not achieved.	Possible	Medium	Current economic climate likely to impact, mitigated by planned short term use of reserves. Regular monitoring and reporting and full review of fees and charges undertaken.
7. Budget monitoring not effective	Unlikely	High	Regular monitoring and reporting in line with corporate framework. Action plans developed to address problem areas.

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk Management</b>
8. Exit strategies for external funding leasing/tapering not met.	Possible	Medium	Regular monitoring and reporting. Government policy to remove ring fencing provides greater flexibility. External Funding Strategy in place.
9. Loss of principal deposit.	Unlikely	Medium	Limited by the controls in the Treasury Management Strategy which focus on security of deposit rather than returns. Impact limited due to the strategy of a diverse portfolio and top rated institutions and greater use of low risk, government Debt Management Office.
10. Interest rates lower than expected.	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2011/12 onwards have been incorporated into the MTFS.
11. Changes to Government and/or policy.	Likely	High	Source alternative funding options including short term use of reserves. Pressures factored into MTFS.
12. All MTFS risks not adequately identified.	Unlikely	Low	Council's Risk Management Profile ensures all operational and strategic risks are identified as part of the annual service planning process.

## Appendix F

### Statement of General Balances

	£m
<b>Balances as at 31<sup>st</sup> March 2011</b>	<b>12.419</b>
<b>Use of Balances 2011/2012</b>	
- Contribution to Revenue Budget (approved as part of 2011/2012 budget )	(4.849)
Sub total	<b>7.570</b>
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<b>Use of Balances 2012/2013</b>	
- Contribution to Revenue Budget	(2.272)
<b>Additions to Balances 2012/2013</b>	
- Transfer from Strategic Investment Reserve to support transitional costs	2.272
<b>Estimated Balances 31<sup>st</sup> March 2013</b>	<b>7.570</b>

## General Balances – Financial Risk Analysis

### Inflation

*Risk is that pay and price increases may exceed the levels provided for within the budget.*

This is very unlikely to occur due to the realistic prudent provisions made:

- the governments CSR10 spending plans factored in assumptions of a two year pay freeze (2011/2012 and 2012/2013) for public sector workers, except for those workers earning less than £21,000 a year, who will receive an increase of £250 per year.;
- currently RPI is 4.8%, RPIX is 5.0%, and the Consumer Price Index (CPI) is 4.2% and the inflation outlook (CPI) for 2012 is the government target of 2.0% will be reached by the end of 2012
- Appropriate provision for price increases has been included in the budget including a prudent provision for increases in contract prices and additional provision for fees for independent providers of care services;
- expenditure in respect of most of the budget heads can be either influenced or controlled;
- separate provision has been made for fuel and utility costs, which have been subject to significant price variations over the last year. Council procurement officers are continuously monitoring price changes in order to take advantage of any purchasing opportunities that may arise.

### Debt Charges

*Risk is that Debt Charges will be greater than budgeted.*

This is very unlikely to arise due to:

- a prudent provision has been made to enable potential borrowing under the prudential framework with some limited headroom for unplanned borrowing;
- the market consensus regarding the economic outlook for the year ahead is that base rates will remain at 0.5% throughout 2012/2013 and PWLB 50 year rates will gradually rise from their current level of 4.18% to 4.50% by March 2013.
- a contingency exists for any additional new borrowing costing more than forecast.

### Investment Interest

*Risk is that income generated will not match budget provision.*

This is unlikely to arise as the base budget has been adjusted and a prudent rate of return has been estimated and included in the budget, which reflects the investments made to date, the prevailing market conditions and the economic forecasts for the year ahead.

## **Contingencies**

*Risk is that the contingency provision will be insufficient to meet the needs identified.*

This is unlikely to occur due to:

- prudent estimates being included in respect of each category of contingency provision and specific contingencies have been created for all known spending pressures in 2012/2013;
- the total contingency provision is deemed sufficient in the context of the net revenue budget;

## **Risk Management**

*Risk is that all risks have not been identified and that major financial consequences may result.*

This is very unlikely to occur due to:

- existence of Bellwin Scheme;
- the Council has a corporate risk profile in place, which is regularly and formally reviewed, and action is taken to mitigate and manage risks;
- corporate and directorate risk management action plans are maintained;
- comprehensive self and external insurance arrangements are in place;
- adequate self insurance funds including both provisions and reserves;
- risk management practices have been subject to external assessment and found to be robust and highly rated.

## **Financial Planning**

*Risk is that a major liability or commitment is currently known but has not been taken into account in the financial planning of the Council.*

This is unlikely to arise due to:

- the existence of a comprehensive Medium Term Financial Strategy process with regular updates during the year;
- benchmarking and networking with other senior finance staff in other authorities who are likely to identify similar liabilities;

## **Revenue Budget - Budgetary Control**

*Risk is that the budget will be overspent in the year.*

Whilst the scale of changes in the budget and levels of savings are significant compared to previous years, enhanced monitoring arrangements were established for 2011/2012 to deal with the increased risks associated with this to support the normal arrangements in place for financial management set out below including;

- monthly budget monitoring is in place in all Directorates;
- 6 weekly exception reporting to the Executive Management Team and corrective action agreed or set in train;



- quarterly Council-wide Revenue Budget Budgetary Control reviews are undertaken, reported to Cabinet and corrective action agreed or set in train;
- Financial Procedure Rules relating to delegated budgets provide for virement and carry forward of under / over spending to be used / met the following financial year;
- clear budget management responsibilities are in place and recorded within the Revenue Budget and Capital Programme.

### **Capital Programme Implications**

*Risk is that funding will not be available as planned or that over spending may occur.*

This is unlikely to happen due to:

- project sponsors are identified for each capital programme project and recorded within the Capital Programme;
- quarterly Council-wide Capital Programme Budgetary Control reviews are undertaken, reported to Cabinet and corrective action agreed or set in train;
- budgeted revenue contributions to fund capital expenditure and the Prudential Borrowing regime gives added flexibility in terms of financing the Capital Programme.

### **Reductions to the Revenue Budget**

*Risk is that planned reductions to the Revenue Budget will not occur or are unachievable.*

This is unlikely to occur due to:

- the budgetary control processes that are in place will identify any shortfall and remedial action will be taken;
- contingencies exist to safeguard against the non - realisation of some of the efficiency reductions.

### **Availability of Other Funds**

*Risk is that the Council could not call on any other funds to meet unforeseen liabilities.*

This is very unlikely as the Council has a range of other funds which whilst earmarked are not wholly committed in 2012/2013.

## Appendix H

### Major Earmarked Reserves - Position Statement

Title and Purpose of Earmarked Reserve	Opening Balance 1/4/2011 £'000	Estimated Movement in the Year £'000	Estimated Balance 31/3/2012 £'000
<p><b>Strategic Investment Reserve</b> A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.</p>	61,313	(11,507)	49,806
<p><b>Council Directorates - Delegated Budget Surpluses</b> The Council has approved the operation of a delegated budget scheme in accordance with Financial Procedure Rules which provides specific flexibility in the management of Directorate Budgets, for instance by allowing the carry forward of delegated budget under spend from one financial year to the next. There is a balance held by Directorates at the end of each financial year.</p>	9,973	(6,588)	3,385
<p><b>Schools Delegated Budget Surpluses</b> These are the financial reserves held by schools under the Local Management of Schools/Fair Funding arrangements. The level of un-earmarked balances is limited to 8% for Primary, Nursery and Special Schools and 5% for Secondary Schools in accordance with a detailed scheme, with balances in excess of these thresholds requiring the approval of a licensed surplus application at individual school level. To encourage in year efficiencies that support the long term stability of the school, the Schools Forum will continue to allow schools to carry forward above the 5% and 8%.</p>	8,090	(590)	7,500
<p><b>Insurance Reserve</b> This reserve has been established to provide for potential claims associated with the housing stock transfer, future claims increases and risk management funds.</p>	3,948	0	3,948
<p><b>Street Lighting PFI Smoothing Reserve</b> The reserve was established in order to smooth the financial impact of the Street Lighting PFI contract across the 25 years of the contract life. In the early years of the contract surpluses are achieved as the full level of unitary charge is not incurred until the core investment programme for the installation of the new street lighting and highways signs is completed.</p>	7,064	(361)	6703
<p><b>Unutilised RCCO Reserve</b> This reserve consists of unutilised direct revenue financing and is fully earmarked to fund capital projects previously approved.</p>	6,494	(4,784)	1,710
<p><b>Strategic Investment Plan Reserve</b> A reserve to fund the Council's contribution to its Strategic Investment Plan approved by Council in April, 2008.</p>	9,837	(2,651)	7,186





# REVENUE BUDGET 2012/2013



**REVENUE BUDGET 2012/2013  
LEADER**

**ROLES AND RESPONSIBILITIES**

The Leader Portfolio provides leadership to the council on all matters and particularly all major strategic, corporate and cross-cutting and commercially sensitive issues, and the Budget and Capital Programme. The portfolio also provides community leadership for partners, residents and other interests in order to improve the quality of life and satisfaction in the city.

The portfolio has specific responsibility for the following activities and functions:

- Strategic and policy overview
- Communications, reputation and influencing
- Strategic economic development and inward investment
- Strategic partnerships including the LSP
- Sunderland Way of Working and strategic improvement programmes
- International strategy and programmes
- Regional and sub-regional governance
- Services for Members
- Equality and diversity.

<b>Theme:</b> Economy
<b>Corporate Outcome:</b> A prosperous and well connected waterfront city centre
<b>Activity:</b>
Define policy objectives, priorities and operational arrangements in respect of City Centre Investment Corridors.
<b>Corporate Outcome:</b> A one city approach to economic leadership
<b>Activity:</b>
Provide policy and strategy support to the North Eastern Local Enterprise Partnership to support the area becoming Europe's premier location for low carbon, sustainable, knowledge based private sector growth and jobs, including the co-ordination of Enterprise Zone infrastructure development.
Ensure the development and maintenance of strong and effective international relationships that support business growth in the city.
Implement the Inward Investment Strategy to promote Sunderland nationally and internationally as a desirable option for inward investment opportunities and improve satisfaction in Sunderland and the council through greater promotion and publicity.
Deliver the Economic Masterplan Aims and site developments including the City Centre and Enterprise Zone sites adjacent the A19 to advance key development opportunities including the Vaux site.
<b>Internal Improvement Activity</b>
Through Sunderland Partnership Arrangements co-ordinate services to meet the objectives of the Sunderland Strategy by bringing together local plans, partnerships and initiatives to allow effective joint working to meet local needs.
Support the completion of the Sunderland Outcomes Framework to provide a planning and performance management framework for the Sunderland Partnership.
Continue the delivery and expansion of the Community Leadership Programme, including the embedding of both joint leadership arrangements and the Collaborative Leadership Model within both the council and with partners as well as more integrated ways of working.
Ensure the Scrutiny and Area Arrangements wave 2 service review is delivered on programme and associated efficiencies are achieved.
Continue to provide dedicated support to Elected Members as community leaders at the core of decision making through the work of the Scrutiny and Area Committees.
Implement scrutiny and area arrangements legislative changes including those arising from the Localism Act and Health and Police Reforms.
Develop and commence implementation of a Whole Family Strategy including addressing cross-cutting issues.
Launch the Intelligence Hub portal and pilot new approaches to customer insight to further develop evidence based (intelligence and performance led) policy development.
Continue to implement the council's strategic direction in respect of equalities and diversity and further embed equalities considerations in the council's corporate planning and decision making processes.
Identify the communications priorities of the council and develop more appropriate and effective communications channels and mediums for customers and stakeholders including maximising the use of digital and web-based means.
Effective and efficient Business Transformation Programme performance management and service delivery including strong relationships with key stakeholders.

**REVENUE BUDGET 2012/2013  
LEADER**

Implement revised governance and monitoring arrangements for the Business Transformation Programme and successfully deliver efficiency savings and service improvement.
Further reconfigure the Strategy, Policy and Performance Management service to meet future council requirements, including continuing to refine and implement new standardised ways of working by redesigning processes and using ICT to maximise efficiencies.
Ensure the Corporate Affairs and Communications wave 3 service review is delivered on programme and associated efficiencies are achieved.
Implement the Design and Print review to support more efficient council communications and reduce print budget expenditure including the delivery of a small client function to commission print and related activity.

**FINANCIAL**

**OBJECTIVE SUMMARY**

Ref.	Head of Service Ref.	Original Estimate 2011/2012 £	Revised Estimate 2011/2012 £		Estimate 2012/2013 £
<b>Office of the Chief Executive</b>					
1	DoC&CA	0	0	Communications and Corporate Affairs	0
2	DoC&CA	0	0	Communications - Design and Print	0
3	HoCLP	0	0	Community Leadership	0
4	ACE	0	0	Corporate Strategic Management	0
5	HoS&AA	1,011,262	1,100,980	Overview, Scrutiny and Area Arrangements	1,004,088
6	ACE	153,985	121,168	International	123,364
7	HCB&IT	903,377	1,061,851	Inward Investment	894,404
8	ACE	0	0	Local Strategic Partnership	0
9	HRP	0	0	Regeneration Projects and Business Support	0
10	HSP	0	0	Strategy, Policy and Performance Management	0
		<b>2,068,624</b>	<b>2,283,999</b>	<b>Total Office of the Chief Executive</b>	<b>2,021,856</b>
<b>Executive Director of Commercial and Corporate Services</b>					
11	HoLG	3,651,879	3,975,867	Democratic Core	4,049,140
12	HoTPP	0	0	Transformation, Programmes and Projects	0
		<b>3,651,879</b>	<b>3,975,867</b>	<b>Total Executive Director of Commercial and Corporate Services</b>	<b>4,049,140</b>
		<b>5,720,503</b>	<b>6,259,866</b>	<b>TOTAL BUDGET</b>	<b>6,070,996</b>

**IMPROVEMENT AND EFFICIENCY**

Major variations between 2011/2012 and 2012/2013 reflect changes to the allocation of central administration charges. The portfolio continues to build on the efficiencies generated during 2011/2012 specifically in the area of support service reviews. These savings are an element of the wider savings anticipated through the Business Transformation Programme which will deliver a new operating model as well as efficiency savings going beyond 2012/2013.

In 2012/2013 £2.098m savings are anticipated with plans being implemented in respect of Strategic and Shared Services. Further reconfiguration of support services continues to be carried out to meet the future requirements of the council. This also involves continuing to refine and implement new standardised ways of delivering support services by redesigning processes and using ICT to maximise efficiencies. Savings are masked by the impact of recharging the net costs of these support services to service areas.

A full review of the council's Communications Design and Print Service was carried out during 2011/2012, the outcome of which has been to de-commission the internal function and unify the council's print budgets. This will generate significant efficiencies as part of the Strategic and Shared Services review. In future, a small client function will commission print and related activity through a procurement framework of appropriate external providers. At the same time, the function will encourage maximum use of more efficient digital, web-based and

**REVENUE BUDGET 2012/2013  
LEADER**

other means of achieving our design and print objectives.

The Scrutiny and Area Co-ordination Services were successfully brought together into the one service grouping, now known as the Scrutiny and Area Arrangements Function during 2011/2012. Work is now underway to identify and implement further improvements to the scrutiny and area support provided to Elected Members for 2012/2013 in line with the council's business operating model.

Within these proposals, a key focus of the portfolio is the delivery of the priorities set out in the Sunderland Economic Master Plan (launched October 2010) which establishes the vision of creating "an entrepreneurial university city at the heart of a low-carbon economy".

The portfolio plays an important role on the board of the North Eastern Local Enterprise Partnership covering Durham County, Northumberland and the five Tyne and Wear authority districts. Local Enterprise Partnerships (LEPs) are intended to bring together businesses and local authorities in order to set the strategy and vision of economic growth in an area. The North Eastern LEP has set out a vision for the LEP area to become Europe's premier location for low carbon, sustainable, knowledge-based private sector growth and jobs.

The NELEP has already won approval for an Enterprise Zone to develop low carbon industries, a substantial part of which is in Sunderland with a number of sites close to A19/A1231. A team to support the LEP is currently being recruited.

**PORTFOLIO GLOSSARY**

HoLG	Head of Law and Governance
HoTPP	Head of Transformation, Programmes and Projects
ACE	Assistant Chief Executive
DoC&CA	Director of Communications and Corporate Affairs
HoCLP	Head of Community Leadership Programme
HCB&IT	Head of City Business and Investment Team
HoS&AA	Head of Scrutiny and Area Arrangements
HSP	Head of Strategy and Performance
HRP	Head of Regeneration Programmes



**REVENUE BUDGET 2012/2013  
LEADER**

**REVENUE BUDGET 2012/2013  
DEPUTY LEADER**

**ROLES AND RESPONSIBILITIES**

The Deputy Leader deputises for the Leader and has lead responsibility for matters relating to the 'Place' theme within the Council's outcome framework with specific strategic leadership responsibility for the following Portfolios:

- Attractive and Inclusive City
- Sustainable Communities
- Safer City and Culture.

The Deputy Leader Portfolio has overall responsibility for the efficient, co-ordinated management and use of the Council's human and ICT resources.

The Portfolio has specific responsibility for the following activities and functions:

- Corporate human resources matters
- Corporate ICT matters
- E-government Champion, Digital Challenge and e-inclusion
- Law and Governance services
- Transactional shared services
- Elections
- Equality and diversity.

<b>Theme:</b> Place
<b>Corporate Outcome:</b> A well connected city, internally and externally
<b>Activity:</b>
Implement super fast broadband across the city and associated initiatives to support social and economic opportunities and improve council efficiency and effectiveness.
Maximise commercial ICT opportunities including the development of Moorside as a key data storage facility in the North East.
<b>Internal Improvement Activity</b>
Efficient and effective management of the Corporate Complaints System.
Open council data storage and infrastructure to the voluntary and social enterprise sector to provide more robust, secure and cost effective ICT access.
Ensure the successful administration of the May 2012 local government elections in the city and the November 2012 Police and Crime Commissioner election (including supporting the role of the Chief Executive as the Police Area Returning Officer).
Ensure the council has arrangements in place to be able to respond to potential Referendum Arrangements arising from legislative changes such as the Localism Act for Council Tax and Neighbourhood Planning referenda.
Efficient and effective delivery of Legal Services – Law and Governance Commercial Working Group.
Ensure Shared Service Centre and Administration and PA Support efficiencies are delivered.
Complete the development of a city cloud for Sunderland and associated service offering
Explore the commercial potential of the Human Resources and Organisational Development Service (including Occupational Health and Health and Safety), by offering services to a wider range of customer and adopting different delivery approaches, in parallel with the implementation of Manager Self Service within the council.
Efficient and effective delivery of Legal Services – Health and Wellbeing Board governance.
Ensure the ICT wave 3 service review is delivered on programme and associated efficiencies are achieved.
Improve service delivery and the more efficient use of ICT resources via the implementation of the Corporate Computing Model.
Improve ICT service provision and support to schools and education establishments.
Develop and implement a Heads of Service Performance Management Framework to support corporate, directorate and service business plans.
Enable the council's transformation programme in the remodelling of the workforce, through support to the programme of service reviews and restructuring, through managing the Internal Jobs Market and SWITCH, and by increasing employee turnover across the organisation.

**FINANCIAL**

**REVENUE BUDGET 2012/2013  
DEPUTY LEADER**

**OBJECTIVE SUMMARY**

Ref.	Head of Service Ref.	Original Estimate 2011/2012 £	Revised Estimate 2011/2012 £		Estimate 2012/2013 £
<b>Office of the Chief Executive</b>					
1	HICT	0	0	Corporate ICT	0
2	HoES	605,763	646,555	Electoral Services	656,214
3	ACE	251,158	195,094	Equalities Agenda	158,723
4	HICT	(36,410)	(47,692)	ICT – Cabling	(51,732)
5	DHR&OD	0	0	Strategic and Operational HR	0
		<b>820,511</b>	<b>793,957</b>	<b>Total Office of the Chief Executive</b>	<b>763,205</b>
<b>Executive Director of Commercial and Corporate Services</b>					
6	HoTS	0	0	Administration and PA Support	0
7	HoLG	0	0	Governance Services	0
8	HoLG	23,577	70,838	Information Governance	70,325
9	HoLG	0	0	Legal Services	0
10	HoTS	0	0	Shared Service Centre	0
		<b>23,577</b>	<b>70,838</b>	<b>Total Executive Director of Commercial and Corporate Services</b>	<b>70,325</b>
<b>Executive Director of City Services</b>					
11	HCS	0	0	Civic Centre Management	0
		<b>0</b>	<b>0</b>	<b>Total Executive Director of City Services</b>	<b>0</b>
		<b>844,088</b>	<b>864,795</b>	<b>TOTAL BUDGET</b>	<b>833,530</b>

**IMPROVEMENT AND EFFICIENCY**

The portfolio continues to build on the efficiencies generated during 2011/2012. These savings are an element of the wider savings anticipated through the Business Transformation Programme which will deliver a new operating model as well as efficiency savings going beyond 2012/2013.

In 2012/2013 £3.319m savings are anticipated with plans being implemented in respect of the following key strands of business;

Further reconfiguration of support services as part of Strategic and Shared Services to meet the future requirements of the council. This also involves continuing to refine and implement new standardised ways of delivering support services by redesigning processes and using ICT to maximise efficiencies. Savings are masked by the impact of recharging the net costs of these support services to service areas.

The portfolio will continue to maximise the benefits of new technologies to deliver better services and to implement its approach to more efficient use of ICT resources through the roll out of the Corporate Computing Model. This will include maximising the benefit the council receives through better use of corporate software licence arrangements enabling the rationalisation of the software applications and the development of the Moorside facility as a key facility in the North East for data storage. The development of Cloud Technology and super fast broadband across the city will assist greatly in improving the socio-economic prospects of the city. The council will also benefit directly in terms of more efficient and speedier access to data which will help to underpin agile and home working initiatives.

Efficiencies will be achieved by reorganising the staffing structure of the service to consolidate the centralised ICT function and remove duplication. The restructure of ICT follows a review and automation of processes to enable more efficient support to be provided to directorates.

**REVENUE BUDGET 2012/2013  
DEPUTY LEADER**

**PORTFOLIO GLOSSARY**

HCS	Head of Community Services
HoTS	Head of Transactional Services
HoLG	Head of Law and Governance
ACE	Assistant Chief Executive
HICT	Head of ICT
HoES	Head of Electoral Services
DHR&OD	Director of Human Resources and Organisational Development

**REVENUE BUDGET 2012/2013  
DEPUTY LEADER**

**REVENUE BUDGET 2012/13  
CABINET SECRETARY**

**ROLES AND RESPONSIBILITIES**

The Cabinet Secretary provides support and assistance to the Leader with responsibility for all matters relating to the 'People' theme within the council's outcomes framework and has specific strategic leadership responsibility for the following portfolios:

- Children and Learning City
- Health and Well Being
- Responsive Services and Customer Care.

The Cabinet Secretary Portfolio has overall responsibility for the efficient, co-ordinated management and use of all of the council's financial resources and assets.

The portfolio has specific responsibility for the following activities and functions:

- Budgetary and financial affairs
- Strategic management of council land and buildings
- Port of Sunderland
- Strategic Procurement Champion
- Efficiency Champion
- Risk Management Champion
- Performance Management
- Emergency Planning.

<b>Theme: People</b>
<b>Corporate Outcome:</b> A prosperous and equitable city
<b>Activity:</b>
Maximise Council Tax and Business Rates collection.
Mitigate the negative impact of welfare reform through the Welfare Reform Board and a localised Council Tax support scheme.
<b>Theme: Place</b>
<b>Corporate Outcome:</b> A well connected city, internally and externally
<b>Activity:</b>
Continue the development of the Port's bulk and unitized cargo handling operations.
<b>Theme: Economy</b>
<b>Corporate Outcome:</b> A national hub of the low carbon economy
<b>Activity:</b>
Build on the market interest in the Port, as a base to support the offshore renewable energy and sub sea engineering sectors.
Link Port activity with the wider objectives in the Sunderland Economic Masterplan, to develop the city economy as the Low Carbon Hub of the UK.
<b>Corporate Outcome:</b> A one city approach to economic leadership
<b>Activity:</b>
Provide input into the appraisal of the financial model for the Local Asset Based Vehicle and assist in the implementation of the preferred model with the aim of fast-tracking regeneration activity.
Identify and acquire key sites to support the council's economic development aims and objectives.
Provide financial advice to all major regeneration and development projects.
Implement plan to maximise access to external and innovative funding opportunities available to the city.
<b>Internal Improvement Activity</b>
Provision of efficient and effective financial advice to the transformation programme and commercial activities, and further develop the council commercial framework to assist the council in meeting its financial targets.
Continue to review the council's operational property portfolio and rationalise the number of properties required to support strategic development opportunities and efficient service delivery, including options appraisals for Leechmere and South Hylton Depot.
Develop the Property Maintenance Strategy.
Ensure the financial position of the council and city is maximised through proactive response to the implications of the Local Government Resource Review, Schools Funding Review, Public Health Funding transfer and Welfare Reform and develop associated financial frameworks.
Continue to review the Financial Resources Service through continued process review and reengineering including maximising the use of ICT, and identification of income earning opportunities to reduce the cost of the service and enable increased value added activity.

**REVENUE BUDGET 2012/13  
CABINET SECRETARY**

Implement the new corporate planning framework incorporating the Corporate Outcomes Framework and the new performance management approach.
Ensure delivery of Transactional Finance efficiencies.
Ensure the organisation/managers identify and manage risks through an integrated assurance framework.
Secure the most appropriate provider to deliver goods and services whilst securing value for money.

**FINANCIAL**

**OBJECTIVE SUMMARY**

Ref.	Head of Service Ref.	Original Estimate 2011/2012 £	Revised Estimate 2011/2012 £		Estimate 2012/2013 £
<b>Office of the Chief Executive</b>					
1	HP&P	0	0	Asset Management	0
2	HP&P	(826,320)	(1,066,571)	Industrial Units	(614,959)
3	HP&P	(1,171,071)	(835,375)	Miscellaneous Land and Property	(213,901)
4	HP&P	648,080	0	Repairs and Renewals	0
5	HP&P	(108,914)	(226,833)	Retail Market	(256,800)
6	PD	343,393	212,659	The Port	0
		<b>(1,114,832)</b>	<b>(1,916,120)</b>	<b>Total Office of the Chief Executive</b>	<b>(1,085,660)</b>
<b>Executive Director of Commercial and Corporate Services</b>					
7	HoAR&P	0	0	Audit, Risk and Investigations	0
8	HoAR&P	0	0	Corporate Procurement	0
9	HoTS	583,808	385,621	Benefits Administration	678,356
10	HoTS	1,294,061	1,305,083	Benefits Payments	1,303,765
11	HoTS	2,121,647	2,268,978	Council Tax and Business Rates	2,402,609
12	HoTS	0	0	Transactional Finance	0
13	HoFR	0	0	Financial Resources	0
14	HoFR	2,338,290	2,278,391	Corporate Management	2,675,823
15	HoFR	0	767,791	Non Distributable Costs	448,993
		<b>6,337,806</b>	<b>7,005,864</b>	<b>Total Executive Director of Commercial and Corporate Services</b>	<b>7,509,546</b>
		<b>5,222,974</b>	<b>5,089,744</b>	<b>TOTAL BUDGET</b>	<b>6,423,886</b>

**IMPROVEMENT AND EFFICIENCY**

Major variations between 2011/2012 and 2012/2013 relate to changes in asset charges and re-allocation of central administration charges. Through transforming the way services are provided, the council is seeking to achieve efficiencies in order to meet the on-going impact of the reductions in public sector funding. These will be achieved by progressing the existing Improvement Plan and programmed savings which aim to meet needs and achieve savings while protecting as far as possible frontline services and maximising non frontline savings.

The portfolio continues to build on the efficiencies generated during 2011/2012, specifically in the area of support service reviews. These savings are an element of the wider savings anticipated through the Business Transformation Programme which is delivering a new operating model as well as efficiency savings going beyond 2012/2013.

In 2012/2013 £0.981m savings are anticipated with plans being implemented in respect of the following key strands of business;

Strategic and Shared Services.

Further reconfiguration of support services to meet the future requirements of the council. This also involves continuing to refine and implement new standardised ways of delivering support services by redesigning processes and using ICT to maximise efficiencies. Savings are masked by the impact of recharging the net costs of these

**REVENUE BUDGET 2012/13  
CABINET SECRETARY**

support services to service areas.

Property Rationalisation and Smarter Working.

Continuing to review the asset portfolio of the council and rationalise the number of properties required. Through maximising the use of space available and utilisation of the lowest number of locations additional savings will continue to be made on running costs.

In addition to the specific efficiencies being progressed, a key plan for the portfolio is the further commercial development of the Port of Sunderland. Continued improved financial performance is anticipated for 2012/2013 with the aim of a breakeven outturn position. In doing so the Port will develop its estate as necessary to meet the needs of its business and to take advantage of future commercial opportunities and, therefore, contribute to the economic prosperity of the city through job creation.

The portfolio continues to explore wider commercial opportunities for the council that will assist with the economic regeneration and prosperity of the city.

Beyond 2012/2013 there are a number of government proposed changes which are to be implemented from 1st April 2013 that will significantly impact upon the resources available to the council and the city including:

- The Local Government Resources Review involving introducing a new revenue grant distribution system known as the 'local retention of business rates system' which is to replace Formula Grant funding
- Welfare Reform including Localising support for Council Tax in England which requires the council to introduce a new local benefits scheme with funding reduced by 10% compared to the current national housing benefit and council tax benefit scheme
- A national review of Schools funding is considering the future distribution methodology of schools funding and seeking to develop a formula that enables schools and Academies to be funded on a broadly comparable basis
- The transfer of public health responsibilities and ring fenced funding to the council from the Health Service.

At this stage details of each remain to be fully disclosed by government. The council is proactively seeking to understand and plan for the potential impacts while also seeking to influence the final proposals to ensure the future resource position for the council and city are maximised. In addition the impact of the global economy and consequential impact on the national economy and growth are factors that are continually being monitored. The medium term financial strategy will be continually updated as detailed implications emerge and plans are developed.

**PORTFOLIO GLOSSARY**

HoTS	Head of Transactional Services
HoAR&P	Head of Audit, Risk and Procurement
HP&P	Head of Planning and Property
HoFR	Head of Financial Resources
PD	Port Director



**REVENUE BUDGET 2012/13  
CABINET SECRETARY**

**REVENUE BUDGET 2012/2013  
CHILDREN AND LEARNING CITY**

**ROLES AND RESPONSIBILITIES**

The Children and Learning City Portfolio provides leadership to improve the life chances of children and young people in the city. The portfolio is responsible for leading the city's response to education, skills and training issues and opportunities in order to promote economic and social regeneration.

The portfolio has specific responsibility for the following activities and functions:

- Children's Trust
- Corporate Parenting
- Protecting children and young people from harm
- Promoting good health and health awareness in children and young people
- Reduction of child poverty
- Safeguarding and securing the well being of children and young people
- Schools and school meals
- School renewal and improvement programmes
- Developing the potential of children and young people through education, training, personal development and preparation for working life
- Promoting the development of skills and capacity which will enable children and young people to support and benefit from the city's continuing economic development
- Apprenticeships.

<b>Theme:</b> People
<b>Corporate Outcome:</b> A city with high standards of health and wellbeing
<b>Activity:</b>
Reduce teenage conception rates on a yearly basis: - Undertake an equity audit of the C-Card - Train facilitators to deliver Speakeasy4parents.
Maintain Your Health (website and resources) as a one stop shop for health information for young people, parents and professionals.
Reduce childhood obesity rates by targeting physical activity and nutrition interventions in early years and primary schools.
Working with Childrens Services and School Sport Partnerships; produce an annual joint development plan to increase the provision of sport and physical activity for young people aged 5-16 years.
Improve health outcomes across primary and secondary schools.
Intervene early to prevent alcohol and substance misuse by young people.
Work with Area Network Co-ordinators and Sport and Leisure to ensure a joined up approach to the role of Culture when promoting health and wellness.
<b>Corporate Outcome:</b> High levels of skills, educational attainment and participation
<b>Activity:</b>
Meet the needs of children and young people who have been identified as having additional educational needs.
Shape Early Intervention services to ensure more young people are engaging in education, employment, training and personal development activities.
Ensure compliance in enforcing school attendance.
Increased online admissions.
Maximising funding available and funding opportunities.
Assist the Education Leadership Board to develop an Education Strategy for the city.
Develop a new relationship with schools to deliver school to school improvement.
<b>Corporate Outcome:</b> A prosperous and equitable city
<b>Activity:</b>
Continue to develop Phase 2 of the City Child and Family Poverty Strategy and work with directorates and partners on behalf of the Sunderland Partnership to reduce child and family poverty.
Decrease child poverty.
<b>Corporate Outcome:</b> A city which is, and feels, safe and secure
<b>Activity:</b>
Reduce first time entrants to the youth justice system.
<b>Corporate Outcome:</b> A city that cares for its most vulnerable
<b>Activity:</b>
Work closely with Children and Family Services and other partners to implement "Whole Family Working".

**REVENUE BUDGET 2012/2013  
CHILDREN AND LEARNING CITY**

All services achieving improved outcomes for children and young people through improved quality assessments and plans, effective partnership working, promoting the whole family approach, services responsive to equality and diversity and meeting the needs of all children and young people, including identified groups.
Improved outcomes for looked after children through improved permanence planning and placement stability, reducing the need for external placements and implementing the fostering recruitment strategy.
More children remaining at home with early support by ensuring their needs are met at the appropriate level through agreeing thresholds that are understood and applied across all agencies, improving the child and family's journey through the tiers of service and raising awareness of the risks to young people associated with going missing and sexual exploitation.
<b>Corporate Outcome:</b> A city where opportunities meet people's aspirations
<b>Activity:</b>
Provide a more comprehensive, responsive and accessible young people's service for 8 to 12 years olds to widen the opportunity for lifelong learning.
Implement the re-design of Children's Centre services so that the gap is narrowed between the lowest 20% of achievers and the rest at Early Years Foundation Stage Profile.
<b>Internal Improvement Activity</b>
Commissioning tools in place and utilised across services for intelligent commissioning, including commissioning standards, outcomes based service specifications and the tools for measuring outcomes in order to improve outcomes for children and young people and families.
Formalise the links between all commissioning activity and the strategic priorities set out in the Children and Young Peoples 15 year strategic plan and 3 year delivery plan.
Co-ordinate and promote the council's offer of traded services to schools to be reviewed and refined during 2012/13 linked to the Relationship with Schools project and the wider transformation project priorities.
Implement a model of Traded Services, review and refine during the course of the year to improve outcomes for children and young people with additional educational needs.
Maintained quality of service delivery ensuring VFM and economies of scale.

**REVENUE BUDGET 2012/2013  
CHILDREN AND LEARNING CITY**

**FINANCIAL**

**OBJECTIVE SUMMARY**

Ref.	Head of Service Ref.	Original Estimate 2011/2012 £	Revised Estimate 2011/2012 £		Estimate 2012/2013 £
<b>Executive Director of Children's Services</b>					
<b>Schools and Learning</b>					
1	DEDoCS	3,955,920	3,918,130	Additional Educational Needs	3,798,212
2	DEDoCS	193,272,988	187,098,136	Individual Schools Budget	178,699,663
3	DEDoCS	6,769,545	5,286,694	Retained Activity - Schools and Learning	5,284,561
4	DEDoCS	176,842	186,742	Safeguarding Advisory Team	173,654
5	DEDoCS	1,750,322	1,403,664	School Support and Intervention	863,329
6	DEDoCS	(188,451,151)	(182,719,798)	School Grants - Education Funding Agency	(171,787,811)
7	DEDoCS	2,308,302	2,155,848	Special Educational Needs and Resource Provision	2,101,131
8	DEDoCS	397,688	521,181	Trading Operations - Derwent Hill	465,554
		<b>20,180,456</b>	<b>17,850,597</b>	<b>Total Schools and Learning</b>	<b>19,598,293</b>
<b>Safeguarding</b>					
9	HoS	10,107,374	9,768,678	Childrens Social Work	9,675,892
10	HoS	2,204,602	2,129,747	External Placements	2,171,044
11	HoS	15,132,027	14,280,049	Looked After and Disabled Children	13,780,630
12	HoS	285,032	302,558	Material and Financial Assistance	262,354
13	HoS	64,355	169,640	Sunderland Safeguarding Childrens Board	163,243
14	HoS	2,068,365	1,940,911	Youth Offending Service	1,702,854
		<b>29,861,755</b>	<b>28,591,583</b>	<b>Total Safeguarding</b>	<b>27,756,017</b>
15	HIL	<b>(116,502)</b>	<b>(283,256)</b>	<b>Health and Wellbeing</b>	<b>(363,200)</b>
<b>Early Intervention and Locality Services</b>					
16	HoEI&LS	2,872,596	3,094,630	Locality Based Working	1,552,372
17	HoEI&LS	72,983	85,300	Parent Partnership	82,220
		<b>2,945,579</b>	<b>3,179,930</b>	<b>Total Early Intervention and Locality Services</b>	<b>1,634,592</b>
<b>Commissioning and Change</b>					
18	HoC&C	533,892	416,210	Commissioning	397,227
19	HoC&C	151,797	151,847	Castleview Centre	151,797
20	HoC&C	2,055,367	1,085,697	Business Relationships and Governance	1,326,391
21	HoC&C	713,756	641,543	Independent Reviews	623,960
22	HoC&C	0	26,647	Sandhill Centre	22,872
23	HoC&C	2,283,817	2,230,056	Special Education Needs Transport	1,889,948
24	HoC&C	928,490	1,072,324	Strategic Management	681,816
25	HoC&C	390,649	185,044	Trading Operations - Connexions Hub	241,893
		<b>7,057,768</b>	<b>5,809,368</b>	<b>Total Commissioning and Change</b>	<b>5,335,904</b>
		<b>59,929,056</b>	<b>55,148,222</b>	<b>Total Executive Director of Children's Services</b>	<b>53,961,606</b>
<b>Executive Director of City Services</b>					
26	HCS	(7,563)	(41,472)	School Meals Client	(79,612)
27	HCS	229,687	67,249	School Meals Trading Service	(299,142)
		<b>222,124</b>	<b>25,777</b>	<b>Total Executive Director of City Services</b>	<b>(378,754)</b>
		<b>60,151,180</b>	<b>55,173,999</b>	<b>TOTAL BUDGET</b>	<b>53,582,852</b>

## REVENUE BUDGET 2012/2013 CHILDREN AND LEARNING CITY

### IMPROVEMENT AND EFFICIENCY

Children's Services have developed a four year programme to respond to reductions in funding and deliver significant efficiencies. In 2011/2012 savings were front loaded to reflect the significant reduction to grant funding and establish the new structures required to support the directorate in future years. This has been achieved by a combination of service reviews, directorate budget reductions and specific grant reduction efficiencies. In 2012/2013 a further £2.457m are planned as part of the second year of the four year programme.

The proposals for 2012/2013 are consistent with Children's Services 3 year priorities around; new relationship with schools, review of early years and Children's Centres, a whole family, whole community responsive local service approach and an improving safeguarding story. Plans are being implemented in respect of the following key strands of business;

#### New relationship with schools.

Children's Services in partnership with schools are developing a school to school support network to develop school improvement. The proposals are consistent with the Education Act (2011) and the future role of the Local Authority. For 2012/2013 the new agreements are designed to provide income via provision of the most valued elements of educational services to best meet youngster's needs in respect of School Improvement, Educational Psychology and Attendance services. However, this is dependent upon the take up of these services by schools through service level agreements.

#### Safeguarding.

This review is continuing to implement the Looked after Children Strategy which involves investment in foster care which will reduce reliance on external placements and residential children's homes leading to improved outcomes for children. In 2012/2013 the full year impact of closing Williamson Terrace residential home in October 2011 will be achieved and there will be procedural changes to other services which will lead to some efficiency savings, whilst providing a secure service for vulnerable children.

#### Review of Children's Services Structures.

This reflects the full year effect of structure changes commenced in 2011/2012 with the focus on early intervention, prevention and locality based integrated service delivery for Children's Services.

#### Review of Early Years and Children's Centres.

This review is proposing to continue to have 17 early years delivery buildings, the same as now, but have only 5 of these as designated Children's Centres. To also re-balance delivery of service to provide more targeted outreach and for the governance arrangements to change to a more community orientated approach.

#### Review of Services for Young People.

A range of reviews are being undertaken which will involve the integration of Youth Offending Early Intervention Services into Locality Based Working and a review of activities for young people to ensure that the same outcomes can be achieved by better commissioning.

Efficiencies are also anticipated from reviewing services in response to the transfer of responsibility for universal impartial careers guidance to schools.

From September 2012 the Education Act (2011) transfers responsibility to schools, from the Local Authority, to have a duty to secure access for pupils in Years 9-11 to independent and impartial careers guidance. The Connexions service will need to respond to this change and a review of service delivery will ensure that the primary focus of the remaining service is targeted towards NEET (Not in Education, Employment or Training) and Learning Difficulties and Disabilities provision.

### PORTFOLIO GLOSSARY

HCS	Head of Community Services
DEDoCS	Deputy Executive Director of Childrens Services
HoC&C	Head of Commissioning and Change
HoS	Head of Safeguarding
HIL	Health Improvement Lead
HoEI&LS	Head of Early Intervention and Locality Services

**REVENUE BUDGET 2012/2013  
PROSPEROUS CITY**

**ROLES AND RESPONSIBILITIES**

The Prosperous City Portfolio has responsibility to ensure that the council's approach to the economic, social and physical regeneration of the city is integrated, enabling and effective. The portfolio provides leadership for the strategic partners in this area in order to achieve economic, social and physical regeneration objectives.

The portfolio has specific responsibility for the following activities and functions:

- Economic strategy
- Economic development and employment initiatives
- Business investment
- Planning, land use and building control
- City centre
- Domestic and European regeneration and economic development grants
- Liaison with business interest groups
- Support for the Leadership on all relevant local, sub-regional or regional partnerships and governance arrangements.

<b>Theme:</b> People
<b>Corporate Outcome:</b> High levels of skills, educational attainment and participation
<b>Activity:</b>
Develop a Skills Strategy.
Review training delivery arrangements and consider future commissioning arrangements.
<b>Theme:</b> Place
<b>Corporate Outcome:</b> An environmentally responsible and attractive city
<b>Activity:</b>
Develop a Core Strategy that will guide future physical development in the city so that it meets the needs of local people and businesses and protects the natural attributes that people value.
Continue the implementation of £1.5 million environmental improvements to the Roker/Seaburn seafront as the first phase of the Seaburn Masterplan.
<b>Corporate Outcome:</b> A well connected city, internally and externally
<b>Activity:</b>
Support the Economic Masterplan by designing and securing funding for critical transportation infrastructure through greater influence with the Integrated Transport Authority, Local Enterprise Partnership and central government.
Complete the construction of the New Wear Crossing project.
<b>Theme:</b> Economy
<b>Corporate Outcome:</b> A new kind of University City
<b>Activity:</b>
Create opportunities with the Creative Industries Sector and Business Investment Team to support regeneration in the city by working with existing and emerging new artists to establish Sunderland as a key destination to set up their own business.
Complete the development of the Sunderland Software Centre including the formal opening and commence its marketing and the occupation of premises.
Marketing and promotion of Software City Concept.
<b>Corporate Outcome:</b> A national hub for the low carbon economy
<b>Activity:</b>
Support the development of the Enterprise Zone Planning Framework to develop low carbon industries, including key sites adjacent the A19/A1231.
<b>Corporate Outcome:</b> An inclusive city economy for all ages
<b>Activity:</b>
Develop an Enterprise and Innovation Strategy.
Develop Washington Managed Workspace.
<b>Corporate Outcome:</b> A one city approach to economic leadership
<b>Activity:</b>
Implement plan to maximise access to external and innovative funding opportunities available to the city.
Further develop an integrated approach to regeneration and business investment and a single point of contact for the council to offer a seamless support service for investors and developers, to act as the "internal client" for all relevant economic projects.
Review the Capital and Revenue Financial Incentives Policies.
Provide governance and support to the Economic Leadership Board and Economic Masterplan Aim Groups.

**REVENUE BUDGET 2012/2013  
PROSPEROUS CITY**

**Internal Improvement Activity**

Implement Development and Building Control legislative changes including those arising from the Localism Act, the Future of Building Control Review and the devolution of planning fee setting to local authorities.

**FINANCIAL**

**OBJECTIVE SUMMARY**

Ref.	Head of Service Ref.	Original Estimate 2011/2012 £	Revised Estimate 2011/2012 £		Estimate 2012/2013 £
<b>Office of the Chief Executive</b>					
1	HP&P	264,858	220,466	Building Control	277,558
2	HP&P	936,553	816,691	Development Control	613,998
3	HCB&IT	1,273,586	1,039,847	Economic Development	1,086,372
4	HCB&IT	176,243	116,951	Employment and Training	125,619
5	HP&P	2,753,042	2,761,336	Planning Implementation	2,367,596
6	HSP	785,000	937,730	Planning Policy	760,024
7	HCB&IT	(19,054)	33,662	Training Centres	18,810
		<b>6,170,228</b>	<b>5,926,683</b>	<b>Total Office of the Chief Executive</b>	<b>5,249,977</b>
<b>Executive Director of Commercial and Corporate Services</b>					
8	HoFR	232,517	257,336	Strategic External Funding Unit	318,687
		<b>232,517</b>	<b>257,336</b>	<b>Total Executive Director of Commercial and Corporate Services Director</b>	<b>318,687</b>
		<b>6,402,745</b>	<b>6,184,019</b>	<b>TOTAL BUDGET</b>	<b>5,568,664</b>

**IMPROVEMENT AND EFFICIENCY**

The portfolio has, and continues, to review services in the light of the council's Business Transformation Programme in order to deliver savings and also to provide services in the most effective way possible.

In 2012/2013 savings are anticipated with plans being implemented in respect of Strategic and Shared Services, with further reconfiguration of support services to meet the future requirements of the council. This also involves continuing to refine and implement new standardised ways of delivering support services by redesigning processes and using ICT to maximise efficiencies.

In addition the portfolio continues to build on the efficiencies generated during 2011/2012 following a review of the planning service. In 2012/2013 the full year effect of these savings will be realised and are reflected in the budget position presented.

The creation of an enhanced Business Investment Team will provide a more integrated approach to regeneration and a single point of contact for the council to offer a seamless support service for investors and developers. It will also act as the "internal client" for all relevant economic projects. In tandem, additional investment opportunities will be targeted at the delivery of key strategic sites, particularly within the city centre and in order to take full advantage of the recently secured Enterprise Zone status at sites adjacent the A19. Support for Inward Investment activity will be targeted at the key growth sectors of the city economy including automotive, advanced manufacturing and software, in order to attract new businesses and jobs to the city.

**REVENUE BUDGET 2012/2013  
PROSPEROUS CITY**

**PORTFOLIO GLOSSARY**

HP&P	Head of Planning and Property
HoFR	Head of Financial Resources
HCB&IT	Head of City Business and Investment Team
HSP	Head of Strategy and Performance



**REVENUE BUDGET 2012/2013  
PROSPEROUS CITY**

**REVENUE BUDGET 2012/2013  
HEALTH AND WELL-BEING**

**ROLES AND RESPONSIBILITIES**

The Health and Well-Being Portfolio provides leadership and support for the council and its partners in securing the social and health care of all adults. The portfolio has responsibility for leading partners to achieve improvements to public health, and health awareness in the city.

The portfolio has specific responsibility for the following activities and functions:

- Adult social care services
- Mental health commissioning
- Supporting people including people with disabilities
- Supporting carers
- Strategic partnership with the Teaching Primary Care Trust and other partners to promote public health and wellness
- World Health Organisation EuroHealthyCity Network
- Health awareness
- Healthy lifestyles
- Healthy environment
- Promotion of Decent Homes and good housing standards in private sector housing
- Specialist housing support services and provision
- Sports and Wellness initiative and facilities.

<b>Theme:</b> People
<b>Corporate Outcome:</b> A city with high standards of health and wellbeing
<b>Activity:</b>
Investigate the potential for partnerships with GPs and other health providers to integrate cultural activity as a vehicle that supports wellness.
Work with Area Network Co-ordinators and Sport and Leisure to ensure a joined up approach to the role of Culture when promoting health and wellness.
Expand the Reablement at Home Service and Develop the Single point of access to provide a greater focus on prevention, reablement, recovery and supporting people to live at home.
Assist the Health and Wellbeing Board to publish a Health and Wellbeing Strategy for the city.
Support the successful transference of Primary Care Trust (PCT) public health responsibilities to the council including the full engagement of Elected Members in the process and the clarification of their role.
Lead the arrangements to ensure everyone in Sunderland is enabled access to quality sport, physical activity and wellness opportunities in order to increase levels of participation and improve individual health and wellbeing.
Develop and improve sport and leisure, public spaces and facilities.
Work with partners to jointly develop cultural and leisure facilities at Stadium.
<b>Corporate Outcome:</b> A city that cares for its most vulnerable
<b>Activity:</b>
Increase usage, develop self-assessment and evaluate the benefits of assistive technology, to promote independence and well being amongst older people and their carers to inform the commissioning of equipment.
Modernise Housing Related Support services and promote a broader range of housing and accommodation designed to offer more supportive living environments to people with care and support needs.
Co-ordinate, expand and explore alternative delivery models for care and support at home and reduce reliance on building based services.
In partnership develop a city-wide reablement, intermediate care and recovery strategy, creating appropriate homes for life for vulnerable client groups.
Further develop the Dementia Strategy activities for the city.
Develop the role of the Customer Service Network – offering information and advice, signposting to other services and recognising when people need access to targeted support through identified referral routes.
Services will be delivered using a range of models including brokerage roles, engagement with the third sector and exploration of innovative collaborations.
<b>Corporate Outcome:</b> A city where opportunities meet people's aspirations
<b>Activity:</b>
Develop and promote informal learning and creative opportunities through Libraries, Heritage, Arts services to support health, wellbeing and employability.
Work with people and their carers to enable the people that lack capacity to still use their resources to meet their preferred lifestyle choices.
Promote and enhance reading as a key life skill, through Books on Wheels Service and specific health groups.

**REVENUE BUDGET 2012/2013  
HEALTH AND WELL-BEING**

<b>Theme:</b> Place
<b>Corporate Outcome:</b> A housing market that meets people's needs and aspirations
<b>Activity:</b>
Help people to lead fulfilled and independent lives in homes of their choice in safe and active communities through the development of a range of high quality local housing options that meet people's needs and aspirations, which support vulnerable people to live in their own home or in specially adapted and supported accommodation.
<b>Internal Improvement Activity</b>
Engagement in the City Strategic Needs Assessment and the development of a Health & Wellbeing Strategy that drives commissioning and service delivery
Improved joint working between community health and social care services encouraging innovative delivery models
Engagement via current and emerging programmes to develop seamless health and social care pathways.
Consider the transformation of Care and Support Services into an alternative delivery model in line with the Sunderland Way Of Working.
Develop universal services and social care services so that all people have the information and advice needed to make decisions which work for them.
Work closely with Children and Family Services and other partners to implement "Whole Family Working".
Transform in-house care and support services to reflect customer requirements.
Ensure that all people have the information and advice needed to make care and support decisions which work for them, regardless of who is paying for that care
Work to improve health outcomes for excluded groups such as Travellers and the settled community – including improving access to primary care and appropriate accommodation options
Further develop tele-health as an option for the management of long term conditions in conjunction with health partners.
Establish an integrated Bereavement and Registration Service encompassing the requirements of changes in law.
Develop a 'workforce' that is strategically commissioned, skilled and trained to deliver new roles and responsibilities for the whole sector supported by a network of "champions", including volunteers and professionals.
Develop comprehensive outcome based commissioning intentions through robust needs assessment, market development and management including new models of service to meet outcomes such as social enterprises.
Build capacity and stimulate the marketplace to support the voluntary and community sector respond to opportunities to deliver sport, physical activity and community engagement.
Review sport and leisure service delivery arrangements considering alternative models with the flexibility to respond to a changing environment.
Expanding quality assurance and sector led improvement, including quality checkers – developing best practice.
Complete system transformation work through revised business processes and IT enablers.
Develop the skills and experience of our workforce to promote person centred outcome focused approaches.

**FINANCIAL**

**OBJECTIVE SUMMARY**

Ref.	Head of Service Ref.	Original Estimate 2011/2012 £	Revised Estimate 2011/2012 £		Estimate 2012/2013 £
<b>Executive Director of City Services</b>					
1	HCS	1,295,897	1,098,888	Community Sports and Physical Activity Development	1,022,330
2	HCS	7,823,335	6,873,368	Sport and Leisure Facilities	6,673,789
		<b>9,119,232</b>	<b>7,972,256</b>	<b>Total Executive Director of City Services</b>	<b>7,696,119</b>
<b>Executive Director of Health, Housing and Adults</b>					
3	HOC&S	19,594,654	20,630,052	Care and Support	18,794,389
4	HOC&S	1,131,522	993,954	Home Improvement Agency	973,141
5	HOSH	9,631,178	9,434,837	Housing Related Support	8,432,422
6	HOSC	308,366	486,185	Strategic Commissioning	486,519
7	HOP	44,093,203	42,210,789	Personalisation	38,686,045
		<b>74,758,923</b>	<b>73,755,817</b>	<b>Total Executive Director of Health, Housing and Adults</b>	<b>67,372,516</b>
		<b>83,878,155</b>	<b>81,728,073</b>	<b>TOTAL BUDGET</b>	<b>75,068,635</b>

## REVENUE BUDGET 2012/2013 HEALTH AND WELL-BEING

### IMPROVEMENT AND EFFICIENCY

2012/2013 will see a continuation of modernisation and improvement plans previously identified with an emphasis on increasing choice and control, supporting independent living, ensuring equal access to services, delivering overall improvement to people's health and well being and the development of alternative service delivery options. Continued investment within these plans will help deliver value for money and ensure efficiency savings are realised. This includes implementation of actions arising through directorate efficiency initiatives, the council's Business Transformation Programmes and service reviews.

Savings were achieved in 2011/2012 through following the portfolio's efficiency strategy with further efficiencies of £7.540m anticipated in 2012/2013. Plans are being implemented in respect of the following key strands of business;

#### Future Models of Care and Support.

Review of existing Care and Support services for Adult Social Care with a view to developing alternative models of care which meet customer need. The review will look to provide more community based activity and will look to maximise the usage of existing building based facilities.

#### Expansion of Reablement.

The on-going development of the Adult Social Care Reablement services to ensure more people maintain their independence within their own homes. Expansion of this service will reduce reliance upon, and cost of on-going services such as home care and ultimately prevent admissions to residential and nursing care. This will be achieved through the provision of initial intensive support and rehabilitation services for people.

#### Implementation of Personalisation.

The implementation of Personalisation will allow individuals to have choice and control in respect of the care and support they receive to meet their assessed need and prevent admissions to residential and nursing care. The council's strategy centres around this principle.

#### Developing the market.

This review will continue to work with the Adult Social Care provider market and partners to develop cost effective solutions to meet peoples care and support needs. This will include reaching agreements with the independent provider market and other partners for services for all client groups that incentivises quality but contain costs.

#### Review of Housing Related Support.

Review existing external and internal services which are currently funded through the Housing Related support function with a view to commissioning services which meet customer needs and provide value for money through a reduction in overall costs.

#### Sport and Leisure - Leisure Facilities.

Savings will be achieved through the development of alternative delivery options for leisure facilities including a review of shift patterns of staff.

Efficiencies will be realised by maximising opportunities to work with partners including Health, the Third Sector and the Private Sector. Opportunities to maximise external funding available will also be taken forward, including through working with health partners to secure access to new government funding streams.

The need to ensure appropriate care and support across a range of care needs in addition to demographic changes continues to place pressure on Adult Social Services budgets. In addition, client expectations and increasing demand to support clients with complex needs, to maintain independence and to invest in reconfigured services all require additional investment. This has been achieved through part reinvestment of the portfolio's efficiency savings.

**REVENUE BUDGET 2012/2013  
HEALTH AND WELL-BEING**

**PORTFOLIO GLOSSARY**

HOC&S	Head of Care and Support
HCS	Head of Community Services
HOP	Head of Personalisation
HOSC	Head of Strategic Commissioning
HOSH	Head of Strategic Housing

**REVENUE BUDGET 2012/2013  
SAFER CITY AND CULTURE**

**ROLES AND RESPONSIBILITIES**

The Safer City and Culture Portfolio provides leadership for the council and its partners in order to make Sunderland a safer city and to develop and promote cultural strategy and initiatives.

The portfolio has specific responsibility for the following activities and functions:

- Section 17 responsibilities
- Safer Sunderland Partnership
- Anti-social behaviour
- Drugs awareness, prevention and treatment
- Local Multi-Agency Problem-Solving Groups (LMAPS)
- Support for the Leadership on Emergency planning and local resilience
- Licensing, licensing regulation and controlled drinking zones
- Trading standards
- Public and environmental health
- Design and Heritage Champion
- Cultural strategy and initiatives
- Libraries, Tourism, Resorts and Events
- Seafront Strategy.

<b>Theme:</b> People
<b>Corporate Outcome:</b> A city which is, and feels, safe and secure
<b>Activity:</b>
Produce an annual Partnership Strategic Intelligence Analysis and a new Safer Sunderland three-year delivery plan. Strategically co-ordinate the Safer Sunderland Partnership's improvement activity and support the Partnership delivery networks tackling: alcohol; drugs; domestic violence incl. violent crime; Anti Social Behaviour; safety and feelings of safety of high risk victims/vulnerable groups; and re-offending.
Review the water safety programme of activity and develop an action plan in conjunction with key organisations to inform future developments.
<b>Theme:</b> Place
<b>Corporate Outcome:</b> A vibrant, attractive city with a strong cultural identity
<b>Activity</b>
Champion and celebrate local identity by engaging with individuals and communities.
Develop and promote Sunderland as a visitor attraction.
Develop a framework and action plan in partnership with St Peters/Monkwearmouth to support the impact of the World Heritage Site Inscription (community/regional).
Work with partners in the Creative Sunderland and Music Groups to increase the profile of Sunderland to attract regional and national artistes musicians, agents and audiences.
Review the Cultural Strategy to incorporate a clear vision for heritage in support of the council's key principles of People, Place and Economy.
Develop a high profile festival and events programme through partnerships, businesses and the local community and investigate the potential opportunities to promote Sunnyside, Mowbray Park, Herrington Country Park, St Peters, Marine Walk and the Coastline.
Consider how to assess the economic impact of heritage, arts, and events based activity and how it directly contributes to the tourism offer for the city.
Promoting the city's heritage – Look at the potential of developing a programme of walks themed around heritage/community/public art and World Heritage.
Develop a city wide vision for Heritage in partnership with the Voluntary and Community Sector to include agreement of key priorities for Heritage projects.
Develop and deliver a reading priority plan to support the improvement of literacy levels across the city
Review the internal learning offer in Cultural venues to ensure a customer driven and diverse programme that meets local and community needs.
Review the 2008-2012 Arts and Creative Development Strategy.
Explore the opportunities for promoting the city as a visitor destination in partnership with the Business Investment Team to support economic growth in the city.
<b>Internal Improvement Activity</b>
Complete and delivery the Regulatory service review activity to establish service delivery arrangements at the most appropriate level e.g. local or city wide.
Develop a toolbox package for communities to provide advice and guidance in relation to the design and delivery of events activity in their locality.

**REVENUE BUDGET 2012/2013  
SAFER CITY AND CULTURE**

Assess the impact of 'city greeters' and use this to support and inform future direction.
Undertake a review of cultural services to include consideration of alternative models of delivery. Implement the business case for future delivery of Cultural Services.
Investigate new and innovative methods to use technology and to consider the potential of developing an E-Tourism infrastructure for the city.
Assess the feasibility of providing direct delivery of museum services.
Redefine the Library Service offer to agree appropriate service standards.
Consider the value of establishing a Visit Sunderland Forum with local businesses to maximise opportunities for joint partnership working and promotion of the city as a visitor destination.

**FINANCIAL**

**OBJECTIVE SUMMARY**

Ref.	Head of Service Ref.	Original Estimate 2011/2012 £	Revised Estimate 2011/2012 £		Estimate 2012/2013 £
<b>Office of the Chief Executive</b>					
1	HP&P	266,698	286,349	Civil Contingencies	253,521
2	HSP	904,370	469,929	Safer Communities	404,393
3	HP&P	167,453	221,515	Security Services	178,518
		<b>1,338,521</b>	<b>977,793</b>	<b>Total Office of the Chief Executive</b>	<b>836,432</b>
<b>Executive Director of City Services</b>					
4	HCT	835,558	841,386	Arts and Creative Development	837,807
5	HCT	0	0	Culture and Tourism Support	0
6	HSS	759,988	527,390	Environmental Health	445,096
7	HCT	643,170	1,012,919	Events	736,730
8	HSS	768,296	782,824	Food, Health and Safety	681,030
9	HCT	86,996	92,130	Grants to Community Projects and Miscellaneous Contributions	87,018
10	HCT	240,088	239,678	Heritage (including Fulwell Mill)	226,917
11	HCT	5,027,348	4,480,382	Libraries	4,692,477
12	HSS	(118,977)	(298,882)	Licensing	(397,251)
13	HCT	1,467,990	1,466,608	Museums and Archives Service	1,402,536
14	HSS	442,496	267,502	Pest Control	195,518
15	HCT	716,247	753,893	Resorts	602,726
16	HCT	786,147	797,310	Theatre (includes asset charge variations)	1,245,269
17	HCT	421,577	395,391	Tourism	354,289
18	HSS	677,902	645,432	Trading Standards	490,859
		<b>12,754,826</b>	<b>12,003,963</b>	<b>Total Executive Director of City Services</b>	<b>11,601,021</b>
<b>Executive Director of Health, Housing and Adults</b>					
19	HOSH	320,327	318,330	Anti Social Behaviour	330,723
20	HOP	187,253	213,569	Drug Awareness	201,045
		<b>507,580</b>	<b>531,899</b>	<b>Total Executive Director of Health, Housing and Adults</b>	<b>531,768</b>
		<b>14,600,927</b>	<b>13,513,655</b>	<b>TOTAL BUDGET</b>	<b>12,969,221</b>

**REVENUE BUDGET 2012/2013  
SAFER CITY AND CULTURE**

**IMPROVEMENT AND EFFICIENCY**

Savings were achieved in 2011/2012 through following the portfolio's efficiency strategy, with further efficiencies of £0.714m in 2012/2013. Plans are being implemented in respect of the following key strands of business;

Regulatory Services.

Savings will arise by establishing locality based teams undertaking a broad range of regulatory activities in a more flexible and responsive way.

Culture.

This review will release savings through an integrated approach to delivering of relevant Cultural Services and a review of services relating to the Tyne and Wear Archives and Museums service.

A review of events management delivery in the City is underway which is considering opportunities arising from an Events partnership arrangement. This would facilitate further growth in the city's event offer and potentially strengthen the tourism offer in the city. Further development of large scale events will help support the economy both on a local and regional level.

**PORTFOLIO GLOSSARY**

HCT	Head of Culture and Tourism
HOP	Head of Personalisation
HOSH	Head of Strategic Housing
HSS	Head of Street Scene
HP&P	Head of Planning and Property
HSP	Head of Strategy and Performance



**REVENUE BUDGET 2012/2013  
SAFER CITY AND CULTURE**

**REVENUE BUDGET 2012/2013  
ATTRACTIVE AND INCLUSIVE CITY**

**ROLES AND RESPONSIBILITIES**

The Attractive and Inclusive City Portfolio has responsibility for ensuring that the council and its partners succeed in making the city attractive and accessible for all. The portfolio provides leadership for the council and its partners to ensure that the local environment is well managed and meets customer expectations.

The portfolio has specific responsibility for the following activities and functions:

- Neighbourhood environmental services and street scene
- Highways, traffic and transportation
- Highways maintenance
- Strategic transport
- Parking and road safety
- Facilities management
- Registrars, cemeteries and crematoria
- Play provision
- Grounds and building maintenance
- Waste management including strategy, refuse collection and recycling
- Coastal protection
- Seafront management and implementation of the Seafront Strategy.

<b>Theme:</b> Place
<b>Corporate Outcome:</b> An environmentally responsible and attractive city
<b>Activity:</b>
Complete the migration of Environmental Services (Parks, Resorts and Play Maintenance) to the Responsive Local Services model (RLS phase2).
Development and construction of the PFI strategic waste management infrastructure.
Ensure the procurement and delivery of the ancillary waste management contracts framework.
<b>Corporate Outcome:</b> A well connected city, internally and externally
<b>Activity:</b>
Maximise the use of and improve the quality of local public transport by supporting Nexus in the development of quality bus contracts or alternative arrangements.
Use intelligent systems and new operational methods to ensure the greatest positive impacts from reduced highways maintenance funding.
Develop and implement a traffic, transportation and road safety scheme prioritisation system for effective resource allocation.
<b>Theme:</b> Economy
<b>Corporate Outcome:</b> A prosperous, well connected waterfront city centre
<b>Activity:</b>
Redesign Parking Services to reflect economic conditions and changing requirements in the city centre.
<b>Internal Improvement Activity</b>
Investigate the potential for the Resorts operational arm to be delivered by another service division.
Evaluate flexible shared service models with neighbouring local authorities to deliver economies of scale, reduce engagement of external consultants, and increase third party income.
Maximise the opportunities of ICT to streamline and enhance service delivery.
Complete and deliver the Fleet Services review.
Implementation of phase 2 of the Facilities Management service review.
Support the ongoing Facilities Management Review to deliver savings through reviewing and remodelling buildings maintenance, building cleaning, grounds maintenance and catering.

**REVENUE BUDGET 2012/2013  
ATTRACTIVE AND INCLUSIVE CITY**

**FINANCIAL**

**OBJECTIVE SUMMARY**

Ref.	Head of Service Ref.	Original Estimate 2011/2012 £	Revised Estimate 2011/2012 £		Estimate 2012/2013 £
<b>Street Scene</b>					
1	HSS	(67,857)	(305,433)	Bereavement	(384,465)
2	HSS	0	0	Centralised Depot	0
3	HSS	654,821	717,335	Coroner's Court	699,976
4	HSS	0	0	Depots	0
5	HSS	0	0	Fleet	0
6	HSS	13,007,970	13,370,693	Highways and Transportation	13,401,360
7	HSS	3,674,798	3,471,519	Network and Traffic Management	3,340,853
8	HSS	371,951	302,484	Parking Services Trading Service	646,344
9	HSS	4,095,698	4,043,029	Parks and Allotments	3,792,892
10	HSS	0	0	Performance	0
11	HSS	345,396	323,004	Public Conveniences	282,638
12	HSS	149,213	170,491	Recycling	188,140
13	HSS	2,622,059	2,751,869	Recycling Collection	2,814,583
14	HSS	4,527,244	3,843,113	Refuse	3,869,457
15	HSS	236,007	308,348	Registrars	273,024
16	HSS	7,078,308	7,190,350	Responsive and Local Services - Street Services	7,063,328
17	HSS	7,772,673	7,483,984	Strategic Waste	7,279,302
		<b>44,468,281</b>	<b>43,670,786</b>	<b>Total Street Scene</b>	<b>43,267,432</b>
<b>Community Services</b>					
18	HCS	0	0	Building Maintenance Trading Service	0
19	HCS	0	0	Building Services Surveying	0
20	HCS	0	0	Cleaning Services to Schools and Civic Buildings	0
21	HCS	(24,273)	2,354	Commercial Catering Trading Service	(13,805)
22	HCS	713,839	514,187	Young Peoples Play and Urban Games	625,029
		<b>689,566</b>	<b>516,541</b>	<b>Total Community Services</b>	<b>611,224</b>
<b>Commissioning and Change Management</b>					
23	HCCM	0	0	City Services Management	0
24	HCCM	0	0	Commissioning and Change Management	0
		<b>0</b>	<b>0</b>	<b>Total Commissioning and Change Management</b>	<b>0</b>
		<b>45,157,847</b>	<b>44,187,327</b>	<b>Total Executive Director of City Services</b>	<b>43,878,656</b>

**IMPROVEMENT AND EFFICIENCY**

2012/2013 will see a continuation of modernisation and improvement plans previously developed, with further savings of £2.917m planned for 2012/2013. Plans are being implemented in respect of the following key strands of business;

**Facilities Management Review.**

This ongoing review will deliver savings through reviewing and remodelling building maintenance, building cleaning, grounds maintenance and catering functions.

**Transport and Fleet Management Review.**

This ongoing review will release savings following the establishment of an integrated transport unit, a management information system by March 2012 and by commissioning activities through the most appropriate providers.

**REVENUE BUDGET 2012/2013  
ATTRACTIVE AND INCLUSIVE CITY**

Review of Responsive Local Services.

This review will release savings from integration of Parks into the Street Scene Responsive Local Services model.

Reprioritisation of Highways Maintenance Budget.

The review of the Highways Maintenance budget will improve prioritisation and targeting of resources ensuring the focus remains on priority areas, including pothole repairs.

Additional reductions are being delivered following reviews of staffing arrangements within Facilities Management and the Bereavement Service and through additional income generation following an increase in the provision of the Nationality Checking Service.

Work is continuing on the Strategic Waste Solution which will significantly reduce the amount of household waste that is sent to landfill and as a result, reduce the cost to the council in landfill tax. Financial close was achieved during 2011/2012 with the facilities due to be completed during 2013 ready for service commencement in April 2014.

**PORTFOLIO GLOSSARY**

HCCM	Head of Commissioning and Change Management
HCS	Head of Community Services
HSS	Head of Street Scene

**REVENUE BUDGET 2012/2013  
ATTRACTIVE AND INCLUSIVE CITY**

**REVENUE BUDGET 2012/2013  
SUSTAINABLE COMMUNITIES**

**ROLES AND RESPONSIBILITIES**

The Sustainable Communities Portfolio is responsible for promoting effective partnership action within a clear policy framework to build communities that are sustainable in every sense. The portfolio ensures that today's actions do not store up environmental issues for future generations.

The portfolio has specific responsibility for the following activities and functions:

- Developing an integrated strategy in support of Sustainable Communities objectives
- Environmental policy
- Housing and Neighbourhood Renewal
- Strategic relationships with Registered Social Landlords and private sector housing providers
- Access to Housing
- Carbon management
- Community Resilience
- Supporting the leadership on regional partnership matters and engagement with the Home and Communities Agency.

<b>Theme:</b> Place
<b>Corporate Outcome:</b> A housing market that meets people's needs and aspirations
<b>Activity</b>
Help people to lead fulfilled and independent lives in homes of their choice in safe and active communities through the development of a range of high quality local housing options that meet people's needs and aspirations, which support vulnerable people to live in their own home or in specially adapted and supported accommodation.
Undertake/commission a condition survey of the privately owned housing stock across the city and use the information to inform the development of appropriate housing strategy and progress the Strategic Housing Market Assessment to support the planning of housing development that will meet the needs of people who want to live in the city.
<b>Corporate Outcome:</b> Lasting and resilient neighbourhoods
<b>Activity</b>
Increase the resilience of communities to better face social and economic challenges.
Develop community resilience and neighbourhood development strategies and associated action plans to deliver the council's community resilience aspirations and City Villages concept.

**FINANCIAL**

**OBJECTIVE SUMMARY**

Ref.	Head of Service Ref.	Original Estimate 2011/2012 £	Revised Estimate 2011/2012 £		Estimate 2012/2013 £
<b>Office of the Chief Executive</b>					
1	ACE	260,774	195,095	Cohesive and Inclusive Communities	158,723
2	HSP	125,000	137,988	Sustainability	131,924
		<b>385,774</b>	<b>333,083</b>	<b>Total Office of the Chief Executive</b>	<b>290,647</b>
<b>Executive Director of Health, Housing and Adults</b>					
3	HOSH	1,639,078	1,132,805	Access to Housing	1,065,857
4	HOSH	1,079,175	956,974	Housing and Neighbourhood Renewal	930,463
		<b>2,718,253</b>	<b>2,089,779</b>	<b>Total Executive Director of Health, Housing and Adults</b>	<b>1,996,320</b>
		<b>3,104,027</b>	<b>2,422,862</b>	<b>TOTAL BUDGET</b>	<b>2,286,967</b>

## REVENUE BUDGET 2012/2013 SUSTAINABLE COMMUNITIES

### IMPROVEMENT AND EFFICIENCY

In 2012/2013 savings are anticipated through plans being implemented in respect of Strategic and Shared Services. Further reconfiguration of support services continues to be carried out to meet the future requirements of the council. This also involves continuing to refine and implement new standardised ways of delivering support services by redesigning processes and using ICT to maximise efficiencies.

The portfolio continues to build on opportunities to promote the development of sustainable accommodation solutions which meet the needs of customers both now and into the future. This will be achieved through engaging with private developers, supporting the delivery of economic growth, facilitating and enabling the delivery of new homes in the city, improving the existing housing stock, meeting the accommodation needs of vulnerable people and promoting sustainable living across the city. Continued investment within these plans will help deliver value for money and ensure efficiency savings are realised across the council. This includes implementation of actions arising through directorate efficiency initiatives; the council's Business Transformation Programmes and service reviews.

### PORTFOLIO GLOSSARY

HOSH	Head of Strategic Housing
ACE	Assistant Chief Executive
HSP	Head of Strategy and Performance

**REVENUE BUDGET 2012/2013  
RESPONSIVE SERVICES AND CUSTOMER CARE**

**ROLES AND RESPONSIBILITIES**

The Responsive Services and Customer Care Portfolio provides leadership for the continuing development of Area Arrangements as a principal means of improving the relevance of services to local communities and circumstances. The portfolio has responsibility for championing the continuing improvement of customer care policy and practice and improvements in the responsiveness of services to local needs and customer feedback. The portfolio is also responsible for developing the community's capacity to engage in the shaping, delivery and review of services.

The portfolio has specific responsibility for the following activities and functions:

- Overview of Locality Working initiatives
- Responsive Local Service initiatives
- Area Committees
- Area Partnerships
- Local Area Plans
- Area Budgets including the Community Chest
- Customer care policy and practice
- Improving the responsiveness of neighbourhood services and facilities to local circumstances and customer feedback
- Improving the responsiveness of personal services to customer feedback
- Contact Centre and Customer Services Network including Customer Services Centres
- Community development
- Adult and community learning.

<b>Theme: Place</b>
<b>Corporate Outcome: Lasting and resilient neighbourhoods</b>
<b>Activity</b>
Develop and extend the range of services delivered via the Responsive Local Services model. This will include implementation of phase 2 (family) and phase 3 (Regulatory Services) actions and supporting the establishment of phase 4 service based area governance arrangements.
<b>Internal Improvement Activity</b>
Ensure the Scrutiny and Area Arrangements wave 2 service review is delivered on programme and associated efficiencies are achieved.
Support the devolvement of decision making on the widest range of appropriate services to an area level through the new Responsive Local Services governance arrangements.
Continue to provide dedicated support to Elected Members as community leaders at the core of decision making through the work of the Scrutiny and Area Committees.
Implement scrutiny and area arrangements legislative changes including those arising from the Localism Act and Health and Police Reforms.
Deliver the Customer Service and Access Strategies
Deliver the Customer Service Network Operations Work-package
Deliver the programme of service migrations
Deliver the programme of end to end service redesigns incorporating the principles of the IAG Review
Implement a new technology platform including mobile and web self service and enhanced telephony.
Investigate the opportunities to develop a commercialised service offering.
Embed a culture of customer service excellence across the council and with partners.
Transform the customer experience informed by customers, residents and communities.
Review service delivery arrangements considering alternative models with the flexibility to respond to a changing environment.



**REVENUE BUDGET 2012/2013  
RESPONSIVE SERVICES AND CUSTOMER CARE**

**FINANCIAL**

**OBJECTIVE SUMMARY**

Ref.	Head of Service Ref.	Original Estimate 2011/2012 £	Revised Estimate 2011/2012 £		Estimate 2012/2013 £
<b>Office of the Chief Executive</b>					
1	HoS&AA	1,676,666	1,676,666	Strategic Initiative Budget	1,676,666
		<u>1,676,666</u>	<u>1,676,666</u>	<b>Total Office of the Chief Executive</b>	<u>1,676,666</u>
<b>Executive Director of City Services</b>					
2	HCS	0	0	Area Facilities	0
3	HCS	1,192,370	1,083,969	Community Development (including asset charges)	1,726,904
4	HoCSD	0	0	Customer Service Network	0
		<u>1,192,370</u>	<u>1,083,969</u>	<b>Total Executive Director of City Services</b>	<u>1,726,904</u>
<b>Executive Director of Children's Services</b>					
5	DEDoCS	27,903	78,705	Family, Adult and Community Learning	39,247
		<u>27,903</u>	<u>78,705</u>	<b>Total Executive Director of Children's Services</b>	<u>39,247</u>
		<u><u>2,896,939</u></u>	<u><u>2,839,340</u></u>	<b>TOTAL BUDGET</b>	<u><u>3,442,817</u></u>

**IMPROVEMENT AND EFFICIENCY**

Savings were achieved in 2011/2012 through following the portfolio's efficiency strategy, with further efficiencies anticipated in 2012/2013.

Plans are being implemented in respect of Customer Services – End to End Redesign. The portfolio will lead on implementing a programme of end to end service redesigns that relate to processes that start with the customer journey and will remove non value adding activity from processes. Savings will also be delivered through implementing a new ICT platform, the rationalisation of ICT systems, web self service and channel shift. The actual savings will arise within all Council portfolios.

Additional reductions are being delivered following reviews of staffing arrangements within Customer Services and Commissioning and Change Management.

**PORTFOLIO GLOSSARY**

HCS	Head of Community Services
HoCSD	Head of Customer Service Development
DEDoCS	Deputy Executive Director of Childrens Services
HoS&AA	Head of Scrutiny and Area Arrangements

**CABINET MEETING – 15 FEBRUARY 2012**

**EXECUTIVE SUMMARY SHEET – PART I**

<b>Title of Report:</b>	
Draft Council Tax Leaflet 2012/2013	
<b>Author(s):</b>	
Chief Executive and Executive Director of Commercial and Corporate Services	
<b>Purpose of Report:</b>	
The report submits for consideration the draft Council Tax Leaflet for 2012/2013.	
<b>Description of Decision:</b>	
Cabinet is requested to consider the draft Council Tax Leaflet and, subject to the inclusion of financial and other information once the Revenue Budget has been set, ask Council to approve it.	
<b>Is the decision consistent with the Budget/Policy Framework? Yes</b>	
<b>Suggested reason(s) for Decision:</b>	
The Local Government Finance Act 1992 requires Local Authorities to produce a Summary of Financial Information to accompany the annual Council Tax bill.	
<b>Alternative options to be considered and recommended to be rejected:</b>	
As the Local Government Act Finance Act 1992 requires local authorities to produce a Summary of Financial Information to accompany the annual Council Tax bill, no alternative options have been considered.	
<b>Is this a “Key Decision” as defined in the Constitution?</b>	<b>Relevant Scrutiny Committee:</b>
Yes/No	Management Scrutiny Committee
<b>Is it included in the Forward Plan?</b>	
Yes/No	



**Draft Council Tax Leaflet 2012/2013****Report of the Chief Executive and Executive Director of Commercial and Corporate Services****1.0 Purpose of the Report**

1.1 This report submits for consideration the draft Council Tax Leaflet for 2012/2013.

**2.0 Description of Decision**

2.1 Cabinet is requested to consider the contents of the draft Council Tax Leaflet and, subject to the inclusion of financial and other information once the Revenue Budget has been set, ask Council to approve it.

**3.0 Background**

3.1 The Local Government Finance Act 1992 requires all Local Authorities to produce a Summary of Financial Information to accompany the annual Council Tax bill.

3.2 Since approval at a Cabinet meeting in December 2003, the format of the Council Tax Leaflet to accompany the Council Tax Bill has been adapted to provide information on the progress the council is making in relation to its priorities and the council's finances. It was agreed that the chosen format represented a more effective and cost efficient method of communicating with local people and its circulation with the Council Tax bill was seen as an example of best practice.

3.3 A more detailed account of the council's performance in 2011/2012 and Budget information will be outlined in the Corporate Plan 2012/2013 and Revenue Budget 2012/2013, which are to be the subject of separate reports to Cabinet.

**4.0 Proposal**

4.1 The draft Council Tax Leaflet for 2012/2013 focuses on demonstrable service improvements and developments. The document is in essence a summary of performance, improvement and financial information designed to be multi-purpose in that it can be posted to households and also be available on the council's website.

4.2 It is not possible to include the financial information and all of the related other performance information at this time. This will be incorporated into the document following Council approval at its Budget meeting in March 2012. Owing to the constraints of the production schedule a full copy of the document will not therefore be available for Cabinet prior to final printing taking place. The latest outline version of the document will be tabled at the meeting. Final sign off will be undertaken by the Leader of the Council in conjunction with the Chief Executive, the Executive Director of Commercial and Corporate Services and the Director of Communications and Corporate Affairs.

## **5.0 Reasons for Decision**

- 5.1 The Local Government Finance Act 1992 requires Local Authorities to produce a Summary of Financial Information to accompany the annual Council Tax bill.

## **6.0 Alternative Options**

- 6.1 As the Local Government Act Finance Act 1992 requires local authorities to produce a Summary of Financial Information to accompany the annual Council Tax bill, no alternative options have been considered.

## **7.0 Financial Implications**

- 7.1 The costs for printing and distributing the Summary of Financial Information 2012/2013 are provided for within the council's base budget.

## **Background Papers**

Service Business Planning Guidance 2012/2013