

## 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

	<b>£m</b>
<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)
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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>2,896,939</u>	<u>2,839,340</u>	<b>TOTAL BUDGET</b>	<u>3,442,817</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